



COVID-19: Government support for Jersey businesses

May 2020

This guidance is current up to 27 May 2020

The Coronavirus (COVID-19) pandemic has rapidly changed the business landscape, with unprecedented restrictive measures on day-to-day life to contain the spread of the virus.

Understandably, these are difficult times for businesses. In this briefing, we set out various support measures which have been announced by the Government of Jersey (Government) to help protect local businesses during this period.

This is a rapidly changing area and we advise that for the most up-to-date information, you check the Government's specific page on support measures for Jersey businesses [here](#).

Coronavirus Payroll Co-Funding Scheme

Phase 1

This scheme was available from 20 March 2020 to 31 March 2020, the Government retrospectively paying employers and self-employed workers (subject to certain limitations in terms of business area and other qualifying criteria) a subsidy of each worker's wage, up to £200, provided that the worker does not earn more than £10,000 per month. The payment was made in April 2020.

Phase 2

This scheme is available for the months of April, May and June 2020 (although this may be extended if needed). Payments will be made following submission of wage information to Customer and Local Services and so the first payment will be made available following submission of April 2020 wage information.

Claims need to be made on a monthly basis in respect of that month on an arrears basis, i.e. after the business has already paid employees in full.

Where a business is unable to make payments in full to employees on a current basis, there is a special exemption available potentially. Further details can be obtained on the Government's business support pages online but please be aware that evidence of the business' financial situation will need to be provided.

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Employers

This will provide a subsidy of 80% of the first £2,000 of the employee's wages for each month. As a result, the maximum payment will be £1,600 per eligible worker per month.

The workers a business can claim for are varied, and include those working full and part-time, on permanent, fixed term and zero-hour contracts, those coming back from maternity leave, sickness or other planned leave. As a general rule, employees must have been named on the March 2020 Social Security contributions schedule but there is some flexibility to cover, for example, those working fewer than eight hours per week or those who were made redundant before 1 April 2020 and then re-employed.

In all cases however, a business cannot claim for (i) staff employed through a third party (for example, an agency) or (ii) any worker paid more than £4,558 for the month being claimed for.

Self-employed (business owners, sole traders and partners)

A subsidy of 80% of gross average monthly earnings in 2019 may be claimed, up to a maximum of £1,600 per month and provided that, on average in 2019, the person claiming earned on average less than £8,884 per month (i.e. £106,608 in the whole of 2019).

Where a business started in 2020 or a person became self-employed, then the subsidy is based on 80% of £1,519 per month meaning that the subsidy will be £1,215 per month.

A person can only claim once, irrespective of how many businesses that person is involved in.

Eligibility criteria

In addition to the above, the business, sole-trader or partner must:

1. have suffered a 30% loss in turnover (from average monthly gross income for 2019 or (if started in 2020) £1,519 per month) for the month you are claiming for, due to COVID-19 related issues; and
2. operate in an eligible sector (marked in green in [this list](#))

There are certain other criteria:

Employers must:

- be registered as an employer for Social Security purposes;
- have submitted an Employer Class 1 Contribution return for the first quarter of 2020; and
- if applicable, have allowed staff to remain in their usual accommodation.

Business owners, sole-traders or partners must also:

- have been liable for Class 2 Social Security Contributions in March 2020 or were exempt because of claiming Home Responsibility Protection, were over pension age or had a married woman's election; and

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- have not been included in a claim for any other business or organisation.

It is worth noting that, unlike the equivalent UK scheme, there is no requirement for the worker to be unable to work (described in the UK as being "furloughed"). Under the terms of the Jersey scheme, the worker should work as far as they are able to within the health guidance and restrictions issued by the Government during the pandemic and, as set out above, businesses need to provide workers with capacity to support government and community actions.

The Government has published detailed [guidance](#) and FAQs available on the Government's business support [website](#).

How to apply

Support must be applied for separately for each month online [here](#). The Government has provided a [user guide](#) to fill in the form. In most cases, unless applying for a special exemption, you will not need to provide detailed financial information but will self-certify that the information is true. Note that certain information such as 2019 average monthly income will be checked in due course against 2019 tax returns when processed.

Jersey Business Disruption Loan Guarantee Scheme

From 30 March 2020, £50 million of loans and overdrafts (of between £5,000 and £500,000) will be made available by local banks, to manage short-term cash flow to viable businesses where their existing lender is unable to support them under that lender's normal lending criteria. £40 million of this additional lending capacity (i.e. 80% of the lending) will be guaranteed by the Government.

Originally subject to restrictions, from 15 May 2020, the scheme has been opened up to all local businesses, irrespective of industry sector.

The first step is to use the Government's checklist [here](#) to determine whether your business is eligible and whether the scheme is suitable. Jersey Business can also assist in making any application.

Applications under the scheme are made directly to a participating bank, which include Barclays, HSBC, NatWest International, Santander International and Lloyds Bank International.

Jersey Covid-19 Special Situations Fund

The Government has made available up to £50 million for "qualifying businesses" which deliver a "public good or serve an essential purpose for Jersey". This relief may be in the form of grants, loans or equity stakes.

At present, there is little information on the exact criteria and the Government has indicated that the criteria will be published in April 2020 but applications will be considered by a panel of senior Government officials and independent specialists based on those criteria, which will include:

- A demonstration that the business provides an important public good, or is strategically important to Jersey.
- A demonstration that the measures introduced to manage the spread of the virus have been detrimental to the business

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- A viable and time bound recovery plan for the business and exit strategy for the Government.

The Government has published FAQ which can be found [here](#). In particular, the Government is clear that this Fund is designed for longer term support and where immediate funding is required then a business should look to the Jersey Business Disruption Loan Scheme.

Any business which considers that it may wish to apply for support from the fund is at this stage invited to contact the Government informally through emailing economy@gov.je.

GST and Social Security Deferral Scheme

All GST-registered businesses may choose to defer payment of GST relating to quarterly and monthly returns ending 31 March, 30 April, 31 May and 30 June. Payment of the deferred amounts will be due no later than 12 months after the date they would normally have been due.

Businesses with fewer than 80 employees and individuals who pay Class 2 contributions (including those who are self-employed) may choose to defer Social Security contribution payments for A and B quarters (i.e. those due in April and July 2020) for 12 months. This is available immediately and no notification is required.

Any business with more than eighty employees may request a deferral of social security contributions for the same period.

There are two things to note:

- Schedules must still be submitted, whether or not there is a deferral of payments, in order to access Phase 2 of the Government Co-Funded Payroll Scheme.
- If a business can afford to continue making payments without putting their business at risk, are asked to continue to do so.

Rental Payment Deferrals

Where the Government of Jersey is a landlord to a Jersey business (either directly or through a Government-owned business), it will consider rental payment deferrals, where that business is suffering hardship as a result of the pandemic. Affected businesses will need to make that request directly to the landlord or other property contact.

Deferrals will not be granted as a matter of right but will be considered on a case by case basis.

Guidance for landlords and tenants of commercial and residential property

Guidance for [commercial property](#) and for [residential property](#) have been published as a pragmatic guide to how landlords and tenants are expected to behave and it is anticipated that the Courts will adopt this guidance by way of Practice Direction in due course.

In respect of residential property, amendments have been made to the Residential Tenancy (Jersey) Law 2011 which apply for the

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duration of the COVID-19 pandemic and which limit for example, termination of residential tenancies.

Help with taxes

Other than the GST deferral scheme mentioned above, Revenue Jersey has indicated (see [here](#)) that where a taxpayer is experiencing temporary issues as a result of the pandemic, it will look to be sympathetic.

However, Revenue Jersey has indicated that it will still expect taxpayers to file all tax returns on time and to use online returns where available. All matters relating to tax should be communicated electronically where possible.

How Collas Crill can help you

Collas Crill prides itself on being easy to do business with. We take a hands-on approach and are here to help you and your business in these uncertain times.

Please feel free to reach out to any of the contacts listed in this briefing or any of your usual Collas Crill contacts.

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