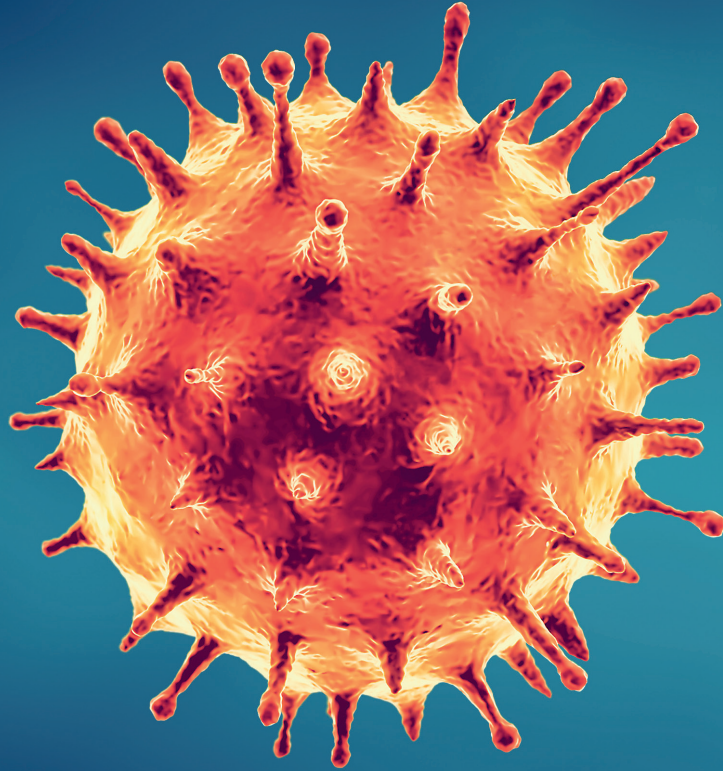




Orange Genie

Contractor Management Outsourcing



A Guide to Coronavirus Support

For Recruitment Agencies

Introduction

In recent weeks our lives have changed dramatically. On a daily basis we receive more updates and guidance from the Government in response to the current Coronavirus pandemic and you are probably left wondering what on earth is going on and what your contractors can or can't claim. We understand that it's difficult to keep up with all the announcements and to work your way through the pages of official guidance, so we have compiled this guide to help you find the information your contractors need.

At the time of writing this guide we are including all the latest information, but please understand that updates are being released all the time. This is the information we currently have as at 15th of April 2020 and we hope you find it useful.

Please do get in touch with us if you need any clarification or any more help.

Extra help and resources

Our team at Orange Genie are here to help. If you have any questions please contact us on
01296 468 486

HMRC have also established a Coronavirus Helpdesk. Their number is 0800 024 1222 and is for people that are in business or self-employed and are concerned about paying their tax due to Coronavirus. Opening hours are Monday to Friday 8am to 4pm.

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1. Coronavirus Job Retention Scheme

1.1 What is it?

The Coronavirus Job Retention Scheme (JRS) is a temporary measure and has been introduced to help employers keep employees on, rather than laying them off in this difficult time. The Government will reimburse 80% of a furloughed employees pay, up to a maximum of £2,500/month) from any time after the 1st March.

1.2 Who is eligible?

Any UK organisations that have employees are eligible and that includes charities, public bodies, recruitment agencies, Umbrella Companies and sole director/shareholder companies (PSC). For the scheme to apply to you, Orange Genie would have to furlough you, as we are your employer.

1.3 Which employees can be included?

To qualify to be furloughed by Orange Genie, your contractors must have been on our payroll and included in an RTI submission on or before March 19th 2020.

1.4 What does furloughed mean?

If your contractors are furloughed, this means they are still employed by us but they're not undertaking any work. Obviously it's preferable to continue working if they're able.

1.5 How can your contractors be Furloughed?

We have the necessary data to determine who is and isn't eligible for a furlough arrangement. As a furlough represents a temporary change to the contract, your contractors will need to confirm their agreement. Eligible contractors have been contacted with information and instructions so they can apply electronically via our portal.

1.6 How much will your contractors be paid?

There has been some debate about whether the bonus element of umbrella pay can be included in claims to the CJRS. If not, this would mean umbrella employees would be paid 80% of National Minimum Wage.

After discussion with our professional advisors, we have decided to include the bonus element, which means **furloughed contractors will be paid 80% of their gross pay.**

Furlough payments are subject to PAYE tax, employee national insurance and pension contributions, unless you've opted out. They will also be subject to any live earnings attachments or student loans, if the relevant thresholds are met.

1.7 When will they get the money?

We need your contractors to accept the furlough offer via our portal before we can make payment, as it's an amendment to their terms of employment. Once we've received this acceptance, payments will be made in the next monthly payroll.

The initial payments were backdated as far as March 1st or the contractor's last working day, whichever was more recent. Due to limitations in CJRS, we cannot claim for the same period more than once, so we are unable to backdate payments beyond the current period. At the time of writing this means claims can be backdated as far as 02/05/2020.

Subsequent payments will be made on a monthly basis until Government review the use of the CJRS at the end of June.

1.8 FAQ's

Q. What if pay varies month to month?

If your contractors have been employed by us for the whole of the last tax year, we can claim for the higher of either:

- 80% of their pay for the same month from the 2019-20 tax year
- 80% of their average monthly pay from the 2019-20 tax year

If your contractors were not employed for the whole of the last tax year, we can claim for an average of their pay since they started work.

Q. If a contractor is receiving SSP can they be furloughed?

Employees who are on sick leave or self-isolating should get SSP but can be furloughed after this. You can't have both. Employees who are shielding in line with public health guidance can be furloughed.

Q. Do employees that have been furloughed have employment rights?

Yes, you have the same employment rights as you did previously.

Full guidance can be found here:

<https://www.gov.uk/guidance/claim-for-wage-costs-through-the-coronavirus-job-retention-scheme>

2. Coronavirus Self Employment Income Support Scheme

2.1 What is it?

The scheme is to help self-employed people whose income has been adversely affected by Coronavirus.

2.2 Who is eligible?

Your contractors can apply for the scheme if they are self-employed or a member of a partnership and:

- They have submitted their tax return for 2018-19
- They traded in the tax year 2019-20
- They are trading when they apply (Coronavirus aside)
- They intend to continue to trade into 2020-21
- They have lost trading profits due to Coronavirus

To qualify for the scheme one of the following must be true:

- They had trading profits of less than £50,000 in 2018-19 and these profits are more than half their total taxable income or,
- They have average trading profits of less than £50k in 2016-17, 2017-18 and 2018-19 and these profits are more than half of their average taxable income in the same period

2.3 How much can they claim?

They will get a taxable grant of 80% of the average profits from the tax years 2016-17, 2017-18 and 2018-19. It will be up to a maximum of £2,500 per month for 3 months.

2.4 How do they claim?

They can't apply yet and HMRC will contact them if they are eligible for the scheme and then they will be able to apply online through the gov.uk website. The money will be paid into their bank account.

2.5 When will they get the money?

Realistically it's not likely to be paid to until June but it will be back dated to cover March, April and May.

2.6 FAQs

Q. My contractor only went self-employed in May 19, can they still claim?

Unfortunately not, only those that were self-employed prior to 5th April 2019 and are still self-employed can claim. It will be worth checking to see if they may be entitled to universal credit.

Q. If my contractor hasn't been self-employed for the whole three years how will they work out average profits?

They will use whatever period the contractor has been self-employed for and divide it by the number of months to get an average profit.

Q. My contractor's tax return for 2018/19 is overdue will they still get the grant?

No, but the government has allowed a 4 week extension from now for them to submit it. They must file the return before 23rd April 2020.

Full guidance can be found here:

<https://www.gov.uk/guidance/claim-a-grant-through-the-coronavirus-covid-19-self-employment-income-support-scheme>

3. Statutory Sick Pay (SSP)

3.1 What is it?

Employees can claim Statutory Sick pay if they are unwell or self-isolating due to Coronavirus. In some cases the employer can reclaim the cost of SSP. This could be relevant for some contractors.

3.2 Who is eligible?

To qualify for SSP the contractor must :

- Be classed as an employee and have done some work for their employer
- Earn an average of at least £118 per week

SSP is extended to all who are ill or advised to self-isolate during the Coronavirus outbreak.

3.3 How much can be claimed?

SSP is £94.25 per week and will be paid by the contractor's employer if they qualify.

3.4 What's the process for claiming?

The employee must notify their employer that they are unwell or self-isolating. The employer will pay SSP through the payroll. The rules around sickness certificates have been relaxed although the employer may still ask their employee to obtain a certificate via NHS111.

3.5 When is SSP paid?

SSP due to the Coronavirus outbreak will now be paid from day 1 of being unwell rather than the usual day 4.

3.6 FAQ's

Q. Can self-employed contractors claim SSP?

No, but they can now more easily make a claim for Universal Credit or new Employment and Support Allowance.

Q. What are the rules for re-claiming the cost of SSP?

Companies with fewer than 250 employees are able to reclaim Statutory Sick Pay for employees unable to work because of coronavirus. This refund will be for up to 2 weeks per employee.

Full guidance can be found here:

<https://www.gov.uk/government/publications/guidance-to-employers-and-businesses-about-covid-19/covid-19-guidance-for-employees#sick-pay>

4. Universal Credit and Other Benefits

4.1 What is it?

Universal Credit is a payment to assist with living costs for people who are experiencing reduced income or are out of work.

4.2 Who is eligible?

If your contractors are self-employed and unable to work due to being off sick or self-isolating they may be able to claim UC. They may also be able to claim UC if you do not qualify for the SEISS.

4.3 How much can be claimed?

A single Universal Credit claimant (aged 25 or over) can receive up to the £409.89 per month.

4.4 What's the process for claiming?

Claimants will need to apply for Universal Credit on line. <https://www.gov.uk/apply-universal-credit>

All face to face interviews in relation to claiming benefits have been suspended.

4.5 When will they get the money?

The usual waiting time is around 5 weeks after an online application has been successful but the Government are working to process claims much faster during this time.

4.6 FAQs

Q. Is anything else available other than Universal Credit?

Employment Support Allowance can be paid in addition to SSP or Universal Credit where the claimant is under state pension age and suffering from a disability or health condition that prevents them from working.

You can find out more here <https://www.gov.uk/employment-support-allowance/eligibility>

Full guidance can be found here:

<https://www.understandinguniversalcredit.gov.uk/coronavirus/>

5. Coronavirus Business Support Grant Funding

5.1 What is it?

Basically this is support for small businesses with premises and also those in the retail, hospitality and leisure sectors. There are two types of grants potentially available for business owners that have commercial premises:

- The small business Grants Fund (SBGF)
- The retail, Hospitality and Leisure Grant Fund (RHLGF)

5.2 Who is eligible?

Your contractors will be eligible if they occupied business premises as at 11 March. The government have published detailed guidance for local authorities to determine who will be entitled to the grant.

5.3 How much will they get?

If your contractors occupy business premises and received small business rate relief, they will receive a payment of £10k.

For the RHLGF all businesses in England in receipt of the Expanded Retail Discount with a rateable value of less than £51k, will get either £10k or £25k depending on their rateable value.

5.4 When will the money be paid?

This will depend on the local authority, but we're expecting the payments to begin in April. Many local authorities have now opened up the process for applications. Check the local authority's website for more details.

5.5 FAQs

Q. My contractor rents a room from a friend and is not on an actual lease will they still get it?

They needed to be claiming small business rates relief as at 11 March, so they should check with their landlord and/or the local authority.

Q. My contractor has more than 1 premises, will I get more than one grant?

In theory yes as long as the premises qualify for the grant.

Q. Can contractors with a home office claim?

No.

6. Coronavirus Business Interruption Loan Scheme (CBILS)

6.1 What is it?

British Business Bank operates CBILS via its accredited lenders. There are over 40 of these lenders currently working to provide finance. They include:

- High-street banks
- Challenger banks
- Asset-based lenders
- Smaller specialist local lenders

A lender can provide up to £5 million in the form of:

- Term loans
- Overdrafts
- Invoice finance
- Asset finance

More information can be found here:

<https://www.british-business-bank.co.uk/ourpartners/coronavirus-business-interruption-loan-scheme-cbils-2/>

6.2 Who is eligible?

Anyone running a business can apply for a loan. Your contractors just need to be UK based with an annual turnover of less than £45million, and have a borrowing proposal which the lender would consider viable were it not for Coronavirus, and it believes will help you continue short term.

6.3 How much will they get?

They can apply for any amount up to £5million.

6.4 FAQs

Q. What's the difference between this and a normal bank loan?

The scheme provides the lender with a government backed partial guarantee. The government will also make a payment to cover the first 12 months of interest payments and any charges. There are no guarantee fees for the business at application stage.

Q. Will the bank try to get me to take out a normal business loan?

If the lender can offer normal finance it will do so. They can choose to use the scheme for unsecured lending of £250k and under.

Q. How do your contractors apply?

Choose a lender from the list:

<https://www.british-business-bank.co.uk/ourpartners/coronavirus-business-interruption-loan-scheme-cbils-2/current-accredited-lenders-and-partners/>

Apply directly with them, if one lender turns you down you can still approach others within the scheme.

7. Coronavirus Bounce Back Loan

7.1 What is it?

The Bounce Back Loan is designed to provide vital cash injections to small businesses in order to help them continue to operate during the Covid-19 crisis. The loan scheme will be operated via accredited lenders.

7.2 Who is eligible?

Any small or medium sized business based on the UK can apply for the loan if they have:

- Been negatively affected by coronavirus and
- Were not an 'undertaking in difficulty' on 31 December 2019

7.3 How much will they get?

If they qualify, your contractors can apply for a loan between £2,500 and £50,000.

7.4 What has to be repaid?

The loan is interest free for twelve months and no repayments are due in the first year. The maximum term of the loan is 6 years. The Government are offering a guarantee on the loan up to 100%.

7.5 FAQs

Q. My contractor has already applied for a Coronavirus Business Interruption loan (CBIL), can they apply?

No. If they have already applied and received a CBIL they cannot apply for a Bounce Back Loan. However, if their CBIL loan is £50,000 or less they can ask to convert it to a Bounce Back Loan.

Q. When are the loans available?

Loans are available from 4th May 2020.

Full guidance can be found here:

<https://www.gov.uk/guidance/apply-for-a-coronavirus-bounce-back-loan>

8. VAT Payment Deferral

If your contractors are VAT registered and their VAT payment is due between now and 30th June, they can choose to defer it and will not be penalised with interest or penalties. They will need to make the payment of unpaid VAT by 31 March 2021.

VAT Deferral is automatically available and the VAT return should be completed and submitted as normal. To take advantage of the deferral your contractors can simply miss the payment.

9. Payment on Account Deferral

Those people that have a payment on account of personal tax due by 31 July 2020, can defer this payment until 31 January 2021. This is automatic and doesn't need to be claimed. They can just miss the payment if they want to take advantage of this deferral.

10. Mortgage and Rent Payment Break

The Government announced mortgage lenders had agreed to support customers experiencing personal financial difficulties as a result of Coronavirus, including payment holidays, among other options. We would recommend that contractors contact their lender to see if they can get a payment break for 3 months if this would help their situation.

Also, landlords will not be able to evict anyone not paying their rent for the next three months due to Coronavirus. Landlords are being asked to negotiate sensible payment plans with tenants during this time. Mortgage holidays have been extended to Buy to Let mortgages to assist.



**IF YOU HAVE ANY QUESTIONS
OR IF WE CAN HELP IN ANY WAY,
PLEASE CALL OUR EXPERT TEAM
ON **01296 468 483** OR EMAIL
info@orangeenie.com**