



GOVERNMENT SUPPORT FOR GUERNSEY BUSINESSES

APRIL 2020

This guidance is current up to 08 April 2020

The Coronavirus (COVID-19) pandemic has rapidly changed the business landscape, with increasing restrictive measures on day-to-day life to contain the spread of the virus already having a significant impact on businesses in Guernsey and elsewhere, for example where businesses have been told to close their businesses temporarily.

Understandably, these are difficult times for businesses. We have already produced a number of briefings on matters related to the pandemic but in this briefing, we set out various support measures which have been announced by the States of Guernsey (**States**) 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 States' specific pages on Coronavirus (COVID-19) business support which can be found [here](#).

The States have also released a briefing for businesses which can be found [here](#).

Loan Guarantee Scheme

This scheme is being established by the States in conjunction with the governments of both Jersey and the Isle of Man and will initially be offered by Barclays, HSBC, Lloyds and RBSI/NatWest.

Businesses are advised to talk to banks directly should they wish to borrow under the scheme for the most up-to-date criteria.

How much is available?

In essence, the scheme provides for guarantees from the States of underwriting of up to £40 million of **new** loans and overdrafts to businesses within the Bailiwick of Guernsey, in each case up to 80% of the amount which has been lent by the relevant bank.

Loans and overdrafts are available in an amount between £5,000 and £500,000.

How long will it last?

The scheme is open for lending up to 31 December 2020.

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The States' guarantee is valid for 8 years consisting of:

- a 6 year term;
- 18 months for the banks to recover amounts outstanding from borrowers; and
- an additional 6 months for the bank to claim against the States under the guarantee.

Who can benefit?

It is only available to trading businesses with a maximum turnover of £10 million. Certain sectors are also excluded. The States' website states that, in all cases, excluded businesses include those which are regulated by the Guernsey Financial Services Commission (**GFSC**) and property investment and development businesses.

We understand further looking at criteria issued by one of the banks on their website, that the following businesses are excluded:

Financial and professional services (whether or not regulated by the GFSC)	Property Development
Real Estate	Public Sector
Utilities	Architecture
Fishing	Franchise Management
Architecture	Real Estate Advisory

As mentioned above, in all cases if you are in doubt about whether your business may be eligible, please not hesitate to contact us.

It is important to note that no existing loans may be transferred into this scheme and it is only available for wholly new loans, meaning that existing loans may not be cancelled and re-lent.

Will the banks need any security?

Banks may lend up to £250,000 without seeking any form of security from the borrower.

In all cases, an individual's principal primary residence **cannot** be provided as security to a bank in respect of a loan made under the scheme.

Other matters

Banks will be required to report to the States on the number and amount of loans they have issued, together with details on the number of applications received but declined.

Further information can be found in the [briefing](#) issued by the States on 30 March 2020.

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Coronavirus Payroll Co-Funding Scheme

Further details on the scheme can be found in the States' briefing [here](#).

The scheme is designed to help pay *permanent* employees an amount equivalent to the minimum wage in Guernsey (i.e. £8.50 per hour (£8.05 for 16 and 17 year olds)), meaning a gross figure of £298 for a 35 hour week. The amount payable will be based on an employee's normal hours.

How much is available?

The States will pay 80% of this amount (i.e. £238 per week) with the employer required to make up the remaining 20%. Employers are encouraged to top up these amounts further if they are able.

How long will it last?

The scheme will be available for an initial period of up to 13 weeks (i.e. to late June 2020) and

Who can benefit?

As mentioned above, the scheme is expressed only to be available for permanent employees and therefore would not appear to be available for those on fixed term or zero-hour contracts.

It is available to all employers (irrespective of the number of employees) in sectors with a loss of business income as a result of the pandemic. The sectors which the States initially envisaged (as at 24 March 2020) to be covered are:

Hospitality and tourism	Passenger transport and travel
Rental and leasing of cars and recreational goods	Recreation and entertainment
Event management and event services	Personal service activities (e.g. hairdressers, beauticians and animal boarding)
Private extra-curricular education (e.g. dance and riding schools)	Non-food and non-pharmacy retail
Advertising and marketing	Construction
Manufacturing	Commercial fishing

The States have acknowledged that this list of sectors may need to be expanded and it is to be noted that this list was published before

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the revised set of non-essential businesses required to cease business (e.g. takeaway food premises) was published on 29 March 2020.

Are there any other conditions?

In all cases, a business must have been trading since 1 September 2019.

Do I still need to make tax and social security returns?

In all cases the employer must still collect an employee's obligation in respect of both employee tax instalments (**ETI**) and Social Insurance (**SI**) although please note the deferral measures for an employer's obligations for SI referred to below.

Further details on the scheme (and other measures detailed in this briefing) can be found in the States' [briefing](#) issued by the States on 24 March 2020.

Grant Scheme

A £3,000 grant is available to all businesses and the self-employed with fewer than 10 employees (including themselves, where self-employed), and subject otherwise to the same eligibility criteria as for the payroll co-funding scheme. This can be used in any way deemed appropriate.

Those businesses who receive grants under the scheme are also eligible to use the Coronavirus Payroll Co-Funding Scheme set out below.

Particular points to note for the self-employed

The value of the grant may be taken into account to the extent that income support is also being claimed, being valued at £230 for a maximum period of 13 weeks.

SI contributions for the first and second quarter may be deferred, with payments already made for the first quarter being refundable on request.

Social Insurance Employer Contributions

Quarterly employer schedules and ETI returns are still required to be submitted by 15 April (for the first quarter) and by 15 July (for the second quarter) and as mentioned above, an employee's ETI and SI contributions will need to be paid.

However, employer SI contributions may be deferred upon request. This does **not** apply however to businesses engaged in either (i) professional services (such as firms of advocates or accountants) or (ii) "regulated finance" (which we assume to encompass financial services businesses regulated by the GFSC) (in each case, **Exempted Businesses**).

This deferral is also available to the self-employed.

Tax on Real Property (TRP)

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The States have announced that businesses may apply for relief from TRP to July 2020, excluding Exempted Businesses. Where landlords pay TRP on business premises, they will be encouraged to pass on the relief to tenants.

Rental Payment Deferrals

Where a business is operated from States' owned land, the States will consider rental payment deferrals for the first and second quarters of 2020. This applies only to business rent and not to any residential property.

How do I contact the States?

The States have requested that any queries are, in the first instance, directed by email to business.support@gov.gg. Any requests for deferral or refund of payments due are to be directed by email to financial.support@gov.gg with "refund" or "deferral" in the subject line.

Any requests for urgent refunds are to be made by phone on 01481 740202 (where it relates to SI) or 01481 717315 (for TRP)

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 and can advise you further on government measures to assist your business, how to obtain any relief and also advise you on other measures which your business should consider taking to ensure it remains as robust as possible during this period.

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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FOR MORE INFORMATION PLEASE CONTACT:



PAUL WILKES

Consultant* // Guernsey

t:+44 (0) 1481 734268 // e:paul.wilkes@collascrill.com



WAYNE ATKINSON

Partner // Guernsey

t:+44 (0) 1481 734225 // e:wayne.atkinson@collascrill.com



JASON GREEN

Partner // Guernsey

t:+44 (0) 1481 734216 // e:jason.green@collascrill.com



PAUL NETTLESHIP

Partner // Guernsey

t:+44 (0) 1481 734200 // e:paul.nettleship@collascrill.com



ANGELA CALNAN

Partner // Guernsey

t:+44 (0) 1481 734233 // e:angela.calnan@collascrill.com



JOANNE SEAL

Group Partner* // Guernsey

t:+44 (0) 1481 734261 // e:joanne.seal@collascrill.com



CHRISTIAN HAY

Managing Partner and Head of Dispute Resolution // Guernsey

t:+44 (0) 1481 734290 // e:christian.hay@collascrill.com

GARETH BELL

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BVI | Cayman | Guernsey | Jersey | London





Partner // Guernsey

t:+44 (0) 1481 734214 // e:gareth.bell@collascrill.com



DAVID O'HANLON

Partner // Guernsey

t:+44 (0) 1481 734259 // e:david.ohanlon@collascrill.com



JAMES TEE

Partner // Guernsey

t:+44 (0) 1481 734284 // e:james.tee@collascrill.com

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