

## Financial Support for Businesses

The Isle of Man Government has set out a package of measures, subject to Tynwald approval, to support local businesses throughout the unprecedented disruption caused by COVID-19.

This includes the following new measures:

Two core packages to support businesses and protect workers:

- COVID-19 **Wage Support Scheme** to help business retain staff
- COVID-19 **Earnings Replacement Allowance** for people out of work

Seven additional measures to support affected businesses:

- Extension of the existing **£3,000 grant to include small retail businesses** and the **self-employed in certain eligible sectors**
- Coronavirus **Business Interruption Loan Guarantee Scheme** working with banks
- **VAT Deferment Initiative** for VAT payments
- **Strategic Investment Fund** to improve cash flow
- **Strategic Capacity Scheme** for tourist accommodation providers
- **Accelerated Capital Projects** to drive increased construction capacity
- An **Adaptation Grant** for existing businesses looking to evolve in current climate with matched funding available

Two further measures to remove bureaucracy and provide relief:

- **Streamlining Processes - Work permit suspension** for existing on-island workers
- **Non-Government deferral** – A range of support mechanisms to encourage relief to households and remove any eviction threat for individuals and businesses affected.

## COVID-19 Wage Support Scheme

### Overview

To help viable businesses that have been affected retain their staff, a wage support package will shortly be available that will, for 12 weeks, provide businesses with a flat rate contribution of £280 per week for every full time equivalent staff member (pro-rated for part time employees).

This measure is aimed at encouraging employers, wherever possible, to retain their employees, even if it means the employees having to work less hours or take unpaid leave for a short period of time during this disruption.

This will, when available, be backdated to March's payroll and we encourage eligible applicants to speak if additional funds are required pending the deployment of the scheme.

### Eligibility

It is proposed that this measure will be available to support Isle of Man businesses across a range of sectors that are suffering disruption as a result of COVID-19, with the exception of those including financial services, ICT, legal, large retail, and e-Gaming industries.

### How to access the scheme

Further details should be available later this week.

## **Manx Earnings Replacement Allowance (MERA)**

### Overview

Subject to Tynwald approval, the Manx Earnings Replacement Allowance (MERA) will provide an income of £200 per week to people who have been temporarily or permanently laid off, or lost their self-employed work since 2 March 2020.

It will be available to both displaced employees, where the employer is unable to retain them under the Business Wage Support Scheme, and the self-employed, and will be payable for up to a maximum of 12 weeks between 6 April and 28 June 2020. No payment can be made for any period on or after 29 June 2020.

### Eligibility

Employees must have been earning at least £200 per week, on average, in at least 13 of the 26 weeks prior to the date they claim.

The self-employed must have actually registered to be self-employed with The Treasury before 2 March 2020, and have paid Class 2 National Insurance contributions in at least 13 of the 26 weeks prior to the date of their claim.

To qualify for MERA a person must be aged 18 or over but under state pension age, not working, and available and capable of returning to work straightaway.

A person will not be paid MERA for any week in which they have earnings of more than £50 or they receive remuneration from their employer. A self-employed person cannot claim MERA if they have received any payment of the Coronavirus Business Support Grant.

MERA is a benefit for the individual. For those people who have partners, their partner's income will not affect their entitlement to MERA. A person's savings or other assets will also not affect entitlement to MERA.

MERA has been designed as a temporary safety net for displaced workers. After the 12 weeks, they can return to their former employment, find alternative employment or ultimately, migrate on to standard welfare support if unable to secure employment beyond this period.

Both the COVID-19 Wage Support Scheme and the MERA will work together. Some employees may be retained, and paid wages initially (with their employer claiming from the COVID-19 Wage Support

Scheme), but if they are later laid off, they can move onto the MERA. Similarly, they may go on to MERA initially, but may be taken back on by their employer along the line.

#### How to access the scheme

The scheme will be introduced from 6 April. A person has up to one month to claim.

It will be paid fortnightly in arrears by direct credit transfer to customers' bank accounts.

People who are already getting contribution-based jobseeker's allowance, who became unemployed on or after 2 March and who meet the entitlement conditions, may make a claim for MERA after 6 April 2020 and they will be moved from contribution based Jobseeker's Allowance to MERA, if it would be to their advantage.

## **£3,000 Coronavirus Business Support Scheme**

### Overview

The Coronavirus Business Support Scheme has been established to provide a £3,000 grant to support local businesses in designated sectors that have been the most financially affected by the global COVID-19 pandemic.

### Eligibility

At present the scheme applies to businesses with more than two employees (and in certain instances no more than 100) that are operating in the following sectors:

- Tourist accommodation;
- Catering and entertainment;
- Travel and Tour operators; and
- Logistics

The intention is to extend the existing scheme to include certain retail businesses as well as to self-employed persons operating in the qualifying sectors. The threshold of employees is also intended to be reduced from two employees to one employee (which can include the owner).

### How to access the scheme

You will need to complete the scheme application form

<https://www.iomdfenterprise.im/financial-support/funding/coronavirus-business-support-scheme/>

The Department will authorise payment to be made. Our aim is that all payments will usually be made into the applicant's business bank account as quickly as possible.

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

### Overview

The UK Government announced in the latest budget the introduction of a Coronavirus Business Interruption Loan Guarantee Scheme, (CBILGS), in response to the financial challenges facing businesses in the current environment. The Isle of Man is implementing a new Isle of Man CBILGS at a level which supports up to £60m of new lending.

The scheme allows Government to underwrite 80% of new lending to businesses. Banks will be able to make standard lending decisions, apply standard pricing with a sovereign discount to reflect the guarantee element.

### Eligibility

Commercial banks.

Existing debt will not be covered by the scheme (consolidation/term - out of existing overdrafts etc.)

- No arrangement fee payable for the provision of the guarantee
- For Isle of Man registered businesses with a turnover of up to £10m
- Loans of £5,000 to £500,000, for locally based business who would otherwise not qualify for bank support, will be extended by banks with a government guarantee in favour of the lender
- Maximum term of loan 10 years

### How to access the scheme

Further details will be available later this week.

## **VAT Deferment Initiative**

### Overview

To help support cash flow, any business in the Isle of Man, should they so need, in line with the announcement in the UK, can opt to defer their VAT liabilities for one quarter. Those who have not been affected are asked not to defer and should pay their liabilities in the normal course.

### Eligibility

All VAT registered businesses in the Isle of Man.

### How to access the scheme

The Isle of Man Government is allowing businesses to defer the making of VAT payments to help support businesses with their cash flows.

VAT payments due to the Treasury between now and the end of June 2020 will be deferred. No business will have to make a VAT payment to the Isle of Man Treasury, Customs & Excise Division (IOMC&E) in that period.

Further details are available here <https://www.gov.im/categories/tax-vat-and-your-money/customs-and-excise/>

## **Strategic Investment Fund**

### Overview

This scheme includes aspects that may allow Government to purchase legal title to assets (land, property, equipment etc.) from businesses in return for cash where the business is able to demonstrate that they will be able to maintain employment. Independent valuation of assets will be required.

The Department will also facilitate the investment of equity or loans through existing processes.

### Eligibility

All Isle of Man based businesses.

### How to access the scheme

Business will be required to complete a full business case which will be reviewed by the Department's investment committee and appropriate valuations will be required.

Full guidelines and the application form will be available later this week.

## **Strategic Capacity Scheme**

### Overview

New £5m fund to help strategically important business sectors in order to preserve the future economic prosperity of the Island.

Initially the fund will be made available to support the Tourism Accommodation sector with a one off payment in recognition of their lost earnings in order to support them moving to a more sustainable holding position for the rest of the season, where possible allowing them to avoid collapse.

### Eligibility

Currently only businesses in the visitor accommodation sector are eligible.

Other strategic industries may be considered in the future.

#### How to access the scheme

Further details will be available later this week.

### **Review of Capital Projects**

#### Overview

The Isle of Man Government is looking to use an accelerated and re-focussed capital programme to generate cash flow and investment in the Island's economy. The slowdown of economic activity may provide spare capacity in the construction sector, and smaller trades may conversely have lost income whilst everyone is encouraged to stay at home/ work at home. This programme will be utilised as a means to deliver investment whilst at the same time delivering major infrastructure improvements and repairs to facilitate economic recovery post – pandemic.

#### Eligibility

Will be dependent on the outcome of the review.

#### How to access the scheme

Further details will be available as soon as possible.

### **Business Adaptation Grant**

#### Overview

£3.5m is being made available for the Department for Enterprise to support businesses looking to evolve in the current climate. The Department will meet 50% of any costs that can be shown to be involved in the adaptation of a business as a result of a changing market due to the Coronavirus outbreak that has a viable business plan going forward .

For example:

- A Distillery looking to make Hand Sanitiser
- A Restaurant looking to acquire (or rent) a vehicle to enable take away deliveries
- An affected business looking to invest in improved IT infrastructure to enable remote working

#### Eligibility

All Isle of Man based businesses who can demonstrate they have been affected by the pandemic and have a viable plan to continue subject to the adaption proposed.

#### How to access the scheme

Businesses will be required to complete a full business case for review, with claims paid retrospectively.

Full guidelines and the application form will be available later this week.

### **Streamlining Processes - Work Permit Temporary Suspension**

#### Overview

As demands for certain roles increases, including shift workers, the Department for Enterprise is preparing to suspend the requirement for a work permit, allowing any resident worker to freely take up alternative employment for a temporary period during the pandemic. Additional red tape across Government may also be reviewed if it supports businesses during this difficult period.

#### Eligibility

Anyone in employment as at 28<sup>th</sup> February, or at any time in the immediate 3 months. This includes all current work permit holders and anyone who has been exempted who will be able to apply freely for jobs.

#### How to access the scheme

Further details will be available confirmed later this week.

### **Non-Governmental Deferral**

#### Overview

Following discussions with major **utility companies** they are expected to announce a range of support measures for individuals who have been affected through loss of work or loss of pay. This includes the Manx Utilities Authority, Manx Telecom and Sure, and Manx Gas.

Following discussions with the **local Banks** they have also indicated a range of support measures for individuals and businesses who have been affected through loss of work or loss of pay. In some cases this may include Mortgage or Loan repayment holidays.

Measures are being introduced under the Emergency Powers Act to ensure that **Landlords** will not be able to evict an individual or business from either their homes or their business premises for non-payment over this difficult period.

#### Eligibility

All individuals and businesses and will depend on the specific arrangement with the relevant provider.

#### How to access the scheme

Further details will be available later this week.