



CORONAVIRUS (COVID 19) – GOVERNMENT MEASURES FOR BUSINESSES (INCL. TEMPORARY VAT REDUCTION)

OUTLINE OF MEASURES

The package of measures announced are individually quite small incentives for business, however the temporary adjustment to VAT for businesses (mainly in hospitality and tourism), will be the highest profile Government support over the coming months.

However due to its **very swift introduction**, the VAT reduction will require businesses to take some immediate steps in order to be ready to apply the changed VAT rate(s) e.g. **the reduced rates apply from Wednesday 15th July 2020.**

The package of measures include the following:

- Coronavirus Job Retention Scheme (CJRS) bonus scheme
- **'Eat Out to Help Out'** discount scheme
- **Kickstart scheme** to encourage the employment of 16/24 year olds
- An improved Apprentice Employment support scheme
- Incentives for the housebuilding and construction sector including a Green build voucher scheme, and the temporary removal of stamp duty from residential property purchases
- Temporary VAT reduction for businesses in hospitality and tourism

NEW SCHEMES + MEASURES

1. CORONAVIRUS (COVID 19) BONUS SCHEME

Although the Coronavirus Job Retention Scheme (CJRS) will formally end at the end of October 2020, the Government have created a bonus scheme for employers to encourage them to keep employees that have previously been put on 'furlough' within the business, after the end of the CJRS scheme.

It offers a £1,000 per employee bonus, available to all UK employers, where employees previously put on 'furlough' are retained in work during the period from November 2020 to at least 31st January 2021. Other requirements include Employers being required to have paid these employees at least £520 (on average) per month from November to January 2021.

There is **'no cap'** on the number of employees that the bonuses can be applicable to in each business.

2. 'EAT OUT TO HELP OUT' DISCOUNT SCHEME

The Government announced an initiative to assist the hospitality, leisure and tourism sectors in the early stages of the release of the 'lockdown' through the offer of a (small) discount for customers.

Essentially from Monday to Wednesday until the end of August 2020, it allows for any meals eaten at participating businesses to be offered at a 50% discount from full price (**up to a maximum of £10.00 per person (adult or child)**)

The Government has a registration scheme that businesses can apply for online (not entirely dissimilar to the CJRS portal), and which will capture the Customer discounts and arrange for funds to be provided to businesses with 5 working days.



In terms of the eligible businesses under the scheme, these will include businesses that

- sell food for immediate consumption on the premises
- provides its own dining area or shares a dining area with another establishment for eat-in meals
- was registered as a food business with the relevant local authority on or before 7 July

What that means is that the scheme is not applicable for 'take aways', catering or event businesses etc

The relevant online portal is expected to be open from Monday 13th July 2020 at

<https://www.gov.uk/guidance/register-your-establishment-for-the-eat-out-to-help-out-scheme>

3. KICKSTART SCHEME

Also announced is a new £2bn 'Kickstart Scheme' which has been created to assist businesses to employ 16 – 24 year olds who are on universal credit, for at least a 6 month work placement.

The funding will be available for each placement for up to 25 hours of work per week which pays up to 100% of the National Minimum Wage (NMW), (although employers can 'top up' this wage if they wish to do so).

It will also fund the associated employer National Insurance contributions (NICs) as well as the minimum Employer automatic enrolment contributions incurred by the Employer.

Further information on the scheme is expected to be released in August 2020.

4. APPRENTICES

Businesses will also receive £2,000 for every Apprentice under the age of 25 that are hired, in addition to the existing £1,000 payment available for certain apprentices.

All told, £1.6bn will be invested in employment support schemes, with a focus on opportunities for young people.

5. INCENTIVES FOR HOUSEBUILDING AND CONSTRUCTION SECTOR

This package includes a £2bn Green Homes Grant which offers vouchers, up to £10,000, to homeowners and landlords who take action to make their homes more energy efficient.

Additionally, the Nil Rate Band of Residential SDLT (Stamp Duty) will temporarily increase to £500,000 until 31st March 2021, in a bid to support the construction and housing sector.

6. TEMPORARY VAT REDUCTION

The main announcement for businesses by the Government was the introduction of a temporary reduction in the rate of VAT chargeable on certain supplies of hospitality, hotel and holiday accommodation, as well as admissions to certain attractions.

This temporary reduction in the VAT rate from the standard rate of 20% to the new reduced rate of 5%, **which will apply on a temporary basis from 15th July 2020 through to 12 January 2021.** (See the attached for further information)

Should you have any additional queries or questions on any of the above issues, then please feel free to contact me or one of the team.