

## Government financial support for businesses in Guernsey

Insights - 12/05/2020

**This article outlines the financial support available to businesses in Guernsey that have been adversely affected by measures introduced to manage the spread of COVID-19**

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## | Phase 1 – Payroll co-funding scheme

### Summary

Under the Original Scheme, the States of Guernsey offered to assist employers with paying an amount equivalent to the minimum wage in Guernsey (currently £8.50 per hour or £8.05 for 16-17 year olds). For a 35 hour week, this would equate to a gross figure of £298. Under the Original Scheme the States of Guernsey offered to meet 80 per cent of that amount and employers must make up the remaining 20 per cent (equivalent to £60 per week). Employers were also

encouraged to top this amount up if they are able to.

### **Criteria**

Under the original scheme, the financial assistance is available to all employers (regardless of the number of employees) in the sectors affected by a loss of business income due to Coronavirus, namely:

- Hospitality and tourism
- Passenger transport and travel
- Rental and leasing of cars and recreational goods
- Recreation and entertainment
- Event management and event services
- Personal service activities, such as hairdressers, beauticians and animal boarders
- Commercial fishing
- Private extra-curricular education, such as dance and riding schools;
- Non-food and non-pharmacy retail (including garages, garden centres and marine retailers)
- Advertising and marketing
- Construction
- Manufacturing and engineering (including marine traders)
- Cleaning services
- Window cleaning
- Gardening
- Pet care services
- Waste services (particularly those focused on commercial and building work)
- Estate Agents
- Architects and building designs services
- Facilities management and office management
- Security and cash transfer activities
- Freight and goods transfer (excluding food)
- Dental and dental hygienists and other non-essential personal health and hygiene roles, and

- Personnel recruitment services

However, the following should be noted:

- employers must have been trading for at least six months (i.e from 1 September 2019)
- support will be calculated based on the normal hours worked by the impacted employees
- employees must be permanent employees;
- the support was made available for an initial period of up to 13 weeks (i.e. until 13 June 2020). However, the scheme has been since extended to 30 June 2020, and
- employers must continue to collect employee obligations both the Employees Tax Instalment Scheme (ETI) and States Insurance, but, the employer contributions to States Insurance will be deferred while the Co-Funding Scheme operates

On 15 May 2020, the scheme was extended to **self-employed individuals** (whether operating through a company or as a sole trader). They must provide the following:

- If a self-employed person is on the payroll of their company, then a copy of the payroll should be submitted with the claim;
- If a self-employed person draws their income from the business, or sole trader does not have a payroll set-up, then they should submit a claim up to a maximum of their usual income. Applicants are asked to note that there is a cap of 42 hours payment up to a maximum sum of £1,237.60 per month.

### How to apply

Must complete an application form which can be obtained by contacting [business.support@gov.gg](mailto:business.support@gov.gg)

More information – Email any queries to [business.support@gov.gg](mailto:business.support@gov.gg)

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## **Phase 2 – Payroll co-funding scheme**

### Summary

Expands on the original scheme and offers additional support. From 4 May 2020, the amount of support will be linked to the extent of the loss of income experienced by a business as a result of the COVID-19 crisis.

### Criteria

There are two levels, the standard level and the enhanced level.

1. **Standard level:** Businesses whose turnover exceeds 40% and up to at least 70% of normal levels can continue to apply for up to 80% of the minimum wage for their employees. Again, this upper threshold will be extended to 80% of normal turnover for those businesses most in need. Businesses will continue to contribute the remaining 20% to their employees' wages.
2. **Enhanced level:** Businesses whose turnover has fallen to less than 40% of normal levels can apply for up to 100% of minimum wage for their employees through the Payroll Support Scheme. This upper threshold will be extended to 50% for those businesses which are most in need and who are able to demonstrate that support is still necessary.

Ultimately the difference between the Standard or Enhanced Levels is the percentage contribution that the employer makes to the payroll payment.

Businesses that see their turnover improve to above 70% (or 80% in some cases), will continue to be able to receive this support for a further two weeks after the turnover reaches that level. These businesses must still contribute the remaining 20% of their employee's wages.

In order to be considered for the Standard or Enhanced Levels, employers must meet the same eligibility criteria as under the Original Scheme. In particular the employer:

- must operate in an eligible sector (as above);
- must have been trading for at least six months (so have been trading from 1 September 2019);
- support will be calculated based on the normal hours worked by the impacted employees;
- can only claim for permanent employees;
- support is available until 30 June 2020; and
- must continue to collect employee obligations both the Employees Tax Instalment Scheme (ETI) and States Insurance, but the employer contributions to States Insurance will be deferred while the Co-Funding Scheme operates.

**Self-employed individuals** remain subject to a cap of 42 hours per month. This means that self-employed individuals will be reimbursed up to a maximum of £1,237.60 per month under the Standard Level and £1,547 for the Enhanced Level.

### How to apply

To streamline and improve the payment process a website payment portal has been operated and managed and approved applications from 11 May 2020. Businesses can apply for the enhanced payroll funding as of this date using [this site](#). Claims that are entitled to the enhanced level of funding will be backdated to week beginning 4 May 2020.

## More information

Email any queries to [business.support@gov.gg](mailto:business.support@gov.gg)

Guidance from the Government can be found [here](#).

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# Grants for small businesses and the self-employed

## Summary

Businesses and the self-employed can apply for a one-off business grant of £3,000 (non taxable). This grant is designed to help smaller businesses and those who are self-employed during the current restrictions. It is intended to provide financial support until the end of June 2020, or until restrictions are ended, whichever is sooner. The grant is a flat sum of £3,000 and is not taxable.

## Criteria

Applicants must:

- operate in an Eligible Sector (please see the list above) or be a small business bookkeeper;
- have been trading continuously since 1 September 2019;
- be small, with 10 employees (including themselves if self-employed) or less as at 16 March 2020; and
- be the primary source of income and run as a full-time business.

The States of Guernsey will consider requests from businesses in other sectors of the economy where the business can demonstrate hardship as a result of the restrictions in place on businesses operating due to COVID-19.

Further, if a self-employed person claims income support, the value of the grant under this scheme may be taken into account in calculating the value of the Income Support payable. For Income Support purposes only, the grant will be valued at £230 per week for a maximum period of 13 weeks.

## How to apply

Businesses should send an email, including their name and contact telephone number, to [business.support@gov.gg](mailto:business.support@gov.gg)

## More information

[business.support@gov.gg](mailto:business.support@gov.gg)

Guidance from the Government of Guernsey can be found [here](#).

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## Hardship Fund

### Summary

The States of Guernsey have set up a £5 million hardship fund to provide emergency financial help to people who may not otherwise qualify for the unemployment benefit, the sickness benefit or income support. The Hardship Fund is anticipated to assist workers, and the small businesses which employ them, in the tourism, hospitality and construction sectors by providing short-term financial support so workers do not leave the future labour market.

The Hardship Fund may be available where an individual:

- has been made redundant;
- remains in employment or self-employment but with severely reduced household income, for example as a result of reduced working hours or rate of pay;
- is unable to work because they are sick or has been required to stay at home in self-isolation in line with public health guidance; or
- is unable to work because they are caring for a dependent child who cannot attend their school, college, preschool, day nursery or childminder's house, or where the child's normal informal childcare arrangement (e.g. looked after by grandparents) is no longer appropriate.

### How to apply

The helpline for applications is 01481 732516. Alternatively, individuals can send an email, including their name and contact telephone number, to [hardshipfund@gov.gg](mailto:hardshipfund@gov.gg) and someone will call them back as soon as possible.

### More information

email any enquiries to [hardshipfund@gov.gg](mailto:hardshipfund@gov.gg)

Guidance from the Government of Guernsey can be found [here](#).

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## Deferring Social Security Payments

### Summary

To assist with cash flow in the short term, businesses can apply to defer social security employer contribution payments for Quarter 2 (due mid-July) on request.

### Criteria

This option is available to businesses who are suffering financial difficulty as a result of the COVID-19 pandemic.

The business will still need to pay the ETI liability and the social security employee contributions because that is paid on behalf of the employees, not the business. Businesses are also still required to submit the quarterly employer schedule and ETI returns by 15 July 2020.

### How to apply

Requests to defer social security payments will be treated on a case by case basis. Requests for Social Security deferral should be emailed to [financial.support@gov.gg](mailto:financial.support@gov.gg) using the subject line "Social Security Employer Contribution Deferral" and should include reasons for the request. Self-employed individuals can also apply to defer their social security contributions in the same manner.

### More information

[financial.support@gov.gg](mailto:financial.support@gov.gg)

Guidance from the Government of Guernsey can be found [here](#).

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## Deferring Tax on Real Property (TRP) payments

### Summary

To assist with cash flow in the short term, businesses can apply to defer TRP payments until July 2020.

### Criteria

Available to businesses who are suffering financial difficulty as a result of the Covid-19 pandemic.

### How to apply

Each request for deferral of TRP will be treated on a case by case basis. Requests for rent deferral should be emailed to [financial.support@gov.gg](mailto:financial.support@gov.gg) with the title "TRP Deferral" giving reasons for the request and someone will respond as soon as possible.

### More information

[financial.support@gov.gg](mailto:financial.support@gov.gg)

Guidance from the Government of Guernsey can be found [here](#).

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# **Government rent deferrals or renegotiations**

## **Summary**

Rent for Q1 and Q2 may be deferred until after 30 June 2020 where the Government, or a Government-owned company, is a landlord to a local business. This covers business rents only and not residential property rents.

## **Criteria**

Available for business tenants who are suffering financial difficulty as a result of the Covid-19 pandemic.

## **How to apply**

Each request for rent deferral will be treated on a case by case basis. Requests for rental deferment should be emailed to [financial.support@gov.gg](mailto:financial.support@gov.gg) with the title "Rent Deferral" giving reasons for the request and someone will response as soon as possible.

## **More information**

[financial.support@gov.gg](mailto:financial.support@gov.gg)

Guidance from the Government of Guernsey can be found [here](#).

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