

An aerial night view of a city street, showing buildings, parking lots, and cars illuminated by streetlights. The scene is viewed from a high angle, looking down on the street.

Covid-19 Webcast:
UK Government
support and what it means
for Entrepreneurial & PE
backed businesses

FAQs from 30 March webcast



These were the most frequently asked questions on the webcast. The answers reflect government updates as at 30 March.

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If you require any further explanations or specific advice in responding to COVID-19, please get in touch with the specialists in this document or your usual EY contact.

Webcast recording

[Recording of webcast](#)

ey.com/covid

[Guide to UK government support and practical next steps](#)

[Global tracker: Policy and stimulus measures from governments around the world](#)

People Funding Measures

Coronavirus Job Retention Scheme



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Can holiday accrue during an employee furlough?

Holiday will accrue as normal during the period of furlough unless you agree, contractually, with your employees that it should not. Our view is that any legal steps taken with regard to furloughing should consider the holiday point specifically and address (1) accrual whilst furloughed (2) the position and impact of taking holiday whilst on furlough and (3) the taking of holiday post return to work (and the time frames within such holiday may be taken).

Can investors provide the 20% as an equity commitment to unlock?

Assuming the employer agrees that pay will be reduced during the furlough period to enable the furlough to work on a zero cost basis, it is (equally) open to the employer (in conjunction with an investor or otherwise) to offer a 'returners incentive' in equity or otherwise to make good or compensate for the 20% forgone.

Our sales staff pay is 33% basic salary, 66% commission. Does the furlough cover their commission?

No, for salaried employees commission is expressly excluded from the definition of salary. Whilst this unfairly prejudices those in receipt of a certain pay mix from their employer, it is not, unfortunately, unclear.

Are you seeing anything coming from Treasury or HMRC on small limited companies/entrepreneurs e.g., Husband and wife directors? Most companies will be paying £700/month PAYE and the rest in dividends so presently it looks like it is 80% of £700 only.

Agreed. It is a policy gap. The treatment of owner managed businesses is currently overlooked. Furloughing allows salary only (not dividends) and that no work be done whilst on furlough. Both points are problematic.

If the 80% furlough facility takes you below the national minimum wage, is this allowed, or will you need to top up to 100%?

People on furlough are not working and hence national minimum wage does not apply. Note the point around requiring employees to undertake employer provided training. This is work and usual NMW rules will apply.

Do you need to formally furlough the staff if you are claiming govt support, or can you do so with less formality?

You need to formally furlough the staff to claim the government support. It is not an onerous process, but with no evidence in place the efficacy of the claim down the line may be prejudiced.

Are irregular sales bonuses included in salary?

No. For salaried employees' bonus is expressly excluded from the definition of salary. Whilst this unfairly prejudices those in receipt of a certain pay mix from their employer, it is not, unfortunately, unclear.

An employee was taken on pre 29-02-20 but will not be paid until 31-03-20 – can they be placed on furlough under the Job Retention Scheme and therefore be eligible for the 80% 'refund'?

Not on the basis of government guidance currently. We have raised the specific question with HMRC this week because the policy intent behind preventing furlough for these people is not clear.

Can you furlough yourself as a company director if you have paid yourself a small salary as well as shares?

Technically, yes. Note that you can then do no work whilst on furlough – which is potentially problematic. Keeping one director off furlough throughout may be a consideration.

What date should we expect the wording of the legislation to be released. Would you recommend 'only paying employees when paid by HMRC'?

Businesses that need to furlough now should do so now. We should expect some more guidance from HMRC shortly but waiting for this guidance is not a requirement. The furlough arrangements envisage that you pay your employees and claim back via the (yet to be established) online portal. Therefore, delaying payments until paid by HMRC does not appear to be an option.

I'd heard we couldn't have our furloughed employees doing anything – no work and no training. Has the training advice no changed?

Guidance has clarified that training is acceptable. The key is that the furloughed individual does not provide services to or generate revenue for, or on behalf of, your organisation.

Can you furlough someone for three weeks or longer then bring them back to work and then furlough them again at a later date for another three weeks or more.

Yes.

Can they work for someone else whilst furloughed?

We believe so, surprising though it may sound.

Why not fund furlough through PAYE system like SMP?

The intention, we believe, is to maintain the status of the individual as an employee – hence linking the support to an employer and an operable payroll ensure the business is still in existence during the furlough period.

Who is guaranteeing the other 20%?

Many organisations are seeking to change terms such that the 20% is not being paid during the furlough period – hence it is not being guaranteed by anyone. Organisations continuing to pay furloughed employees all of their pay will remain liable to do so under the relevant contract of employment.

Do voluntary leavers after 29 February 2020 qualify for JRS up to the point they have left the business?

Only if they have been/are furloughed post 1 March and prior to their date of leaving.

Can furloughed staff undertake training, exams and other non-revenue generating activities whilst furloughed?

Yes. Now clarified. Note the requirement to pay at least National Minimum Wage to employees undertaking formal workplace training whilst furloughed.

Why would an employee take an unpaid sabbatical rather than be furloughed?

It would be paid, albeit at a significantly lower rate than those still working.

Can we encourage or make employees take accrued holiday?

There is a question mark around the treatment of holiday taken whilst on furlough. Until clarified, it may be more sensible to agree with employees that holiday will cease to accrue whilst furloughed.

In owner managed companies, can a director/owner who takes salary be furloughed if they are not working? Per

the current guidelines, the furlough payment is for three months. What will be considered as the first month, i.e., from 1 March 2020 or will it be from the first date the company starts claiming?

An executive director qualifies for furlough if they do not work. We believe the initial three month furlough period began on 1 March 2020 (i.e., not from the first date of furlough).

Can I furlough staff who are 'funded' through an Innovate UK grant?

All liquidity/funding measures should be considered.

How do we deal with workers based overseas in terms of the Job Retention Scheme? Are they eligible? Example, in Turkey and Sweden? These employees are Turkish and Swedish.

Assuming they are on the UK payroll and paid via PAYE they may be dealt with as per all other employees. If they are not, then the job retention scheme will not apply to them.

What is the proof required?

Employers should take care that the reason for furloughing employees is COVID 19 driven. In most cases this should be straightforward to evidence.

We are running an online service to our members such as training, art and keep fit. Would our staff be able to operate these courses if furloughed?

No.

Will there be an opportunity to appeal against the date of 28 February for furloughed workers. We engaged two employees on 2 March who would fall under the JTS scheme?

We have raised this point directly with HMRC – we agree it is unfair.

What if the business cannot afford to pay the employee wages until they receive the reimbursement? Can they just reimburse the employee once they receive it from HMRC?

This is not how the scheme is stated to operate. Without the moneys flowing to employees via payroll it does not appear possible to make a valid claim for a grant to reimburse. Other liquidity measures will be required.

If you have a reduced need, does that mean you have a part time need e.g., we pay and therefore claim a share of the grant as opposed to furloughing?

Unfortunately, not. The JRS is all or nothing. The individual must have otherwise been going to be made redundant and therefore not working for the business at all. You can then furlough them instead and apply for the grant. There is no ability to reduce hours and apply for a partial grant.



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Is there likely to be any delay on corporation tax payments if this is being used as cashflow?

In relation to **deferral** of CT payments due: yes, we're seeing HMRC agree to deferral of such payments under the Time to Pay scheme – typically for three months, although we've had some recent experience of HMRC agreeing to defer quarterly instalment payments for 2020 until the last instalment payment date (i.e., 14 April 2021 for a 31 December 2020 year end where the company is not 'very large' for the purposes of the regime).

In relation to **refunds** of CT being repaid by HMRC: we are not aware of any delays to these being repaid. Indeed, at EY we are actively engaging with HMRC on clients' behalf in order to accelerate such repayments wherever possible.

Is the TPP for all taxes or does it exclude VAT?

In normal times TTP also covers VAT – albeit in normal times HMRC would be very reluctant to agree deferrals for either VAT or PAYE under the service. The special COVID-related deferral for VAT does not mean that TTP is disapplied for VAT purposes but makes it redundant for the period in question (i.e., payments due from 20 March – 30 June).

Are you aware of any PAYE/payroll tax deferrals schemes available or is it just the VAT deferral scheme that is currently available?

All businesses and self-employed people in financial distress, and with outstanding tax liabilities, may be eligible to receive support with their tax affairs through HMRC's Time To Pay service. These arrangements are agreed on a case-by-case basis and are tailored to individual circumstances and liabilities.



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Our business supplies ice cream, food and drinks to the leisure, retail and hospitality sectors, with 80% of our customers closed are we eligible for the £25,000 grant as our rateable value over £27,000 per annum?

This is unlikely to be a qualifying use. The criteria set out the qualifying uses which are primarily those being occupied for retail, leisure and hospitality use and open to the public. Properties being used as offices and warehouses by retail, leisure and hospitality businesses or those supplying them will not qualify.

Do online retailer based in a commercial property qualify for a grant?

The relief and grants linked to the business rates system are only applicable to those with physical commercial property. Therefore, if the business has qualifying property, they pay rates on then these will likely qualify. However, where the company has no property, or the property use falls outside the qualifying criteria (i.e., offices/warehouses) then no relief will be applied.

I have a block of serviced holiday accommodation. The application to switch to business rates went in in early Feb but the VOA says it takes a minimum of 90 days to be transferred over. Is either the SBGF or RHLG likely to be retrospective once the application finally gets processed?

As long as the ratepayer claiming the grant was occupying the property as at the 11 March 2020, it should have been liable for business rates (even if this is still in the process of being changes) and this can be demonstrated to the local authority they should be able to make the claim.

Will the 1/3 business rate reliefs we applied last year be offset vs. the £25,000 grant we are applying now?

No there is no offsetting of previously claimed rates reliefs against the new grants.

Would a business be eligible for SBGF if they sublet a premise?

The SBGF can be claimed by the ratepayer occupying a property with a rateable value below £15,000 that qualifies for small

business rates relief as at 11 March 2020. Therefore, if the sublessee was in occupation on 11 March and claiming small business rates relief, they would likely be able to claim the grant.

Which grants are available for start-ups to test solutions?

There are many regular cash grants that are aimed at stimulating innovation. We have helped smaller firms access innovation loans as well. Often start-ups don't have the capacity to manage grants, but there can be exceptions, so we'd be happy to discuss individual companies' needs to ascertain if they are suitable for grants.

Will a SME be due a refund on corporation tax for R&D Tax credit?

The SME scheme provides a super-deduction of 230% on qualifying expenditure, which would result in an additional 26% of tax benefit for a tax paying company; or a cash refund is available to loss making companies, calculated as up to £33.35 for every £100 of qualifying expenditure.

Can I please get the link for the NHS tech-force grant?

This has now closed but the link is: <https://techforce19.uk/>

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