

Covid-19: Immediate support for SMEs

Measures to support businesses experiencing increases in costs or financial disruptions

Employment costs

Legislation will be enacted to allow small-and medium-sized businesses and employers to reclaim Statutory Sick Pay (SSP) paid for sickness absence due to COVID-19. The eligibility criteria for the scheme will be as follows:

- The refund will cover up to 2 weeks' SSP per eligible employee who has been off work because of COVID-19
- Employers with fewer than 250 employees (to be determined with reference to number employed as of 28 February 2020) will be eligible
Employers will be able to reclaim expenditure for any employee who has claimed SSP (according to the new eligibility criteria) as a result of COVID-19
- Employers should maintain records of staff absences, but employees will not need to provide a GP fit note
- Eligible period for the scheme will commence the day after the regulations on the extension of Statutory Sick Pay to self-isolators comes into force
- The government will work with employers over the coming months to set up the repayment mechanism for employers as soon as possible (possibly via the RTI system). Existing systems are not designed to facilitate employer refunds for SSP

Employment allowance to increase by £1000

Steps in the right direction to take some weight off the shoulders of SMEs.

The Chancellor announced an increase in the Employment Allowance from £3,000 to £4,000 to protect small businesses from the rise in the minimum wage. From next month companies will not have to pay Employer National Insurance Contributions on the first £4,000 of their annual bill.

Changes had already been announced that the Allowance is only available where from 6 April the Class 1 National Insurance bill of the business or charity was below £100,000 in the previous tax year.

You cannot claim the Employment Allowance from April 2020 if:

- you're the director and the only employee paid above the secondary threshold
- you employ someone for personal, household or domestic work (like a nanny or gardener) – unless they're a care or support worker
- you're a public body or business doing more than half your work in the public sector (such as local councils and NHS services) – unless you're a charity
- you're a service company working under 'IR35 rules' and your only income is the earnings of the intermediary (such as your personal service company, limited company or partnership)
- Class 1 National Insurance contributions (NICs) liability are at or above £100,000 in the tax year before the year of claim. This includes connected companies
- if the business exceeds the **de minimis state aid threshold**.