

Assistance for business in the Winter Economy Plan

By [Nichola Ross Martin](#)



The Chancellor Rishi Sunak has announced a new package to keep the economy moving during winter, in spite of the coronavirus (Covid-19) pandemic. Measures include a new job support scheme, continuing reduced VAT rates, and additional time to pay deferred taxes.

At a glance

The **Winter Economy Plan** came as the government cancelled the Autumn 2020 budget. It includes the following.

- A new Job Support Scheme to replace the **Coronavirus Job Retention scheme (CJRS)** which ends on 31 October. This will be mirrored for the self-employed.
- Bounce Back Loan Scheme - Pay-As-You-Grow: loan repayments may be extended from six to ten years. Existing business loan schemes to remain open until 30 November 2020 with a new scheme for January 2021.
- Payment instalment options for businesses who have deferred their VAT until 31 March 2021 and for taxpayers who deferred income tax payments on account to 31 January 2021.
- An extension to the VAT cut for those in the hospitality and tourism industries until March 2021.

Job Support Scheme

The new scheme is to apply for six months from 1 November 2020.

- Anyone employed as of 23 September 2020 will be eligible but employees must not be on a redundancy notice.
- Employees must work at least 33% of their usual hours.
- Employees should be paid as normal. For every hour not worked the employer and the government will each cover one-third of the employees' usual pay, the government contribution to be capped at £697.92 per month.
- The employer will be reimbursed in arrears as with the CJRS.
- The employer must be a Small and Medium-Sized Enterprises (SMEs) or, if a large business, show that their turnover has fallen. The government expects that large businesses will not make capital distributions, such as paying dividends, whilst they are using the scheme.
- There is no requirement for the employer to have previously furloughed workers under the CJRS.
- The scheme can be used alongside the **Job Retention Bonus**.

Self-employed grant extension

There is to be similar support for the self-employed by way of extending the **Self-Employed Income Support scheme (SEISS)** to April 2021.

- A further two taxable grants each covering a three-month period.
 - The first to cover November 2020 to January 2021 will be based on 20% of average monthly trading profits, capped at £1,875 per month.
 - The details of the second grant, covering February to April 2021 are to be announced in due course.

See **Covid-19: Self-Employment Income Support Scheme (SEISS)**

Business funding and cashflow

- Under the new "Pay-As-You-Grow" terms of the Bounce Back Loan Scheme, loan repayments may be extended from six to ten years.
- Business who have taken Bounce Back Loans move temporarily to interest-only payments for periods of up to six months (an option which they can use up to three times), or to pause their repayments entirely for up to six months (an option they can use once and only after having made six payments) without it affecting their credit rating.
- The terms of Coronavirus business interruption loans to be changed such that the government's guarantee is extended to ten years.
- All business loan schemes are to remain open for new applications until 30 November 2020.
- A new loan scheme is being devised for January 2021.

Deferred tax bills

- Businesses who deferred VAT payments which were due between 20 March 2020 and 30 June 2020 to 31 March 2021 will now be able to pay these in eleven interest-free instalments. See [Covid-19: VAT payments](#).
- Taxpayers who deferred their July 2020 Income Tax payments on account to 31 January 2021 will now be able to pay these over a twelve-month period. This applies to taxpayers with liabilities under self-assessment of up to £30,000. No specific announcement has been made about whether interest will be charged however as this will be under the existing time to pay arrangements it is likely that it will be. See [Covid-19: Deferring Income Tax payments](#)

VAT and the hospitality and tourism sectors

- The temporary VAT cut, to 5%, for the hospitality and tourism sectors, was due to end on 12 January 2021 but has been extended to 31 March 2021. See [Summer Economic Update 2020: Temporary VAT cuts](#)

External links

[Covid-19: Government support tracker](#) - This tracker covers measures announced by the government to support individuals and businesses, as we get through COVID-19.

[Finance Act 2020: Tax update & rolling planner 2020-21](#) - This rolling planner tracks the key tax announcements that affect the 2020-21 tax year and beyond.

[Policy paper: Winter Economy Plan](#)

The original article is available on the [rossmartin.co.uk website](https://www.rossmartin.co.uk).

Meet the author



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