

Chancellor's Winter Economy Plan Rishi Sunak's Government's Plan to Protect Jobs

Job Support Scheme

A new Job Support Scheme will be introduced from 1 November 2020 over the winter months due to coronavirus.

Under the scheme, which will run for six months, the government will contribute towards the wages of employees who are working fewer than normal hours due to decreased demand.

Employers will continue to pay the wages of staff for the hours they work - but for the hours not worked, the government and the employer will each pay one third of their equivalent salary.

This means employees who can only go back to work on shorter time will still be paid two thirds of the hours for those hours they can't work.

In order to support only viable jobs, employees must be working at least 33% of their usual hours. The level of grant will be calculated based on employee's usual salary, capped at £697.92 per month.

The Job Support Scheme will be open to businesses across the UK even if they have not previously used the furlough scheme, with further guidance being published in due course.

It is designed to sit alongside the Jobs Retention Bonus and could be worth over 60% of average wages of workers who have been furloughed – and are kept on until the start of February 2021. Businesses can benefit from both schemes in order to help protect jobs. A copy of the Governments' Job Support Scheme Factsheet is attached for your reference.

Self Employment Income Support Scheme (SEISS)

The Government is continuing its support for millions of self-employed individuals by extending the Self Employment Income Support Scheme Grant (SEISS). An initial taxable 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 - ensuring our support continues right through to next year. This is in addition to the more than £13 billion of support already provided for over 2.6 million self-employed individuals through the first two stages of the Self Employment Income Support Scheme.

Tax cuts and deferrals

As part of the package, the government also announced it will extend the temporary 15% VAT cut for the tourism and hospitality sectors to the end of March next year. This will give businesses in the sector - which has been severely impacted by the pandemic - the confidence to maintain staff as they adapt to a new trading environment.

In addition, up to half a million business who deferred their VAT bills will be given more breathing space through the New Payment Scheme, which gives them the option to pay back in smaller instalments. Rather than paying a lump sum in full at the end March next year, they will be able to make 11 smaller interest-free payments during the 2021-22 financial year.

On top of this, around 11 million self-assessment taxpayers will 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 until January 2022.

Further flexibility to pay back loans

The burden will be lifted on businesses who took out a Bounce Back Loan through a new Pay as You Grow flexible repayment system. This will provide flexibility for firms repaying a Bounce Back Loan.

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. These measures will further protect jobs by helping businesses recover from the pandemic.

The Government also intend 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.

In addition, the Chancellor also announced he would be extending applications for the government's coronavirus loan schemes until the end of November. As a result, more businesses will now be able to benefit from the Coronavirus Business Interruption Loan Scheme, the Coronavirus Large Business Interruption Loan Scheme, the Bounce Back Loan Scheme and the Future Fund. This change aligns all the end dates of these schemes,

If you have any queries please do not hesitate to contact us or visit our website for further information.

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