

Government financial support for businesses in Jersey

Insights - 12/05/2020

A guide to financial support for businesses in Jersey that have been adversely affected by measures introduced to manage the spread of COVID-19

Please note that the situation and government guidance in relation to Covid-19 in Jersey is evolving at a fast pace and the information contained in this publication should not be used as a substitute for legal advice.

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Phase 1 - Payroll co-funding scheme

Summary

A short-term wage subsidy measure in the early stages of Covid-19. Eligible businesses can apply for £200 per week towards wages paid in the period 20 to 31 March 2020.

Criteria

To be eligible for Phase 1 the business must:

1. Have suffered a 30% loss in turnover from 20 to 31 March 2020 (this was originally 50% but was changed on 9 April 2020) because of the disruption caused by COVID-19
2. Operate (or have the majority of its trade) in the following qualifying industries:
 - hotels
 - restaurants
 - bars
 - travel agency and tour operator activities
 - other reservation service and related activities
 - museums and other cultural activities
 - amusement and recreational activities
 - wholesale and retail (excluding retail food, wholesale or retail pharmacies, wholesale or retail fuel, wholesale or retail construction supplies/DIY supplies, retail sale of household electrical equipment and information and communication equipment, wholesale or retail medical supplies)
 - fisheries
 - hairdressing and other beauty treatment

Businesses can apply for £200 per week for an employee who was on the payroll in February 2020, who worked from 20 to 31 March 2020 and has been paid either:

- at least £320 per week or
- at least £1,390 in the whole of March

For employees earning lower amounts, 60% of wages will be paid for the proportion of the month that was affected by the restrictions.

Employees earning more than £10,000 a month (gross) do not qualify.

How to apply

Applications for Phase 1 closed on 30 April 2020.

Payments will be made from the beginning of April.

More information

Email any queries to payrollcofunding@gov.je

[Guidance for the Coronavirus Co-Funded Payroll Scheme: Phase 1](#)

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Phase 2 - Payroll co-funding scheme

Summary

Follows Phase 1 support but offers greater financial support over a longer period (1 April to 31 August 2020) to a wider range of businesses. The Government will subsidise wages up to a maximum of £1,600 per month to help businesses reduce their costs and protect job prospects in the longer term.

Criteria

A wage subsidy can be claimed for employees in the following circumstances:

- whether employees are working, partly working, or not working at all
- both full-time and part-time staff
- irrespective of the type of employment contract
- even if they do not pay social security contributions because of their age or because they have made an election
- where staff were made redundant before 1 April 2020 (in the early days of the Covid-19 restrictions) but the business re-employs them.

A wage subsidy is not available for staff employed through a third-party (eg employment agency) or employees who earn £4,558 or more per month.

The business must meet all of the following requirements -

1. The business must be registered as an employer for Social Security purposes
2. The staff must have already been paid for the relevant month
3. The business must have submitted its contribution return for Quarter A 2020.
4. Employees must have been on the payroll since at least March 2020

5. The business must be in one of the 'included' sectors ([see those marked in green in the table here](#))
6. The business must have experienced or be very likely to experience "material detriment" due to restrictions put in place to manage the spread of COVID-19 – evidence will be required. "Material detriment" will be determined by a loss of turnover over the relevant period of at least 30% compared with a previous comparable trading period.
7. Surplus staff must be made available as needed to assist with any appropriate activity required to support the Government and community actions during the pandemic.
8. The employer must pay 20% of wages, with the government subsidising 80% of wages up to a maximum of £1,600 per employee per month, unless a 'special exemption' has been granted. An exemption will be available where it can be demonstrated that the business has insufficient working capital or cash flow to meet its normal costs and obligations.
9. Where relevant, staff must be allowed to remain in their tied accommodation.

How to apply

Phase 2 support will be available each month for April to August 2020. The business must pay wages to staff before claiming and must present wage records with its application. Applications should be submitted online each month here - [Phase 2 application form](#).

Where the business is applying for a 'special exemption' from paying 20% of wages, it must provide pro-forma cash-flow forecasts for the relevant month, as well as additional declarations and financial information as part of its application, including that the change to hours or pay has been agreed with the employee and that the business has considered all options for managing its working capital.

More information

[Co-funding payroll scheme phase 2 - Guidance](#)

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Phase 3 - Payroll co-funding scheme

Summary

The Government announced on 31 July 2020 that Phase 3 of the scheme will continue to be available during the period from September 2020 until March 2021 but support will be tapered, gradually reducing the government subsidy from 80% of wages to 20% of wages by March 2021 (see the table below).

	Sep	Oct	Nov	Dec	Jan	Feb	Mar

Detriment	20%	20%	20%	20%	20%	20%	20%
Subsidy	60%	60%	40%	40%	30%	30%	20%
Maximum Payment	£1,200	£1,200	£800	£800	£600	£600	£400

Criteria

In order to be eligible to claim under the scheme, businesses must return to broadly normal trading patterns (subject to health advice) and must not remain closed if it is safe to open or artificially restrict revenue to make them eligible for the scheme.

The business must have experienced or be very likely to experience "material detriment" due to restrictions put in place to manage the spread of COVID-19 - evidence will be required. "Material detriment" will be determined by a loss of turnover over the relevant period of at least 20% compared with a previous comparable trading period. The test of material detriment has been reduced from 30% under the Phase 2 scheme to 20% from September 2020.

How to apply

Phase 2 support will be available each month for September 2020 to March 2021. More details are expected to be provided by the Government.

More information

<https://www.gov.je/news/2020/pages/cofundedpayrollphase3.aspx>

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Business Disruption Loan Guarantee Scheme

Summary

Loans or overdrafts to help qualifying businesses to manage short-term cash flow constraints. Government underwrites 80% of borrowing. The borrower will remain 100% liable for the debt. Allows banks to extend financing to smaller businesses that are viable but unable to obtain finance under the lender's normal requirements. Businesses can apply to borrow between £5,000 to £500,000.

Criteria

All local businesses can apply for the scheme, regardless of their business activity or sector.

How to apply

The scheme is available from 1 April 2020.

Businesses should contact their bank in the first instance.

Jersey Business will provide a web portal providing links to the participating banks to apply for the

scheme.

More information

Complete the online form first to assess eligibility for the scheme and to ensure that the business is prepared to make an application directly to one of the participating lending banks.

https://one.gov.je/service/Business_disruption_loan_guarantee_scheme

[FAQs for the Business Disruption Loan Guarantee Scheme](#)

Any questions should be referred to [Jersey Business](#).

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COVID-19 Special Situations Fund

Summary

£50 million scheme open for applications from qualifying businesses which deliver a public good or serve an essential strategic purpose for Jersey. Support may be provided under the scheme in the form of grants, loans or equity positions.

Criteria

Applications will be considered by a panel of senior Government officials and independent specialists based on criteria including:

- demonstration that the business provides an important public good, or is strategically important to Jersey
- demonstration that the measures introduced to manage the spread of coronavirus have been detrimental to the business
- a viable and time bound recovery plan for the business and exit strategy for Government.

How to apply

To discuss a potential application to the scheme, email details to the [Economy Team](#).

More information

[FAQs for the Jersey Covid-19 Special Situations Fund](#)

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Deferring payment of Social Security contributions

Summary

To help businesses and self-employed individuals with their cash flow, businesses may be able to defer social security contribution payments. Postponed contributions will be held on the businesses' account and payment will be discussed in due course.

Criteria

- businesses with fewer than 80 employees and individuals who pay Class 2 contributions (including those who are self-employed) are automatically permitted to defer their payments for A and B quarters (payments due in April and July) by 12 months
- businesses with 80 or more employees who can demonstrate that they have been significantly adversely impacted by the coronavirus pandemic can apply to defer their payments for A and B quarters (payments due in April and July) by 12 months

Whether deferring payments or not, businesses must continue submitting quarterly schedules.

How to apply

- businesses with fewer than 80 employees – deferral is automatic - it is not necessary to contact the department to request permission.
- businesses with 80 or more employees who can demonstrate that they have been significantly adversely impacted by the coronavirus pandemic should contact the Social Security Contributions Team to apply to defer their payments for A and B quarters by 12 months
sscontributions@gov.je or call +44 (0) 1534 444444

More information

Email the [Contributions Team](#)

[Government of Jersey guidance on deferring payment of Social Security contributions](#)

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Deferral of GST payments

Summary

With immediate effect, GST-registered businesses can choose to defer the payment of GST relating to quarterly and monthly returns ending 31 March, 30 April, 31 May and 30 June. This deferral is to help businesses manage their cash flow at this time. This is not a cancellation of monies owed.

Criteria

- GST remains chargeable on supplies of goods and services to consumers in the normal way.

- Businesses must continue to submit their GST returns as normal, to avoid fines and penalties and to ensure that the Government can track the amount of payments being deferred.
- GST collected from customers may be retained by the business and arrangements will be made to pay it at a later date.
- Payment of the amounts deferred will be due no later than 12 months after the date they would normally have been due. Further detail will be provided at a later date.
- Businesses that can afford to pay GST are encouraged to continue to do so.

How to apply

According to the guidance, businesses do not need to notify Government that they are deferring the payment. Postponed GST will be held on the businesses' account and arrangements for payment will be made in due course.

More information

Email the [GST team](#)

[Government of Jersey guidance](#)

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Government rent deferrals or renegotiations

Summary

Rent deferrals or renegotiations, where the Government, or a Government-owned company, is a landlord to a local business.

Criteria

Available for business tenants who are suffering financial difficulty as a result of the COVID-19 pandemic.

How to apply

Each request for rent deferral will be treated on a case by case basis. Requests for rental deferment should be made directly to the landlord or property contact.

More information

[On the Jersey Business website](#)

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Income Tax debts (arrears)

Summary

Measures in relation to the payment of income tax to help businesses experiencing cash flow and trading difficulties.

Criteria

Any business that foresees problems paying their debt.

How to apply

Contact the Treasury and Exchequer Debt Management Team to discuss their time to pay arrangements. Cases of hardship will be treated sympathetically.

debtcollection@gov.je or call +44 (0) 1534 440088

More information

[On the Taxes Office website](#)

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Regulatory information can be found under [Legal Notice](#)

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