

UK Government

WINTER ECONOMY SUMMARY

Scottish Chambers of Commerce
Network Summary

JOB RETENTION SCHEME



What is the scheme?

- The Job Support Scheme is designed to protect viable jobs in businesses who are facing lower demand over due to Covid-19, to help keep their employees attached to the workforce.
- The company will continue to pay its employee for time worked, but the burden of hours not worked will be split between the employer and the Government (through wage support) and the employee (through a wage reduction), and the employee will keep their job.
- The Government will pay a third of hours not worked up to a cap, with the employer also contributing a third. This will ensure employees earn a minimum of 77% of their normal wages.
- Employers using the Job Support Scheme will also be able to claim the Job Retention Bonus if they meet the eligibility criteria.
- The scheme will open on 1 November 2020 and run for 6 months, until 2021.



JOB RETENTION SCHEME

Who is Eligible?

Employers

- All employers with a UK bank account and UK PAYE schemes can claim the grant. Neither the employer nor the employee needs to have previously used the Coronavirus Job Retention Scheme.
- Large businesses will have to meet a financial assessment test, so the scheme is only available to those whose turnover is lower now than before experiencing difficulties from Covid-19.
- There will be no financial assessment test for small and medium enterprises (SMEs).

Employees

- Employees must be on an employer's PAYE payroll on or before 23 September 2020.
- In order to support viable jobs, 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.
- Employees will be able to cycle on and off the scheme and do not have to be working the same pattern each month, but each short-time working arrangement must cover a minimum period of seven days.



JOB RETENTION SCHEME



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 $\frac{2}{3}$, or £140, bringing her total earnings to £280, 80% of her normal wage.
- The Government will give a grant worth £70 ($\frac{1}{3}$ of hours not worked, equivalent to 20% of her normal wages) to Beth's employer to help them keep her 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%



SEISS GRANT EXTENSION



What Is The Scheme?

- The Chancellor has increased the level of support for the self-employed individuals following the first two stages of the Self Employment Income Support Scheme.
- The grant will be limited to self-employed individuals who are currently eligible for the SEISS and are actively continuing to trade but are facing reduced demand due to COVID-19.

Who Is Eligible?

- To be eligible for the scheme, self-employed individuals, including members of partnerships, must meet the following criteria:
 - Currently be eligible for the SEISS (although they do not have to have claimed the previous grants)
 - Declare that they are currently actively trading and intend to continue to trade
 - Declare that they are impacted by reduced demand due to COVID-19 in the qualifying period. The qualifying period for the first grant is between 1 November and the date of claim.



SEISS GRANT EXTENSION



What Does It Mean?

- The extension will provide two grants and will last for six months, from November 2020 to April 2021.
- Grants will be paid in two lump sum instalments each covering a three-month period.
- The first grant will cover a three-month period from the start of November until the end of January.
- The Government will provide a taxable grant covering 20 per cent of average monthly trading profits, paid out in a single instalment covering 3 months' worth of profits, and capped at £1,875 in total.
- The Government are providing broadly the same level of support for the self-employed as is being provided for employees through the Job Support scheme.
- The second grant will cover a three-month period from the start of February until the end of April. The Government will review the level of the second grant and set these in due course.
- The grants are subject to Income tax and National Insurance Contributions.



LOAN SCHEMES



What Are The Changes?

- Bounce Back Loans will be extended from six years to 10, cutting monthly repayments by nearly half.
- Coronavirus Business Interruption Loan Scheme lenders will also be able to extend the length of loans from the current maximum of six years to 10 years.
- The Chancellor is also extending the deadline for the government's coronavirus loan schemes to the end of November.
- Businesses struggling can choose to make interest only payments for six months and those "in real trouble" can apply to suspend repayments altogether for six months.
- Businesses will not see their credit rating fall as a result.

What Does It Mean?

- A business which took out a £30,000 Bounce Back Loan would see their average monthly repayments fall from £532 to £309 (42% reduction), if they repaid the loan over 10 years rather than six.
- The same business could temporarily reduce monthly repayments to just £63 if they switched to interest-only payments.
- Finally, utilising a capital and repayment holiday would reduce monthly repayments to £0, allowing the business a six-month period to get back on their feet before resuming repayments.



TAX



What Are The Changes?

- The 15% emergency VAT cut for the tourism and hospitality industries will be extended from January 2021 to 31 March 2021.
- Businesses who deferred their VAT bills will be able to pay back their taxes in 11 smaller interest-free instalments.
- A business could move from paying 100% of deferred VAT due at end March to paying just 9%. The average deferred VAT per business was around £60,000. Only 9% of that would be due at end March 2021 (£5,400) rather than the full 100%
- Self-assessment payments due in July 2020 were deferred to January 2021 for any taxpayer who opted in by not making their July 2020 payment.
- No interest or penalties applied to these deferred payments.



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