



# Covid-19 Winter Economy Plan

The Chancellor announced his “Winter Economy Plan” on 24<sup>th</sup> September which included a number of new schemes and extensions/adjustments to existing ones aimed at helping businesses deal with ongoing pandemic.

Below is a summary of the principle announcements.

## JOB SUPPORT SCHEME

The Job Support Scheme is designed to protect viable jobs in businesses who are facing lower demand over the winter months due to Covid-19, to help keep their employees attached to the workforce. The scheme will open on 1 November 2020 and run for 6 months.

The company will continue to pay its employee for time worked, but the cost of hours not worked will be split between the employer, the Government (through wage support) and the employee (through a wage reduction), and the employee will keep their job.

For the first three months of the scheme the employee must work at least 33% of their usual hours. After 3 months the government will consider whether to increase this minimum hours threshold.

The Government will pay a third of hours not worked up to a cap (see below), with the employer also contributing a third. This will ensure employees earn a minimum of 77% of their normal wages, where the Government contribution has not been capped.

The government contribution is capped at £697.92/month.

Employers using the Job Support Scheme will also be able to claim the Job Retention Bonus if they meet the eligibility criteria.

### 7. Examples

- Beth normally works 5 days a week and earns £350 a week. Her company is suffering reduced sales due to coronavirus. Rather than making Beth redundant, the company puts Beth on the Job Support Scheme, working 2 days a week (40% of her usual hours).
- Her employer pays Beth £140 for the days she works.
- And for the time she is not working (3 days or 60%, worth £210), she will also earn 2/3, or £140, bringing her total earnings to £280, 80% of her normal wage.
- The Government will give a grant worth £70 (1/3 of hours not worked, equivalent to 20% of her normal wages) to Beth’s employer to support them in keeping Beth’s job.

Hours Employee Worked	33%	40%	50%	60%	70%
Hours Employee Not Working	67%	60%	50%	40%	30%
Employee Earnings (% of normal)	78%	80%	83%	87%	90%
Gov’t Grant (% of normal wages)	22%	20%	17%	13%	10%
Employer Cost (% normal wages)	55%	60%	67%	73%	80%

See: <https://www.gov.uk/government/publications/job-support-scheme>

Download the factsheet here:

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/921389/Job\\_Support\\_Scheme\\_Factsheet.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/921389/Job_Support_Scheme_Factsheet.pdf)



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## **SELF-EMPLOYED INCOME SUPPORT SCHEME**

The existing self-employed grant (SEISS) will also be extended and will provide two grants covering the period from November 2020 to April 2021.

The first grant will be provided to those who are currently eligible for SEISS and are continuing to actively trade but face reduced demand due to coronavirus. The initial lump sum will cover three months' worth of profits for the period from November to the end of January next year. This is worth 20% of average monthly profits, up to a total of £1,875.

An additional second grant, which may be adjusted to respond to changing circumstances, will be available for self-employed individuals to cover the period from February 2021 to the end of April.

The grants are subject to income tax and National Insurance Contributions.

See: <https://www.gov.uk/government/publications/self-employment-income-support-scheme-seiss-grant-extension>

## **VAT CUT FOR HOSPITALITY SECTOR CONTINUES**

The reduction in VAT to 5% for the hospitality and tourism sector will be extended until 31 March 2021.

## **DEFERRAL OF VAT BILLS**

Businesses who deferred VAT due between 20 March to 30 June 2020 will now have the option to pay in smaller payments over a longer period.

Instead of paying the full amount by the end of March 2021, HMRC have confirmed businesses can make smaller payments up to the end of March 2022, interest free.

You will need to opt-in to the scheme, and for those who do, this means that your VAT liabilities due between 20 March and 30 June 2020 do not need to be paid in full until the end of March 2022.

Those that can pay their deferred VAT can do so by 31 March 2021.

If you are still unable to pay the VAT due and need more time, you can contact HMRC by phoning: 0300 200 3835.

More information on the scheme will be available in the coming months and we will keep you up to date when changes occur.

See: [https://www.gov.uk/guidance/deferral-of-vat-payments-due-to-coronavirus-covid-19?utm\\_source=cad7c1fc-6225-4a8b-97b6-66507f6182c0&utm\\_medium=email&utm\\_campaign=govuk-notifications&utm\\_content=immediate](https://www.gov.uk/guidance/deferral-of-vat-payments-due-to-coronavirus-covid-19?utm_source=cad7c1fc-6225-4a8b-97b6-66507f6182c0&utm_medium=email&utm_campaign=govuk-notifications&utm_content=immediate)



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## **SELF-ASSESSMENT TAXPAYERS – TIME TO PAY EXTENSION**

Similar to the deferred VAT payments, self-assessment taxpayers will also be able to benefit from a separate additional 12-month extension from HMRC on the “Time to Pay” self-service facility, meaning payments deferred from July 2020, and those due in January 2021, will now not need to be paid in full until January 2022.

Taxpayers with self-assessment liabilities of up to £30,000 will be able to use the Time-to-Pay service to secure a plan to pay the liability of an additional 12 months.

## **BOUNCE BACK LOANS - FLEXIBILITY GIVEN TO PAY BACK AMOUNTS BORROWED**

Businesses who took out a Bounce Back Loan will get more time to repay them through a new Pay as You Grow flexible repayment system.

This includes extending the length of the loan from six years to ten, which will cut monthly repayments by nearly half. Interest-only periods of up to six months and payment holidays will also be available to businesses.

The Government also intends to give Coronavirus Business Interruption Loan Scheme lenders the ability to extend the length of loans from a maximum of six years to ten years if it will help businesses to repay the loan.

The chancellor also announced an extension in applications for the government’s coronavirus loan schemes until the end of November.

Further guidance will be issued in due course.

For more information on the Winter Economy Plan see:

<https://www.gov.uk/government/news/chancellor-outlines-winter-economy-plan>