Proskauer

The UK Budget and Coronavirus

Tax Talks Blog on **March 16, 2020**

As part of the UK's Budget 2020, the Treasury has announced a range of measures aimed at assisting UK businesses, in particular small and medium sized businesses (SMEs), in tackling disruption caused by the coronavirus (COVID-19) outbreak.

The UK government will be hoping that such measures assist in lessening any longer term economic impact caused by the outbreak.

These measures include:

- *Statutory Sick Pay* (*SSP*) – the UK government will support SMEs and employers with the additional costs of paying COVID-19 related SSP by refunding eligible SSP costs. The refund will be limited to two weeks per employee and employers with fewer than 250 employees.
- *Business Rates*– as a general matter, the Budget includes a number of changes to business rates reliefs, two of which (relating to the retail and pub sectors) have been introduced in response to the coronavirus outbreak. In relation to the retail discount, the UK government had already announced an increase to 50% (rising from one third) for the 2020-21 tax year (in respect of properties with a rateable value below £51,000). However, this has now been increased to 100% for the 2020-21 tax year in the wake of the outbreak. In addition, this relief will be expanded to the leisure and hospitality sectors. In relation to the pubs discount, pubs with a rateable value below £100,000 will now be able to benefit from a £5,000 discount (increased from the £1,000 discount previously announced for one year from 1 April 2020).
- *Small business grant funding* – the UK government will provide £2.2 billion of funding for local authorities in England in order to provide grants to certain small businesses. This is in recognition of the fact that many small businesses pay little or no business rates because of Small Business Rate Relief (SBBR).
- *Time to Pay arrangements* – the UK government will support businesses and self-employed individuals who are in financial distress or who have outstanding tax liabilities and ensure that they receive support with their tax affairs. HMRC has set up a dedicated COVID-19 helpline to help those who require it. It may be possible for taxpayers to agree bespoke Time to Pay arrangements with HMRC in respect of

outstanding liabilities.

- *Coronavirus Business Interruption Loan Scheme* – a new, temporary loan scheme will be launched, delivered by the British Business Bank, to support SMEs by giving access to bank lending and overdrafts. The UK government will provide lenders with an 80% guarantee on each loan and will not charges businesses or banks for such guarantee.

Proskauer's cross-disciplinary, cross-jurisdictional Coronavirus Response Team is focused on supporting and addressing client concerns. Visit our **Coronavirus Resource Center** for guidance on risk management measures, practical steps businesses can take and resources to help manage ongoing operations.

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