

SportCheer Webinar Q&A

Date | Time 08 April 2020, 3pm

1. Are furloughed workers allowed to contribute to social media posts, online challenges and things to keep athletes engaged whilst our classes are not running? This doesn't generate an income.

The guidance is clear: to be eligible for the grant, when on furlough, an employee cannot undertake work for, or on behalf, of the organisation. This includes "providing services or generating revenue". The point of the government's Coronavirus Job Retention Scheme (JRS) as far as the government is concerned is that it substantially underwrites employment costs of people who would otherwise be made redundant. Therefore, if those people continue in some sort of role, government's argument would be that they would not have been made redundant and therefore they are not eligible.

There is a general consideration around social media, and whether posts are on behalf of the organisation or the individual, and that would need to be carefully assessed in this case. You can envisage a situation where furloughed employees are engaged in their own social media in their own capacity, which would not pose an issue.

(NOTE: As our webinar was being recorded, it was announced that the JRS is due to open on 20 April 2020, in time for HMRC to make the first payments by 30 April 2020. It is HMRC's aim for employers to be paid the first furlough payments four to six working days after submission of their claim. Employers will not necessarily have to make a monthly claim and will be able to claim 14 days before they are due to pay their employees.

Relevant news article here:

[https://uk.practicallaw.thomsonreuters.com/Document/157e5893a798d11ea80afece799150095/View/FullText.html?transitionType=Default&contextData=\(sc.Default\)&firstPage=true&bhcp=1](https://uk.practicallaw.thomsonreuters.com/Document/157e5893a798d11ea80afece799150095/View/FullText.html?transitionType=Default&contextData=(sc.Default)&firstPage=true&bhcp=1)

2. As a new limited company running roughly 3 months, what benefits are we entitled to?

There are no particular restrictions to any benefits on account of of date of incorporation of the company. What is relevant:

- *For JRS is when employees were on the PAYE payroll (must be before 28 February).*
- *For business rate holiday and related small business grants (related to property wholly or mainly used for assembly and leisure which on the 11 March 2020 was eligible).*
- *For CBILS (need to evidence you are a viable business - which is obviously harder if you are very new).*

3. Do those payroll payments need to be at 100% or at 80%?

Minimum 80%, as that is what will be received from HMRC, but the employer may choose to top up to 100%.

Employers should remember that there are two parts to this process:

- *the payment under a furlough agreement that will be made to the employee by the employer through payroll in the usual way, with NI and PAYE deductions against the salary agreed in the furlough agreement*
- *and then the separate payment of a grant by HMRC to the employer.*

The furlough agreement will in most cases make these payments the same amount (i.e. the 80%), so that employers do not end up out of pocket. However, the amount paid by HMRC does not technically impact on what should be paid to employees (though as a minimum at least the 80% up to £2,500 cap has to be paid, no less, and the employer cannot take commissions on it, etc.).

4. Apologies if this may be coming up but will you be covering self employed contractors?

This depends on whether you operate as a sole-trader or via a limited company. If you are operating via a limited company individuals who are directors of their own companies and who are themselves paid via PAYE are eligible for the coronavirus job retention scheme as set out above, although the same rules will apply as to other businesses and their employees (i.e. it will be payable by reference to their, usually minimal, PAYE salary). As with other businesses, such directors would need to have been on the payroll on 28 February 2020 and they cannot “work” while they are on furlough leave.

If you are a sole trader there is the “Self-employment Income Support Scheme” which will provide grants to self-employed individuals or partnerships negatively impacted by COVID-19, worth 80% of their profits up to a cap of £2,500 per month. This was covered in

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

5. Can I clarify - should I be paying my staff now in order to claim back at the end of April?

See 2 and 3 above. Payroll still needs to be run if staff have not been made redundant.

6. will self employed contractors be covered please?

See 4 above.

7. I'm self employed- currently on maternity leave. Can I claim anything through furlough or not? I don't pay myself through PAYE just as a transfer and file my taxes etc at the end of the tax year.

You would not be furloughed as you are not employed.

The provisions set out in 4 above will apply and, unfortunately, you will need to wait until June in order to receive anything via this scheme. Government would advise that the benefit system is open to you, though how this interacts with maternity leave is not straightforward and may need a more detailed look at your affairs.

In general terms, to get the full amount of Maternity Allowance, you must have paid Class 2 National Insurance for at least 13 of the 66 weeks before your baby's due. The Department for Work and Pensions (DWP) will check if you've paid enough when you make your claim. They'll write to you if you have not. If you have not paid enough Class 2 National Insurance to get the full rate (£151.20 a week), you'll get £27 a week for 39 weeks. You still need to meet all the other eligibility criteria to get this amount.

8. A lot of us are the ratepayers in owning our gyms...

The business rate holiday should apply automatically to your next council tax bill in April 2020 (local authorities may need to reissue your bill to exclude the business rates charge) – you do not need to contact your local authority. The person who according to the billing authority's records was the ratepayer in respect of the hereditament on the 11 March 2020 obtains the relief.

9. Can you confirm if we get emailed a copy of this video afterwards to forward to my colleagues?

Yes, the video is available <https://youtu.be/aiIOycty-4>

10. Also - if I lease a property for the first time in 2020 would I also pay 0% rates until Apr 2021?

That is the intention if you are eligible, though note the date of 11 March 2020 which was the date of the Budget where this was announced.

11. Are employees able to provide free online training classes if furloughed - this would not be within their usual job description.

This is OK, see 1. above.

12. I rent my unit from my district council, are they included in not being able to evict us? I have contacted them about rent payments and completed the form for the grant scheme they sent me but am waiting to hear back.

The legislation I referred to is here:

<https://www.gov.uk/government/news/extra-protection-for-businesses-with-ban-on-evictions-for-commercial-tenants-who-miss-rent-payments>

It sets out that commercial tenants unable to pay rent because of coronavirus will be protected from eviction. Measures support ongoing conversations between landlords and tenants about voluntary arrangements.

It does not matter who your landlord is: they are still subject to the law.

13. Not sure if I read somewhere that this is eligible to self employed earning less than 50% of normal, is this right or is everyone whos business has been affected eligible

See 4 above. I think you may be confusing the 50% with £50k. This scheme is only open to the self-employed making profits of less than £50,000.

14. I receive a grant for small business rate Relief but my rent-able value is over £15000 which grant would i receive? I have completed the online form

There is grant funding available of £25,000 for retail, hospitality and leisure businesses with property with a rateable value between £15,000 and £51,000 or £10,000 for a rateable value below £15,000. Further details on the grants is here:

<https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment>

<data/file/878082/small-business-grant-and-retail-leisure-hospitality-grant-guidance-for-businesses-v2.pdf>

15. We rent our own gym. Our landlord isn't offering us any rent relief. Is there anything specific we can apply for to help with rent payments.

No, but see legislation above in 12. to support you against eviction. The watchword is talk to the landlord to determine a payment plan. The commercial reality is, at the moment, there is little scope for him to rent the property to anyone else.

16. If your limited company hasn't taken dividends or registered for PAYE as it's so new? Can we still then furlough and claim?

Regret not, need to have had people on the payroll at 28 February 2020.

17. what is the information on the grant scheme I know a lot of us have received a letter about from local councils?

See 14. above.

18. Will the landlord be getting help to?

It depends who the rate-payer is. The landlord also has access to the other schemes noted above and in many cases will be obtaining mortgage holidays from their lenders, but some government schemes will be restricted for property owners.

Thank you to everyone for joining. The video is available <https://youtu.be/aiIOOycty-4>

You can reach us on hello@scruttonbland.co.uk with any further questions, comments or feedback. Please share.

Thank you.