

Mitchell Holt & Co

Chartered Accountants

The Chancellor's Winter Economy Plan

The Chancellor has delivered a statement setting out plans to help workers and businesses hit by new coronavirus restrictions.

It includes plans for a jobs support scheme to replace furlough, help for the self-employed, business loans and VAT cuts.

Below is a summary of the main points.

Job Support Scheme

- Under the scheme, the government will subsidise the pay of employees who are working fewer than normal hours due to lower demand
- It will apply to staff who can work at least a third of their usual hours
- Employers will pay staff for the hours they do work
- For the hours employees can't work, the government and the employer will each cover one third of the lost pay
- The grant will be capped at £697.92 per month
- All small and medium sized businesses will be eligible for the scheme
- Larger business will be eligible if their turnover has fallen during the crisis
- It will be open to employers across the UK even if they have not previously used the furlough scheme
- The scheme will run for six months starting in November 2020

How could the new Jobs Support Scheme work?

If an employee works reduced hours the employer pays for that. And in addition, the employer and government pay one third of the lost pay each (up to the cap).

So, for someone on £2,000 a month working 50% hours, they would get £1,000 normal pay plus £333 extra from their employer and £333 from the government.

Support for the Self-Employed

- The chancellor is extending the self-employed grant on similar terms to the jobs support scheme
- A grant will be available to those eligible for the Self Employment Income Support Scheme Grant
- The grant will cover three months' worth of profits for the period from November to the end of January
- It will cover 20% of average monthly profits up to a total of £1,875
- A further grant will be available to the self-employed to cover February 2021 to the end of April



Business Loans

- Bounce Back Loans will be extended from six years to 10, cutting monthly repayments by nearly half
- Coronavirus Business Interruption Loan Scheme lenders will also be able to extend the length of loans from the current maximum of six years to 10 years
- The chancellor is also extending the deadline for the government's coronavirus loan schemes to the end of November 2020
- Businesses struggling can choose to make interest only payments for six months and those "in real trouble" can apply to suspend repayments altogether for six months
- Businesses will not see their credit rating fall as a result, the chancellor says

Taxes

- The 15% emergency VAT cut for the tourism and hospitality industries will be extended from January 2021 to 31 March 2021
- Business who deferred their VAT bills will be able to pay back their taxes in 11 smaller interest-free instalments
- Self-assessment taxpayers will be able to defer tax payments to January 2022

As and when more details are released about the above plans, we will issue further details.

CONTACT US

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