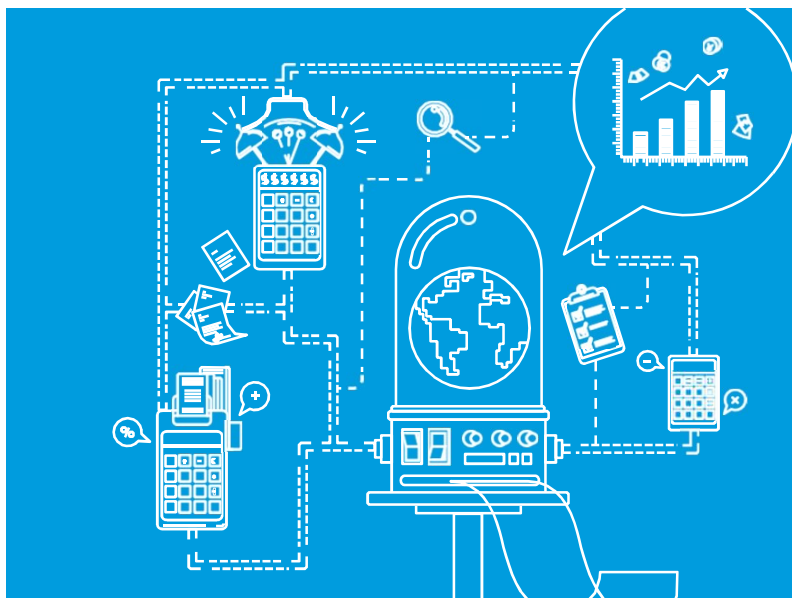


Coronavirus

Practical steps and Government reliefs



The current coronavirus pandemic appears to be accelerating and is undermining many businesses' key trading assumptions. We have looked to summarise the practical steps businesses should be looking to take to mitigate the issues and the measures currently outlined by the Government to support businesses at this time.

Key performance indicators

Monitor key performance indicators, notably daily sales, cash collection etc to identify any rapidly deteriorating situations. This will ensure you are accurately informed of the impact on your business and allow you to review the available options to counter any issues.

Cash management

Many businesses will never have been presented with a set of events in which day to day cash management is required. In the current environment preparing a daily receipts and payments cashflow combined with a medium-term integrated forecast is a sensible step. It will allow you to manage cash to mitigate any issues and ensure no short-term funding issues.

Business operations

Review and critically appraise your customers and supply chain. Identify who may be most at risk, the potential impact on your business through stress testing, and how you could lessen the shock.

Stress test

Stress test your forecasts for a variety of worst-case scenarios, identify what tools you have to manage cashflow and the key timelines. In a worst case, work out the timelines and cash impact of potentially trading out.

Stakeholder engagement

The Government has clearly stated it will take all steps to address the issues to businesses of coronavirus. They have put in place several practical steps to ensure UK banks and HMRC are supportive in the current environment. It is important all stakeholders are engaged with appropriately so that businesses avail themselves of the available resources and reliefs.

Our webpage will be updated accordingly <https://www.rsmuk.com/ideas-and-insights/coronavirus-business-risks>

Budget 2020 and Government Support

Business rates retail discount

This has been increased to 100% for 2020/21 for properties in the following sectors, retail, leisure and hospitality. Businesses may need to apply to their local authority to obtain the discount and guidance should be published by the MHCLG by 20 March 2020. In the interim there appears to be an intention that payments by businesses are deferred until the process is clarified.

Retail, Hospitality and Leisure Grant

Businesses with a property with a rateable value of between £15,000 to £51,000 will be able to access a £25,000 grant. Details are being clarified on accessing this grant.

Corona Business Interruption Loan Support (CBIL)

Temporarily replacing the Enterprise Finance Guarantee, CBILS is designed to provide loans £1,000 to £5m for businesses facing cash flow issues. Final details are being defined but outline conditions include a business must have a sound borrowing proposition (i.e. underlying viable business) but insufficient security which historically has included personal assets to support guarantees; annual turnover less than £41m; and operate in an eligible sector. Lending can be across term loans, overdraft, invoice and asset finance from an approved lender. The loans will be interest free for the first 6 months.

Guidance can be found at: <https://www.british-business-bank.co.uk/ourpartners/supporting-business-loans-enterprise-finance-guarantee/>

Covid Corporate Financing Facility

Larger business may access a new lending facility being provided by the Bank of England ("BoE"). Via the BoE businesses will be able to sell short term bonds (with a maturity of less than one year) at current commercial terms as a means of raising funds. The scheme will be in place for 12 months.

Guidance can be found at: <https://www.bankofengland.co.uk/news/2020/march/hmt-and-boe-launch-a-covid-corporate-financing-facility>

HMRC Time To Pay arrangements (TTP)

Businesses with outstanding tax liabilities (including PAYE, NIC, VAT Corporation Tax) may be eligible for support which will be reviewed on a case by case basis.

A dedicated helpline has been set up by HMRC at 0800 0159 559 and further guidance is available from <https://www.gov.uk/government/news/tax-helpline-to-support-businesses-affected-by-coronavirus-covid-19>. Noting the acceleration of the economic impact our initial conversations with HMRC indicate they will be practical around TTP agreements.

Statutory Sick Pay (SSP) reclamation for businesses

Businesses with under 250 employees will be able to reclaim expenditure for any employee, who for a period of up to two weeks, has claimed SSP because of coronavirus. This includes self-isolation and employees will not have to provide a doctors fit note. As existing systems are not set up to accommodate employer refunds of SSP, the government is working to set up a mechanism for this. As such, there is likely to be an unquantified delay in receiving the refund.

One off grant of £10,000

Specifically aimed at small businesses that already pay little or no business rates under the existing Small Business Rate Relief (SBBR), a one off grant of £10,000 has been made available for these businesses (also including those which qualify for Rural Rate Relief).

HMRC preferential status

HMRC's status as a preferential creditor has been delayed from 5 April 2020 to 1 December 2020. Details on the changes can be found here if required [tax impact information note](#).

IR35

The implementation of IR35 has been deferred until April 2021.

Insurance

The Government declared Covid-19 a notifiable disease, a key criteria to allow insurance claims. However, the Association of British Insurers has indicated that many businesses lack the appropriate cover in their policies. It is worth confirming this position with your insurance broker.

Our webpage will be updated accordingly: <https://www.rsmuk.com/ideas-and-insights/coronavirus-and-budget-2020>. In addition, we have other services which can assist in addressing the disruption associated with the coronavirus:

- Consulting and Legal – providing practical support to your personnel and infrastructure issues associated with the changing working patterns; and
- Tax – Our tax and restructuring teams can assist you with any queries in respect of any interaction with HMRC.

Restructuring

Our restructuring teams are experienced in working to accelerated timetables in special situations. We have a track record of providing practical advice and innovative solutions to difficult scenarios.

If you are interested in a more detailed explanation of our service, please get in touch with one of the contacts below.

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