

B17 PAYROLL CO FUNDING SCHEME AND GRANTS TO SUPPORT BUSINESS AND THE SELF-EMPLOYED (sections 7 and 19)

Introduction

The Policy and Resources Committee have announced measures to help employers and businesses in light of the lockdown imposed due to the Coronavirus (COVID-19).

This Statement of Practice has been published to confirm the taxable position of these measures.

1. Payroll co-funding

This measure has been introduced to help businesses in specific sectors keep their employees on their books, during the period where they cannot trade, so that they will be in a good position to resume trading as soon as conditions allow.

The States will fund 80%-100% of employee wages, based on the minimum wage. The employer can opt to pay more, given many employees will be on higher wages.

Employers should continue to operate the ETI Scheme on all payments made to their employees, including on the monies paid under the co-funding scheme, deducting tax and social insurance and remitting this as normal. For example, if an employee is paid the equivalent of Guernsey's minimum wage, the employer will need to record the payment of £298 gross to the employee, deduct tax and social insurance as normal, and then actually pay the individual the net amount.

The amounts paid to the employer under the co-funding scheme will be treated as a business receipt and will be taxable. The full wages paid will be an allowable expense.

The payroll co-funding has also been extended to self-employed individuals. Any amounts paid to self-employed individuals will be treated as a business receipt and will be taxable.

2. Grants to support businesses and the self-employed

A grant of £3,000 will be given to all businesses and the self-employed with fewer than 20 employees that meet the relevant criteria. This is designed as additional support to smaller businesses to be used in whatever way they deem appropriate.

These payments, being a payment made by Government in these exceptional circumstances, will be treated as a casual receipt and as such will not be taxable, as provided for in section 19(b) of the Law. There is no need for businesses to include this amount in their income figures when completing their tax returns for 2020.

The grant (or higher grant) paid in 2021, during the second lockdown, will also not be taxable and again there is no requirement for the amount paid to be included in the income figures when completing the tax return for 2021.

3. **Grant for businesses providing visitor accommodation**

Any payments received under the visitor accommodation grant scheme, which will be available as an alternative to the payroll co funding scheme, will be treated as a business receipt and will be taxable.

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