



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

20 March 2020

Dear Colleague,

I am writing to set out further details of the announcements I made today, which form the next stage of our economic response to the COVID-19 emergency.

The vital and necessary steps that government, business and individuals have taken to confront this public health emergency are having a profound effect on the UK economy. At Budget I set out the first stage of the government's economic response, with a £30 billion package of support. On 17 March I went further, extending the support available to individuals and businesses, including a package of government-backed and guaranteed loans, which make available an initial £330 billion of guarantees – equivalent to 15% of GDP.

I have said that I will do whatever it takes to support the economy, and we need to go further to support individuals – those who fear losing their jobs, being unable to pay the rent or mortgage, and not having enough to pay their bills. The package I announced today takes unprecedented steps to support people to stay in work; provide support to those who are without employment; strengthen the safety net for the self-employed; and help people to stay in their homes.

### **Coronavirus Job Retention Scheme**

Today I have announced a UK-wide scheme to pay a grant to any business for each worker they identify as furloughed. A furloughed worker would remain employed by the business but would not undertake any work or be expected to be available for work.

This is to support firms who would otherwise be faced with no choice but to make these workers redundant or ask them to take a period of unpaid leave. Any UK employer with a PAYE scheme, who promises to retain these staff even though they won't be doing any work for the employer, will be eligible to apply directly to HMRC for a grant under this scheme. These grants will cover 80% of the salary of retained workers up to a total of £2,500 a month – more than the median monthly earnings. We will look to have this scheme available as quickly as possible, aiming to get it done before the end of April. This will be available for at least the next three months, but we will keep it available for as long as is needed.

However, we realise firms need cash now so will be deferring tax payments, as covered below. The principle, which I have discussed with the TUC and Business Representative Organisations, is of sharing the burden between firms, workers and the government. While that means workers will see a reduction in pay, they will keep their jobs, and while firms

will still have some costs, they will keep their workforce, ready to bounce back from this crisis.

Further information and details of the scheme will be shared in due course.

### **Deferring tax payments through VAT and Income Tax Self-Assessment**

To help businesses pay people and keep them in work, I am deferring VAT payments due between now and the end of June. No business will have to make a VAT payment to HMRC in that period. They will have until the end of the financial year to repay.

I have also announced that the Income Tax Self-Assessment payments due in July 2020 will be deferred until January 2021, benefitting millions of self-employed taxpayers.

HMRC have also scaled up their Time to Pay offer to all firms and individuals who are in temporary financial distress as a result of Covid-19 and have outstanding tax liabilities. You can contact HMRC's dedicated Covid-19 helpline to get practical help and advice. This can be reached by calling 0800 0159 559.

### **Universal Credit (UC) Standard Allowance and Working Tax Credit (WTC) Basic Element**

To support individuals affected by COVID-19, today I announced extra support for WTC and UC claimants. From 6 April 2020, I am increasing both the UC standard allowance and the WTC basic element for the next 12 months, by £1,000 a year.

The UC standard allowance will increase by £86.67 per month (equivalent to £20 per week), on top of the planned annual uprating. The WTC basic element will also increase by £20 per week, on top of the planned uprating. All existing WTC recipients will benefit and all UC claimants, both new and existing, will benefit from these measures. These new rates will be automatically reflected in claimants' awards.

We estimate that 2.5 million households will immediately benefit from the UC measure, as well as those who become unemployed or whose earnings decrease because of the impact of COVID-19. A further 1.6 million households will benefit from the WTC measure, including those whose work hours decrease because of the impact of COVID-19. For more information claimants can visit [GOV.UK](https://www.gov.uk).

### **UC Minimum Income Floor (MIF)**

At Budget, we announced a temporary relaxation of the MIF in UC for claimants who are sick or self-isolating. Today I announced that we are going further. From 6 April 2020, we are temporarily relaxing the MIF for all self-employed UC claimants affected by the economic impacts of coronavirus, for the duration of the outbreak.

This means that if self-employed claimants' work, and therefore earnings, have significantly reduced due to the impact of Public Health England COVID-19 guidance on self-isolation and social distancing, and the wider economic impacts of the outbreak, their UC award will increase to reflect their lower earnings.

For example, a single, self-employed cleaner whose work reduces from 37 to 10 hours a week at the National Living Wage will see the full impact of that 27-hour reduction – and lost earnings – reflected in their next month’s UC award. If the MIF were to continue to apply, their award would assume only two hours’ worth of lost earnings (as the MIF assumes 35 hours at National Living Wage).

Overall, from 6 April, this measure will benefit many of the c.150,000 self-employed people who currently claim UC and who experience a significant loss of earnings as a result of COVID-19. Of the c.5m self-employed people in the UK, around 55% are likely to be eligible for UC support if they find themselves unable to work.

### **Housing support for private renters - Local Housing Allowance (LHA)**

I know this is a particularly stressful time for private renters. We have already taken steps to protect tenants, and the Secretary of State for Housing announced on 17 March that no renter in private or social accommodation needs to be concerned about the threat of eviction for at least the next three months.

Today, I announced that, from this April, all new and existing private renters claiming Universal Credit and Housing Benefit will benefit from additional housing support. All Local Housing Allowance rates will be uplifted to the 30th percentile of market rents. This is worth an extra £14 a week on average for the 1.2 million existing claimants and any additional Universal Credit claimants who rent in the private sector. This will benefit renters in every part of our country, protecting against rent arrears during a difficult time for many renters.

New Universal Credit claimants can receive an advance of their first month’s award on day 1 of their claim if needed. And we have removed the requirement for claimants to attend a jobcentre to receive their advance. This will ensure there is no barrier to people being able to claim housing support while in self-isolation.

### **Coronavirus Business Interruption Loan Scheme**

Today, I announced that the interest free period of the Coronavirus Business Interruption Loan Scheme has been increased from 6 to 12 months. This will help to ensure that all businesses facing cash-flow difficulties during this difficult time will have access to the finance they need. The scheme will be up and running by the start of next week.

I have also made clear that further measures will be announced next week to ensure that larger and medium sized companies can access the credit they need.

### **Further information**

BEIS have also developed guidance specifically for employers and businesses, which is available at: [www.gov.uk/government/publications/guidance-to-employers-and-businesses-about-covid-19](https://www.gov.uk/government/publications/guidance-to-employers-and-businesses-about-covid-19).

If constituents require further information, the government's COVID-19 Action Plan and further guidance can be found at: [www.gov.uk/government/publications/coronavirus-action-plan](http://www.gov.uk/government/publications/coronavirus-action-plan) and [www.gov.uk/guidance/coronavirus-covid-19-information-for-the-public](http://www.gov.uk/guidance/coronavirus-covid-19-information-for-the-public).

The multi-billion-pound commitments I made at the Budget and on 17 March represented bold, comprehensive action. Now I have gone even further, keeping my promise that I will do whatever it takes to get our country through the impacts of COVID-19.

A handwritten signature in blue ink, appearing to read 'Rishi Sunak', with a stylized flourish at the end.

**RISHI SUNAK**