

Dixcart Digest: An Analysis of Government Measures Taken in Response to Covid-19

7th May 2020

The Covid-19 Pandemic

2020 is going to be a year remembered for the challenging pandemic, which has had a huge impact on people's well-being, both health wise and financially.

On a positive note, people are appreciating the 'simple' things in life and there is a heightened attitude of looking out for and assisting others, particularly those falling into the vulnerable category.

Most Governments have taken sympathetic measures to support their health services and to try to keep business functioning during the challenging circumstances.

Measures taken in the Jurisdictions where Dixcart has Offices

Please see below a summary of the support measures being taken in the eight key jurisdictions where Dixcart has an office. This is by no means a comprehensive summary, rather an outline of some of the innovative measures being taken and is only relevant at the time of publication.

Cyprus

- Suspension of the collection of loan instalments and interest until the end of 2020.

- Central Bank of Cyprus guidelines to banks to provide short-term liquidity facilities, for up to 12 months, at preferential terms (interest rate and other charges). A maximum amount, to be available of double the annual payroll cost, or 25% of the entity's most recent annual turnover.

- Special plan for a 'Full Suspension of Business or Partial Suspension of Operations' – payment of a Special Unemployment Benefit to private sector employees.

- Special Self-Employed Benefit, a similar concept to the above payment.

- 'Child Care Special Leave Allowance' to be awarded to working parents who are responsible for the care of children up to 15 years of age and / or children with disabilities of any age and due to the nature of their work cannot work from home.

Guernsey

- As of 19 March, a requirement was imposed on all persons arriving in the Bailiwick from anywhere in the world (including, for the avoidance of doubt, Jersey and the United Kingdom), to self-isolate for 14 days on arrival. This is a legal requirement, and failure to comply is a criminal offence.

- Testing and contact tracing have formed a major part of the response strategy. Guernsey has employed a high rate of testing, several times more per capita than many other jurisdictions.

- Deferral of payment of Social Security contributions for both Quarter 1 (due mid-April), and Quarter 2 (due mid-July).

- 'Coronavirus Payroll Co-Funding Scheme' – the Government will pay employees an amount equivalent to Guernsey's minimum wage. For a 35-hour

week, this figure equates to a gross figure of £298. The States of Guernsey will meet 80% of this figure (i.e. £238 per week based on a 35-hour week). Employers must make up the remaining 20%.

- 'Small Businesses and Self-employed Grant' – the amount payable will be a flat sum of £3,000.

- A loan guarantee scheme to enable further financial support for trading businesses with a turnover of less than £10m.

- Commencement of phased relaxation of lockdown rules with businesses and workers for certain types of business able to operate from 25 April 2020, if public health requirements on social distancing and hygiene are met.

- There is a weekly national 'clap' for the National Health Service, at 20.00 (GMT), every Thursday evening. Individuals and families stand outside their homes (preserving social distancing), or at their open windows and clap to show appreciation for healthcare workers and carers.

Isle of Man

- As of 6am on Friday 27 March 2020, the Isle of Man's borders closed to passengers, until further notice. The only exception is the return of Manx residents from overseas.

- To help viable businesses that have been affected to retain staff, a wage support package is available for 12 weeks, to provide businesses with a flat rate contribution of £280 per week for every full-time equivalent staff member.

- 'Business Adaptation Grant' – £3.5m is being made available to support businesses looking to evolve. 50% of any costs will be met, that can be shown to be involved in the adaptation of a business, as a result of changing market conditions due to the Coronavirus outbreak – the business must also have a viable business plan going forward

- A range of support measures are available from Manx Utilities Authority, Manx Telecom, Sure, and Manx Gas, for individuals who are being affected.

Malta

- A two-month deferral for businesses, including the self-employed, to pay: Provisional Tax, VAT and National Insurance Contribution on salaries.
- €900 million has been provided in bank guarantees, for companies requesting operational loans. These loans will enjoy low interest rates and longer repayment periods.
- Employers and self-employed individuals investing in technology that enables working from home, can claim to partially cover the costs of this investment.
- Full-time employees of businesses and self-employed individuals, operating in sectors that have suffered drastically due to the COVID-19 pandemic, will be entitled to up to five days' salary a month, equivalent to a maximum €800 per month, to be financed by the Maltese Government. Part-time employees will be eligible to a maximum €500 per month.
- The government has increased rent subsidies for individuals whose jobs have been terminated.
- Companies that operate in adversely affected sectors and have suffered 25% loss in turnover will be entitled to one day's salary per week equivalent to €160 per month per member of staff.

Portugal

- The Portuguese Government declared a State of Emergency on March 18 and it is currently in place until 2 May 2020.
- A mandatory restriction on movement and measures relating to social isolation have been put in place.
- Commercial passenger flights are not permitted during the State of Emergency, except for emergency or repatriation purposes. Individuals cannot cross between Spain and Portugal for leisure or tourist purposes.
- As at the end of April, Social Security Lay-off Payments have been approved for over 40,000 companies. The average amount to be paid is €422 per employee per month.

Switzerland

- On March 25 the Swiss Government extended entry restrictions to all Schengen and non-Schengen states except Swiss nationals and foreigners with Swiss permits.
- Salaries for the month of March are guaranteed, although in some cases there might be delays.
- In total the government has set aside around CHF62 billion to support the economy. On April 3, it announced it was doubling the amount of emergency loans available to struggling companies to CHF40 billion (\$41 billion). It has since presented a plan to offer additional loans of up to CHF154 million for start-up companies.
- A grant to cover 80% of wages (up to CHF 12,350 per month), for employees who are not working due to the impact of Coronavirus but are retained on the payroll. This will be backdated to 1st March 2020 and will be open for a maximum one-year period.

- The self-employed will be assisted for 2 months. They will receive CHF 5,880 maximum per month, backdated to 17 March 2020.
- Since the beginning of the crisis, Switzerland has increased testing for the coronavirus to achieve one of the highest per capita rates.
- A three-step easing of emergency lockdown measures began on April 27. With protection measures for staff and customers, hair stylists, beauticians and physiotherapists can re-open their doors, along with florists and garden/DIY stores. Dental and medical centres can offer non-urgent care. Bars, restaurants, museums, libraries and markets will reopen on 11 May.
- The ban on gatherings of more than five people remains in place.

UK

- As of the end of April, the British Government has announced that a phased and gradual easing of lockdown restrictions will take place, starting May 2020.
- A grant to cover 80% of wages (up to £2,500 per month), for employees who are not working due to the impact of Coronavirus but are retained on the payroll. This will be backdated to 1st March 2020 and was open initially for a three-month period, now extended to 30th June 2020.
- No business will have to pay any VAT from the third week in March 2020, until mid-June. The payment will be deferred, and businesses will have until the end of the 2020-21 tax year to settle any liabilities that have accumulated during the deferral period.
- The Coronavirus Business Interruption Loan Scheme (CBILS) was launched on Monday 23rd March 2020. Loans will be delivered by lenders that partner with the British Business Bank, including all of the major banks. The lender will receive a guarantee of 80% of the loan amount from the government. The loan will be interest free for the first 12 months.

- No 'rates' will payable to local authorities for the 2020-2021 tax year, for any business in the retail, hospitality or leisure sectors.

- There is a weekly national 'clap' for the National Health Service, at 20.00 (GMT), every Thursday evening. Individuals and families stand outside their homes (preserving social distancing), or at their open windows and clap to show appreciation for healthcare workers and carers.
It is a moving experience.

Assistance

All of the Dixcart offices are fully operational.

Each office can provide you with an update on the status in their particular jurisdiction and can give advice in terms of applying for appropriate financial assistance. Please speak to you usual Dixcart contact or alternatively email: advice@dixcart.com.