

# INSIDER

## NOVEMBER 2020

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### THIRD GRANT FOR THE SELF-EMPLOYED INCREASES TO 80% FOR NOVEMBER

**The self-employed can claim Government support of up to 80% of profits during the initial month-long lockdown in England, Chancellor Rishi Sunak has confirmed.**

Like previous tranches, the third taxable grant available through the self-employed income support scheme (SEISS) covers three months – from 1 November 2020 to 31 January 2021.

The latest tranche was initially due to only cover 40% of a claimant's average monthly trading profits up to £3,750 in total.

This would have been a vast reduction on the previous grants, which covered 80% and 70% of total average trading profits up to £7,500 and £6,570 respectively.

It will now cover 80% of trading profits for November 2020, before reverting back to 40% for December 2020 and January 2021 – if lockdown in England ends on 2 December 2020.

Including the new higher November grant, it means the third taxable SEISS grant will cover 55% of profits, up to a maximum of £5,160 in total.

It is only available to self-employed individuals who were eligible for the previous payments.

The Government said third-tranche payments will be made more quickly, with the claims window being brought forward from 14 December 2020 to 30 November 2020.

Businesses can also continue to apply to banks for state-backed support loans until 31 January 2021, compared to a previous 30 November deadline for some of the schemes.

[📄 Speak to us about the SEISS.](#)

### GOVT. EXTENDS FURLOUGH SCHEME AHEAD OF LOCKDOWN IN ENGLAND

**The Government has extended the furlough scheme for employers until 30 November 2020, as a second lockdown in England looms to slow the resurgence of COVID-19.**

Hours before the initiative was due to close on 31 October 2020, plans for the job support scheme to start from 1 November 2020 were put on hold.

Instead, furloughed employees will now receive 80% of their current salary – up to £2,500 – for hours not worked, initially until 30 November 2020.

In recent months, employers topped up furloughed workers' wages by 20%, while the state paid 60%. Now, the Government will up their contributions to 80% for November.

The extension will reduce employers' costs, compared to the furlough scheme as it was offered in October 2020.

Employers are still required to cover furloughed workers' National Insurance and workplace pension contributions.

Chancellor Rishi Sunak said:

"As restrictions get tougher, we are taking steps to provide further financial support to protect jobs and businesses.

"These changes will provide a vital safety net for people across the UK."

In Northern Ireland, Scotland and Wales, where other national restrictions apply, the furlough scheme will only be available for the duration of the English lockdown.

[📄 Talk to us about the furlough scheme.](#)

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## SUNAK HINTS AT SPRING TAX HIKES TO 'BALANCE THE BOOKS'

**Chancellor Rishi Sunak has promised to "balance the books" in a bid to plug a £208 billion hole in the UK's public finances caused by COVID-19.**

In September, Sunak postponed Autumn Budget 2020 and last month the Chancellor suggested tax hikes could be around the corner next spring.

Figures published by the Office for National Statistics in October showed government borrowing soared to £208.5bn between April and August.

At the end of September 2020, the UK was almost £2 trillion in debt, exceeding the size of the economy by approximately 3.5%.

UK debt is expected to grow over the winter to fund the costs of further coronavirus support measures revealed in Sunak's winter economic plan.

The Chancellor said there are no "easy cost-free answers" and "hard choices everywhere", but he has a duty to leave public finances strong.

Sunak said:

"We have a responsibility to future generations to leave the public finances strong, and through careful management of our economy, we will always balance the books."

The Office for Tax Simplification is expected to publish a report imminently, outlining recommendations to revamp the capital gains tax system.

Ideas currently on the table include equalising capital gains tax rates with income tax which would raise much-needed revenue from 2021/22.

Another option that could prove popular with the public and help simplify the tax system would be to merge capital gains tax with inheritance tax.

The Treasury might also press ahead with a plan to bring self-employed National Insurance contributions in line with the rates paid by employees.

Sunak previously hinted it was becoming increasingly difficult to justify the inconsistent contributions of those who work for themselves compared with employees.

However, reforming the £38bn pension tax relief is not believed to be on the cards, following several consultations on the topic in recent years.

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## THREE IN FIVE BOUNCE-BACK LOANS MAY NEVER BE REPAID, WATCHDOG CLAIMS

**Up to three in five bounce-back loans (BBL) handed out during the pandemic might never be repaid, according to the National Audit Office (NAO).**

The BBL scheme announced when the UK was in lockdown in April 2020 offers loans of up to £50,000 per business, or a maximum of 25% of annual turnover.

Figures from the Treasury up to 18 October 2020 showed more than 1.33 million loans worth in excess of £40 billion had been advanced so far.

The deadline for applications was due to be 30 September 2020, but this was pushed back until 30 November 2020 in Chancellor Rishi Sunak's winter economic plan.

At the same time, Sunak increased the repayment terms of BBLs from six to ten years, sharply reducing monthly instalments for around 1.55m UK businesses.

However, figures from Companies House indicate a spike in registrations of new companies after the BBL scheme was announced last spring.

In March 2020, the equivalent of 15,602 new companies registered each week and that figure halved to 7,571 a week after the UK went into lockdown on 23 March 2020.

After the BBL scheme was announced on 27 April 2020, new company registrations hit a weekly record high of 21,616 by 30 June 2020 prompting fraud fears.

Over the coming months, the extent of losses due to fraud will become clearer, but the full extent of losses, both credit and fraud, will not emerge until the loans are due to start being repaid from 4 May 2021.

Gareth Davies, head of the NAO, said:

"With concerns that many small businesses might run out of money as a result of the pandemic, the Government acted decisively to get cash into their hands as quickly as possible.

"Unfortunately, the cost to the taxpayer has the potential to be very high, if the estimated losses turn out to be correct.

"Government will need to ensure robust debt collection and fraud investigation arrangements are in place to minimise the impact of these potential losses."

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