Chancellor's Statement – 24 September 2020

The Chancellor, Rishi Sunak, has scrapped the Autumn Budget and instead announced his Winter Economy Plan.

Job Support Scheme

From 1 November 2020, for six months, the Job Support Scheme will protect jobs in businesses who are facing lower demand over the winter months due to Covid-19.

Eligible Employers

- The scheme will be open to all employers with a UK bank account and a UK PAYE scheme and the scheme will not be limited to businesses or employees who have claimed under the Coronavirus Job Retention Scheme
- All small & medium businesses will be eligible. Large businesses will be required to demonstrate that their business has been adversely affected by COVID-19, and the government expects that large employers will not be making capital distributions (such as dividends), while using the scheme

Eligible Employees

- Employers must agree the new short-time working arrangements with the employee, make any changes to the employment contract by agreement, and notify the employee in writing. This agreement must be made available to HMRC on request
- A Real Time Information (RTI) submission notifying payment to the employee to HMRC must have been made on or before 23 September 2020
- 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
- "Usual wages" calculations will follow a similar methodology as for the CJRS, full details will be set out in HMRC guidance shortly. Employees who have previously been furloughed, will have their underlying usual pay and/or hours used to calculate usual wages, not the amount they were paid whilst on furlough
- The employee must not be on a redundancy notice
- 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

The Government Contribution

- For the remaining hours not worked, the government and employer will pay 1/3 of the wages each
- The government contribution will be capped at £697.92 per month

- The government contribution will not cover Class 1 employer NICs or pension contributions
- An employee working 33% of their hours should therefore receive 77% of their pay as long as the government contribution is not capped
- Employers will be able to make a claim online through Gov.uk from December 2020. They will be paid on a monthly basis.
- Grants will be payable in arrears meaning that a claim can only be submitted in respect of a given pay period, after payment to the employee has been made and that payment has been reported to HMRC via an RTI return
- Employers will be able to claim the Job Retention Bonus for employees within the Job Support Scheme

Extended Self-Employment Income Support Scheme

An extended self-Employment Income Support Scheme will support viable traders who are facing reduced demand over the winter months

- The grant will be limited to self-employed individuals who are currently eligible for the Self-Employed Income Support Scheme (SEISS) and are actively continuing to trade but are facing reduced demand due to COVID-19
- The scheme will last for 6 months, from November 2020 to April 2021.
- The extension will be in the form of two taxable grants
- The first grant will cover a three-month period from the start of November until the end of January. This initial grant will cover 20% 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 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 this in due course.

VAT deferral

Businesses who deferred their VAT will no longer have to pay a lump sum at the end of March next year. They will have the option of splitting it into smaller, interest free payments over the course of 11 months. All businesses which took advantage of the VAT deferral will be able to use the New Payment Scheme. Businesses will need to opt in and HMRC will put in place an opt-in process in early 2021.

Income tax deferral

Self-assessment Income Tax payers with up to £30,000 of Self-Assessment liabilities due will be able to use HMRC's self-service Time to Pay facility to secure a plan to pay over an additional 12 months. This means that Self-Assessment liabilities due in July 2020 will not need to be paid in full until January 2022. Any Self-Assessment taxpayer not able to pay their tax bill on time, including those who cannot use the online service, can continue to use HMRC's Time to Pay Self-Assessment helpline to agree a payment plan.

VAT reduced rate extension

The Government has extended the 5% VAT reduced rate for the tourism and hospitality sectors to the end of March 2021

Coronavirus loan schemes the application deadline for all coronavirus loan schemes (Bounce Back Loan Scheme, Coronavirus Business Interruption Loan Scheme, Coronavirus Large Business Interruption Loan Scheme and the Future Fund) has been extended to 30 November 2020

Pay as you Grow

The government will give all businesses that borrowed under the Bounce Back Loan Scheme the option to repay their loan over a period of up to ten years. This will reduce their average monthly repayments on the loan by almost half. UK businesses will also have the option to move temporarily to interest-only payments for periods of up to six months (an option which they can use up to three times), or to pause their repayments entirely for up to six months (an option they can use once and only after having made six payments). These changes will provide greater flexibility to repay these loans over a longer period and in a way that better suits businesses' individual circumstances.

Coronavirus Business Interruption Loan Scheme extension

The government intends to allow CBILS lenders to extend the term of a loan up to ten years, providing additional flexibility for UK-based SMEs who may otherwise be unable to repay their loans.