



Association: Coronavirus SME and Self-Employed Policy Suggestions:

The Facts:

The UK is an economy built upon small businesses and the self-employed. There are over 5.9 million SMEs in the UK and around 5.6 million are micro enterprises with fewer than 9 employees. Micro enterprises account for about 96% of all businesses and around a third of employment in the UK. The UK also has around 4.8 million people who are self-employed and many millions who work in the gig economy. Micro enterprises and the self-employed are a large and significant part of the UK economy.

The Policy Suggestions to consider:

- 1) **Introduce a Coronavirus Micro Business and Self-Employed Loan Scheme**
- 2) **Provide Premises Relief for Commercial Properties**
- 3) **Introduce a Temporary Coronavirus Basic Income Grant for the Self-Employed**
- 4) **Reduce VAT by 5% to 15% immediately**
- 5) **Clearer communication on Coronavirus financial support for consumers, businesses, SMEs, workers and self-employed all in one place.**

The Detail:

1) **Coronavirus micro business and self-employed loan scheme:**

- Consider introducing a loan that all micro-business owners, self-employed, sole traders and gig economy workers can apply to.
- Could be based on the student loan and maintenance loan schemes.
- Max loan would be £30,000 – this puts it in line with maximum financial support from Coronavirus Job Retention Scheme and the average amount students borrow for tuition fees in the UK.
- Self-employed and sole traders will only be able to claim for a loan once.
- Repayment free in year one and then there would be 15 years to pay it back.
- Interest would be at the Bank of England interest rate.
- The loan would be linked to the person's own personal income tax code as with student loans are so there can be no avoiding paying it back.
- Ineligible to apply for this scheme if the applicant is already personally receiving support from the Coronavirus Job Retention Scheme, Coronavirus Business Interruption Loan or our other ask – Coronavirus Basic Income Grant.

2) **Provide Premises Relief for Commercial Properties:**

- Business Rates Holiday could be extended to all SMEs across all sectors – *There are many SMEs who are not in the leisure, hospitality or retail sectors and are struggling, they too should receive a business rates holiday based on the one already announced by the government to aforementioned sectors.*
- Any rates relief for landlords should be passed onto SMEs - *Rates can be included in rent for SMEs. If there are rebates private landlords must pass on to the lessee via rent cut.*



- Eviction Suspension for SMEs - *No SMEs could be evicted or face threat of eviction for at least the next 3 months in line with proposals announced for private individuals and families.*
- Mortgage Holiday for SMEs - *SMEs could also benefit from mortgage holidays announced for private individuals and families. Same scheme could apply to them.*

3) Introduce a Temporary Coronavirus Basic Income Grant for the Self-Employed:

- Self-employed and gig economy workers could be given access to a Basic Income Grant. This grant would be temporary and linked to average UK earnings.
- The Grant could be in a monthly payment and last for at least three months.
- Eligibility would be based on who is registered with HMRC as self-employed or gig-economy workers.
- In line with Corona Virus Job Retention Scheme –
 - Maximum support of £2400 per month.
 - Based on an average of last year's PAYE (March 2019).
 - This income could be taxable.
 - This money could be backdated to 1st March 2020.
- Applicants could only be eligible for one of either Coronavirus Basic Income Grant, Coronavirus Job Retention Scheme or our other ask Coronavirus Micro Business and Self-employed Loan Scheme.

4) Reduce VAT by 5%:

- VAT could be reduced in the UK immediately from 15% to 20% for at least one year.
- The VAT reduction introduced during the 2008 Financial Crisis helped create cashflow for businesses and keep the wider economy stay afloat.
- This would encourage spending by businesses and consumers alike and help those struggling.
- This is easy to implement and could be effective immediately once announced.

5) Clearer communication on Coronavirus financial support for consumers, businesses, SMEs, workers and self-employed:

- HMRC could create two separate lines for advice one for business advisors such as accountants and one for individuals:
 - *Business advisors can reduce the number of calls going to HMRC if the adviser can brief their clients effectively.*
- One central webpage of advice for consumers and one central webpage of advice for businesses, SMEs, self-employed would be beneficial:
 - *This would mean everyone knows where to go for the latest information and guidance on the different Government financial schemes, grants and loans designed to help consumers, businesses, SMEs and the self-employed.*
- An explanation of what furloughing means would be helpful:
 - *Is the Coronavirus Job Retention Scheme designed for businesses who have made staff redundant or if they are furloughing staff?*
 - *Some employers can't afford to keep paying full wages but want employees to continue to work so the business does not collapse. Can this scheme help them? Further advice and explanation from government is needed.*