

Support for charities during the coronavirus pandemic

Update 23/3/2020

“We know that charities working with some of our society’s most vulnerable people are looking for the detail behind government announcements on COVID-19 support and, specifically, advice on accessing funds. To this end, we include below the most recent advice from Charity Tax Group. We particularly recommend that charities look up the [CTG information hub](#) for latest updates.”

Simon Brown - Not for Profit Partner, MHA Tait Walker

Coronavirus information hub for charity tax and finance professionals

To support the sector, CTG has collated guidance and announcements to inform charities during these difficult times. This [page](#) will continue to be updated in the coming weeks and months. Content includes:

- Lobbying efforts to secure the financial future of charities
- Latest updates (including the Chancellor’s announcement on 20 March on additional financial support for businesses and individuals)
- Financial support packages from the UK and Devolved Governments. Also sector funding updates
- Guidance, support and updates for charity tax and finance professionals including:
 - Government updates and guidance
 - Tax and finance announcements and guidance
 - Charity specific announcements and guidance

To receive the CTG newsletters directly you can register at www.charitytaxgroup.org.uk/join-us/

Lobbying efforts to secure the financial future of charities

Last week CTG Chairman, John Hemming, [wrote to the Chancellor](#) requesting immediate support for charities through the tax system during the COVID-19 pandemic. The letter presents six practical proposals to simplify charities’ interaction with the tax system and to unlock important tax reliefs for charities at a time when cash flow is under serious strain.

Over 100 MPs and Peers from seven parties have [written to the Chancellor, Number 10 and the Charities Minister](#) to call for further clarity and urgent action to support charities. Please show your support on social media if you can, using the hashtag #EveryDayCounts, or by writing to your MP and sharing your charity’s experience and position.

CTG will be speaking to HMRC officials this week to clarify tax reporting requirements and deadlines. If you have any questions or proposals that you would like to ask them about please contact info@charitytaxgroup.org.uk.

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Further financial support packages announced by the Chancellor

On Friday 20 March, the Chancellor announced additional measures to protect jobs, strengthen the safety net for people that work alone or by themselves, and people who find themselves unemployed. This builds on measures announced on 17 March 2020 (and still listed on the hub). Measures announced include:

- **Job retention scheme:** The creation of a new COVID-19 job retention scheme. Any employer will be eligible for the scheme and they can contact HMRC for a grant to cover the wages of their employees. These grants will cover 80% of the salaries of these retained workers, up to £2,500 per month. The scheme will be open initially for three months and it will be extended if necessary. There is no limit to this scheme and HM Treasury will pay as many grants as is necessary. It will be running within weeks and payments hope to be issued by April.

However, it is important to note that the grant will only be used to cover most of the wages of people who are not working but are furloughed and kept on payroll, rather than being laid off. This could potentially be a big help in terms of expenditure for charities, but, unlike hospitality or leisure organisations, many charities will not necessarily be laying people off or closing down (except perhaps in the case of charity shops).

The bigger problem is the catastrophic drop in income and other fixed costs like rent. CTG has expressed concerns that this could create a perverse incentive for charities to shut down their operations or furlough staff that could otherwise be providing useful support in other ways, not least to try to generate new income streams. An innovative solution could be to have staff furloughed but to get them to volunteer for their own role while on unpaid leave, but this is clearly not that satisfactory and there must be a simpler way to support all charities facing severe income pressures.

Sector bodies will be seeking further clarification on this measure, but it seems likely that a broader support package for charities will be required.

- **Coronavirus Business Interruption Loan Scheme (CBILS):** The Coronavirus Business Interruption Loan Scheme will now be interest free for 12 months – not six. Those loans will now be available from today. The Scheme, delivered by the British Business Bank, will enable businesses to apply for a loan of up to £5m, with the Government covering up to 80% of any losses with no fees. This measure is limited to businesses with a turnover of <£45m. More details can be found [here](#) but the eligibility criteria may yet change.
- **VAT deferral:** The Government will defer the next quarter of VAT payments for firms. No business will pay VAT until the end of June. To be clear, the VAT is not waived, it just means that businesses will be given until the end of the financial year to repay any liabilities, which should hopefully help with some cash flow issues. CTG will be providing more comment on the practicalities of this measure (including for reliefs, partial exemption etc.) in due course, once more details are published. We are also investigating the practical implications for Making Tax Digital.
- **Universal Credit:** The Government is increasing the standard allowance for Universal Credit for 12 months by £1,000. Also same amount increase for working tax credit basic element.

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Self-employed minimum income floor: For self-employed people, he is suspending the minimum income floor of anyone affected by Covid-19. This means that self-employed people can now access Universal Credit at a rate equivalent to Statutory Sick Pay for employees.



Self-assessment payments: The next self-assessment payments will be deferred until January next year.



Support for renters: The Government is announcing £1bn of support by increasing housing benefit and Universal Credit, so that the local housing allowance will cover at least 30 percent of market rents in your area.

Visit the MHA Tait Walker dedicated COVID-19 - Advice for Charities web page:

[COVID-19 - Advice for Charities](#)

Other updates

Updates recently added to the [coronavirus information hub](#) are listed below. The hub can also now be accessed via the header taskbar on the CTG website.

- Financial support packages announced by the Scottish and Welsh Governments, including loans and rates relief measures. Also measures available in Northern Ireland
- Increase in State Aid limits to €800,000
- Bank of England cuts base rate to 0.1%
- Guidance from the Charity Commission and OSCR published
- Limits on public fundraising urged by IoF and Fundraising Regulator
- DCMS issues guidance on galvanising and co-ordinating volunteers
- Statement from a coalition of funders on greater flexibility for grant arrangements during the crisis
- Guidance on shielding and protecting people defined on medical grounds as extremely vulnerable from COVID-19
- Business support webpage and helpline published
- Links to guidance from a wide range of sector infrastructure bodies including NCVO, SCVO, CFG, IoF, ACF and the Small Charities Coalition
- Details of HMRC scams relating to coronavirus
- Update from Companies House on applying for a late filing dispensation if operations are disrupted due to the coronavirus
- HMRC employee statutory sick pay calculator

For further support and guidance, please contact our Not for Profit Partner, Simon Brown, at simon.brown@taitwalker.co.uk