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**Finance Guide for
the Craft Sector**

**Supporting makers
in response to the
Covid-19 crisis**

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Finance Guide for the Craft Sector during Covid-19

Business and self-employed support from the National Government and the Scottish Government

Support has been issued from both Governments with some crossover and some support that is specific to Scotland.

The UK Government support can be found [here](#).

[<https://www.gov.uk/coronavirus/business-support>]

The Scottish Government support can be found [here](#).

[<https://findbusinesssupport.gov.scot>]

This document is an overview of the current Governments support and how to navigate it, plus funding and support specifically for the creative industries and arts.

Document Contents

1. Paying your employees
2. Paying sick pay
3. Paying tax
4. Business rates relief and business support grant funds
5. Support for the self-employed
6. Business loans
7. Navigating current Government support
8. Support for the creative industries and arts
9. 12 top tips for managing your finances during Covid-19
10. Frequently Asked Questions

1. Paying your employees

Claim for 80% of your employee's wages up to a maximum of £2,500 a month plus any employer National Insurance and pension contributions, if you have put them on furlough (not working) because of coronavirus via the [Coronavirus Job Retention Scheme](https://www.gov.uk/guidance/claim-for-wages-through-the-coronavirus-job-retention-scheme)

[<https://www.gov.uk/guidance/claim-for-wages-through-the-coronavirus-job-retention-scheme>].

Employees must have been on PAYE / payroll on or before 19 March 2020. Furloughed staff cannot work for or on behalf of the organisation or any associated organisation. The Scheme is extended until 31 October 2020, with companies having to contribute to salaries for employees that return part time from 1 August 2020. The scheme will close to new entrants from 30 June.

Part-time furloughing

From 1 July 2020, businesses using the scheme will have the flexibility to bring previously furloughed employees back to work part time – with the government continuing to pay 80% of wages for any of their normal hours they do not work up until the end of August. This flexibility comes a month earlier than previously announced to help people get back to work.

Employers will decide the hours and shift patterns their employees will work on their return, and will be responsible for paying their wages in full while working. This means that employees can work as much or as little as the business needs, with no minimum time that they can furlough staff for.

Employer contributions

From August, the government grant provided through the job retention scheme will be slowly tapered.

- In **June and July**, the government will pay 80% of wages up to a cap of £2,500 as well as employer National Insurance (ER NICs) and pension contributions for the hours the employee doesn't work – employers will have to pay employees for the hours they work.
- In **August**, the government will continue to pay 80% of wages up to a cap of £2,500 but employers will pay ER NICs and pension contributions – for the average claim, this represents 5% of the

gross employment costs that they would have incurred if the employee had not been furloughed.

- In **September**, the government will pay 70% of wages up to a cap of £2,187.50 for the hours the employee does not work but employers will pay ER NICs, pension contributions and 10% of wages to make up 80% of the total up to a cap of £2,500.
- In **October**, the government will pay 60% of wages up to a cap of £1,875 for the hours the employee does not work but employers will pay ER NICs, pension contributions and 20% of wages to make up 80% of the total up to a cap of £2,500.
- The cap on the furlough grant will be proportional to the hours not worked.

Many smaller employers have some or all of their employer NIC bills covered by the Employment Allowance so will not be significantly impacted by that part of the tapering of the government contribution.

It is important to note that the scheme will close to new entrants from 30 June 2020. From this point onwards, employers will only be able to furlough employees that they have furloughed for a full three-week period prior to 30 June.

This means that the final date by which an employer can furlough an employee for the first time will be 10 June for the current three-week furlough period to be completed by 30 June. Employers will have until 31 July to make any claims in respect of the period to 30 June.

2. Paying sick pay

The Coronavirus Statutory Sick Pay Rebate Scheme

[<https://www.gov.uk/guidance/claim-back-statutory-sick-pay-paid-to-employees-due-to-coronavirus-covid-19>]
will repay employers the current rate of Statutory Sick Pay (SSP) that they pay to current or former employees for periods of coronavirus-related sickness starting on or after 13 March 2020.

The online service you'll use to reclaim SSP will be available from 26 May 2020.

3. Paying tax

VAT

If you're a UK VAT registered business and have a VAT payment due between 20 March 2020 and 30 June 2020, you have the option to:

- defer the payment until a later date, you do not need to tell HMRC you are deferring your VAT payment
- pay the VAT due as normal

It does not cover payments for VAT MOSS or import VAT. HMRC will not charge interest or penalties on any amount deferred as a result of the Chancellor's announcement. You must continue to submit future VAT returns to HMRC by the deadlines.

Further information is available [here](#)

[<https://www.gov.uk/guidance/deferral-of-vat-payments-due-to-coronavirus-covid-19>]

Self-Assessment tax

The deadlines for paying your tax bill are usually:

- 31 January for any tax you owe for the previous tax year (known as a balancing payment) and your first payment on account
- 31 July for your second payment on account

Because of coronavirus you can delay making the second payment on account. If you choose to delay, you'll have until 31 January 2021 to pay it. Further information is available [here](#) [<https://www.gov.uk/pay-self-assessment-tax-bill>]

4. Business rates relief and business support grant funds

If you think you may be eligible for any non-domestic rates relief, such as the Small Business Bonus Support Grant, contact your local council for further information including eligibility.

Non-domestic rates relief

If you pay business rates or non-domestic rates your property may be eligible for [non-domestic rates relief](#) to help you deal with the impact of coronavirus [<https://www.mygov.scot/non-domestic-rates-coronavirus/>].

These discounts only apply to your non-domestic rates bill and won't directly reduce your rent, water charges or other bills.

Retail, hospitality and leisure businesses that were occupied and had

to close temporarily due to the Government's advice on coronavirus will receive 100% non-domestic rates relief.

Rates relief is available on non-domestic properties from 1 April 2020- 31 March 2021 and will be automatically applied to the bill you receive from your local council.

One-off grants

The Scottish Government has introduced the Business Support Fund [<https://www.mygov.scot/non-domestic-rates-coronavirus/grants-to-help-non-domestic-businesses-during-coronavirus/>] which offers some businesses one-off grants.

Small businesses can apply for a one-off Small Business Support Grant of £10,000 if they get rates relief through the Small Business Bonus Scheme relief [<https://www.mygov.scot/non-domestic-rates-relief/small-business-bonus-scheme/>]. You can get non-domestic rates relief through the Small Business Bonus Scheme if:

- the combined rateable value of all your business premises is £35,000 or less
- and, the rateable value of individual premises is £18,000 or less

Retail, hospitality and leisure businesses in premises with a rateable value of £18,001 - £51,000 can apply for a one-off grant of £25,000.

The above applies to one property. From 5 May 2020, if you've more than one property you may be able to apply for a grant for each eligible additional property equal to:

- Retail, hospitality, leisure businesses, one-off grant of £18,500
- Small Business Support Grant of £7,500

Third Sector Resilience Fund (TSRF)

Now in its second phase, the TSRF [<https://scvo.org.uk/support/coronavirus/funding/scottish-government/third-sector-resilience-fund>] is an emergency fund to support charities, community groups, social enterprises and voluntary organisations already delivering services and products in Scotland but find themselves in financial difficulties as a direct result of the coronavirus pandemic. The primary intention of the fund is to help third sector organisations to stabilise and manage cash flows over this difficult period. To apply, organisations must complete an eligibility checker [<https://scvo.org/support/coronavirus/funding/scottish-government/third-sector-resilience-fund/eligibility-checker>].

Funding for up to a three month period can be requested. Eligible costs will be mostly limited to overheads and essential staff who cannot be furloughed. The maximum grant awarded is £75,000. All grant applications requesting £50,000 or more will be considered for a 0% interest free loan, a grant or a blended approach.

The Fund is delivered by Firstport, Social Investment Scotland and Corra Foundation. The fund is complemented by specialist business advice from Just Enterprise.

Community Response, Recovery & Resilience Fund (RRR Fund)

With the National Emergencies Trust, Foundation Scotland is delivering the RRR Fund [<https://www.foundationscotland.org.uk/programmes/community-response,-recovery-resilience-fund/>] to support charities and grassroots organisations in Scotland working to address immediate needs in their communities with emergency funding in the form of £1,000 - £5,000 grants. Only constituted groups, with a governing document, and an income of less than £125,000 are eligible to apply.

5. Support for the self-employed

Self-Employed

The Self-Employment Income Support Scheme [<https://www.gov.uk/guidance/claim-a-grant-through-the-coronavirus-covid-19-self-employment-income-support-scheme>] will allow you to initially claim a taxable grant worth 80% of your trading profits up to a maximum of £2,500 a month. It was initially available for the three months to 31 July 2020, but has been extended up to 31 October 2020. The grant available has been reduced for the three months to 31 October 2020 to a maximum of 70% of your trading profits.

You can check if you are eligible to claim a grant through the Scheme, when you can claim and update your contact details. Use the above link. You will be eligible to apply from the date given by the eligibility checker. If you have not been contacted directly by HMRC, please use the eligibility checker. Please note If you're eligible and want to claim the first grant you must make your claim on or before 13 July 2020.

You cannot make your second claim at the moment. More information about the extension of the SEISS will be available on GOV.UK on 12 June 2020.

You can make a claim for Universal Credit [<https://www.gov.uk/universal-credit>], a monthly payment to help you with your living costs if you're on a low income or out of work, while you wait for the grant. You should record the grant as part of your self-employment income, and it may affect the amount of future Universal Credit payments. This will not affect Universal Credit claims for earlier periods. Further information about Self-employment and Universal Credit can be found here.

[<https://www.gov.uk/self-employment-and-universal-credit>]

Find out how HMRC works out your total income and trading profits here. [<https://www.gov.uk/guidance/how-hmrc-works-out-total-income-and-trading-profits-for-the-self-employment-income-support-scheme>]

Newly Self-Employed

The Newly Self-Employed Hardship Fund [<https://findbusinesssupport.gov.scot/service/coronavirus/newly-self-employed-hardship-fund>] provides a one-off grant for individuals who became self-employed on or after 6 April 2019, your self-employed income is over 50% of your individual income, your trading profits were below £50,000 in the 2019/2020 tax year and you are not eligible for the government Covid-19 business support schemes.

To apply you will need to provide evidence of your active business prior to Covid-19, that you are resident in the local authority area you are applying to and a self-declaration you are experiencing hardship.

Successful applicants will receive a one-off grant of £2,000. If you receive the grant you can continue to work or take on other employment including voluntary work. You need to apply via your local authority, and can only apply once.

6. Business loans

Bounce Back Loan Scheme

The Bounce Back Loan Scheme [<https://www.gov.uk/guidance/apply-for-a-coronavirus-bounce-back-loan>] will help small and medium-sized businesses to borrow

between £2,000 and £50,000. The government will guarantee 100% of the loan. There won't be any fees or interest to pay for the first 12 months. The interest rate for the facility is set at 2.5% per annum. Terms will be up to 6 years. No repayments will be due during the first 12 months. Businesses must be based in the UK, been negatively affected by coronavirus and not an 'undertaking in difficulty' on 31 December 2019. The scheme launched on 4 May 2020. Details, including accredited lenders, and guidance on how to apply is available on the [British Business Bank](https://www.british-business-bank.co.uk/ourpartners/coronavirus-business-interruption-loan-schemes/bounce-back-loans/) website [https://www.british-business-bank.co.uk/ourpartners/coronavirus-business-interruption-loan-schemes/bounce-back-loans/].

You cannot apply if you are already claiming under the Coronavirus Business Interruption Loan Scheme (see below). If you've already received a loan of up to £50,000 under this scheme and would like to transfer it into the Bounce Back Loan Scheme, you can arrange this with your lender until 4 November 2020.

Coronavirus Business Interruption Loan Scheme

The [Coronavirus Business Interruption Loan Scheme](https://www.gov.uk/guidance/apply-for-the-coronavirus-business-interruption-loan-scheme) (CBILS) for small and medium sized businesses, including charities, [https://www.gov.uk/guidance/apply-for-the-coronavirus-business-interruption-loan-scheme] with an annual turnover of up to £45 million, provides access to loans, overdrafts, invoice finance and asset finance of up to £5 million for up to 6 years. The government will provide accredited lenders, including the major banks, with a guarantee of 80% on each loan. Full information, guidance and how to apply is available on the [British Business Bank website](https://www.british-business-bank.co.uk/ourpartners/coronavirus-business-interruption-loan-scheme-cbils-2-for-businesses-and-advisors/)

[https://www.british-business-bank.co.uk/ourpartners/coronavirus-business-interruption-loan-scheme-cbils-2-for-businesses-and-advisors/].

Business Banking

Both self-employed and organisations can receive support through their bank. This could be a payment holiday on a mortgage, credit card or a loan, an interest free overdraft buffer or an arranged overdraft with no arrangement fee. Individual banks should be contacted regarding such options.

7. Navigating current Government support

Excellent resources to assist you navigating the current Government support are:

UK Government [Find Coronavirus Financial Support for Your Business](https://www.gov.uk/business-coronavirus-support-finder) [https://www.gov.uk/business-coronavirus-support-finder] is an online questionnaire asking questions about you and your business and then summarising what is available to you.

Scottish Government [Coronavirus Advice for Businesses in Scotland](https://findbusinesssupport.gov.scot/coronavirus-advice) [https://findbusinesssupport.gov.scot/coronavirus-advice]

Scottish Council for Voluntary Organisation's (SCVO) [Coronavirus Third Sector Information Hub](https://scvo.org.uk/support/coronavirus) [https://scvo.org.uk/support/coronavirus]

8. Support for the creative industries and arts

Creative Scotland

Creative Scotland opened three Covid-19 Impact Funds, with one being specifically for the screen sector. Outlined here are the two relevant to the craft makers.

[The Bridging Bursary \(Arts & Creative\) Fund](https://www.creativescotland.com/funding/funding-programmes/bridging-bursary) [https://www.creativescotland.com/funding/funding-programmes/bridging-bursary] provides individual artists and freelance creative practitioners working in the not-for-profit sector who have lost income from their creative work / practice due to coronavirus with grants of £500 - £2,500. Due to overwhelming demand, the second round of the fund closed on 24 April 2020. Creative Scotland will let the sector know as soon as possible if they are able to run a third round of the fund.

[Open Fund: Sustaining Creative Development](https://www.creativescotland.com/funding/funding-programmes/open-fund-sustaining-creative-development) [https://www.creativescotland.com/funding/funding-programmes/open-fund-sustaining-creative-development] is a fund to enable individuals and organisations to sustain themselves in the midst of the coronavirus pandemic. Applications for between £1,000 - £50,000 are accepted, with applicants seeking grants over £15,000 required to answer additional questions and complete a separate form assessing risk. There is no deadline for the fund, you can apply at any time during the year.

Funding for Individuals

Freelance and self-employed artists and creative practitioners in Scotland with a UK bank account can apply for projects supporting the development of their practice. If your practice is collaborative, you may apply for funding to work with others.

Creative Scotland are aiming to support as many individuals as possible and expect applications to be up to £15,000.

Funding for Organisations

Organisations and groups based in Scotland, UK bank account, whose work or project involves the arts, screen and creative industries.

Applications are accepted for grants from £1,000 - £15,000 or £15,000 - £50,000.

You are advised to regularly check Creative Scotland's website for any updates on their Covid-19 Impact Funds. The application process to the Open Fund will be reviewed in June 2020 and any updated guidance issued if changes are made.

A-Z Funding and Resources for the Creative Community

[<https://www.creativescotland.com/resources/professional-resources/covid-19-directory>]

Creative Scotland have also pulled together an A-Z of funding and resources available to those in the creative community, who have been affected by Coronavirus (Covid-19).

Grants Crafts Council Hardship Fund for Makers

The Crafts Council [<https://www.craftscouncil.org.uk/>] have announced they will launch a Hardship Fund for Makers offering £500 grants to makers who have lost more than 75% of their income and don't qualify for any form of government support. The fund is expected to launch on 9 June 2020.

Salesforce Small Business Grants

Partnering with Enterprise Nation [<https://www.enterprisenation.com/>], the Salesforce Small Business Grants [<https://www.enterprisenation.com/smallbusinessgrants/>] offer eligible small businesses the opportunity to receive a £5,000 grant to help them through the COVID-19 outbreak. To be eligible companies must be UK-based with a British bank account, registered with Companies House, established for at least 12-months, have 2-50 employees and have not received any other cash grant during 2020 in relation to COVID-19 from any Government. To be able to apply you need to sign-up to Enterprise Nation and fill out an eligibility form. Shortlisted applicants are required to pitch via a two-minute video. Opening in six regional phases, the Scotland phase is open 29 June - 5 July 2020.

Axisweb

Axisweb Members Hardship Fund [<https://www.axisweb.org/support/hardship-fund/>] will help members facing significant financial hardship and unable to work or on a low income who have been affected by the impact of coronavirus. Opening in rounds.

Eaton Fund

Open all year round, the Eaton Fund [<http://www.eaton-fund.co.uk/help-artists.asp>] provides grants to artists and art students based in the UK working in the visual arts, including sculpture and ceramics.

Fashion & Textile Children's Trust

The Fashion & Textile Children's Trust offers grants [<https://www.ftct.org.uk/support-for-families-affected-by-coronavirus>] to families who have worked in the UK fashion of textile industry in the last nine years whose household income has been affected by coronavirus.

The Furniture Maker's Company

The Furniture Maker's Company Emergency Financial Support responding to the covid-19 pandemic [<https://indd.adobe.com/view/2ff8e7f1-1d1c-4f4d-a9ed-8ee98a080acd>] is for workers in the furnishing industry who can demonstrate a minimum of two years employment service or self-employment.

Prince's Trust & Natwest Enterprise Relief

The Prince's Trust & Natwest Enterprise Relief Fund provides grants to 18-30 year olds in the UK who are self-employed and / or running their own business and have done so in the last four years. Grants can be used to maintain core business operations during the crisis, meet existing financial commitments and support business diversification in response to crisis. Register interest for the grants [<https://www.princes-trust.org.uk/about-the-trust/coronavirus-response/enterprise-relief-fund>].

Smallwood Trust

The Smallwood Trust Women's Resilience Fund [www.smallwoodtrust.org.uk/flexible-response-fund] offers grants for women on low income who have specific needs and are struggling to make ends meet or overcome financial problems.

CraftToolkit

CraftToolkit [<https://crafttoolkit.com/>] is an online tool to support makers and craftspeople to generate a simple business plan and 12-month calendar. Games, animation, interactive templates and films guide users through goal setting, product development, capacity building, identifying customers, storytelling, routes to market, costing and pricing and financial management. The 'Managing Money' section and accompanying resources are complementary to this guide, and will support you to effectively and efficiently manage your business finances. Register for free to use CraftToolkit, saving your progress as you go.

9. 12 top tips for managing your finances during Covid-19

1. The current situation where everyone is working from home gives greater scope to claim home expenses as part of business expenses. Employees working from home can use **Form P87** [<https://www.gov.uk/guidance/claim-income-tax-relief-for-your-employment-expenses-p87>] to claim for items such as desks, chairs, laptops, printers, stationery as long as total is less than £2,500. Sole traders can possibly justify a greater proportion of home costs relating to business.
2. To really dial in to your business costs you need to challenge your finances and identify what costs are essential and what are not.
3. Start with a blank sheet of paper/spreadsheet and write down the amounts that must be spent to identify the minimum income required to cover these costs. Compare your current income/funding and identify the gap. Don't assume you know this amount. Ensure you know exactly how much is needed.
4. Claim/record all business expenses possible. Even the smaller amounts. Everything adds up. If you can possibly treat it as a business cost then put it in your cash book. The bigger the loss this year means that this can be offset against future profits ultimately reducing tax and possibly national insurance payable.
5. Ensure there are no ongoing Direct Debits for non essential costs.
6. If you are making payments to account re your tax bill then consider cancelling these payments as tax can be deferred.

7. Approach credit card companies, banks, HMRC, landlords, utility companies to ask about, payments holidays, paying minimum amounts etc. Scottish Power and Scottish Gas have details on their websites.
8. If you are making pension payments you can take a payment holiday. This will have financial implications further down the line however it may help for a period in the short term.
9. Don't assume there is no support for you. It may be difficult to work through the plethora of detail and vast number of websites however the range of support is extensive and because you are not eligible for one grant does not mean there is not another that applies.
10. Speak to your accountant, Business Gateway or a local business advisor to guide you.
11. If you have made a loss in your trade consider completing and submitting your tax return quickly if this loss can be offset against a profit from the previous year resulting in a tax refund.
12. Try to plan now for your business post-lockdown. Prepare for the challenges so you can hit the ground running. Do you need stock? Do you need to source new suppliers? Would you be able to do some low cost advertising – social media etc? Be as ready as you can be!

10. Frequently Asked Questions

1. I run my own company. Am I self-employed?
No, you are not self-employed.
2. I run my own company and pay myself a wage through a payroll scheme. Can I apply for 80% wage support under the Coronavirus Job Retention Scheme?
Yes, as long as you made a real time submission for the February 20 payroll by 19 March 2020 to HMRC.
3. I am self-employed. How do I access the Self-employed Income Support Scheme?
You can now check if you can claim a grant through the [Self-Employment Income Support Scheme](https://www.gov.uk/guidance/claim-a-grant-through-the-coronavirus-covid-19-self-employment-income-support-scheme) [https://www.gov.uk/guidance/claim-a-grant-through-the-coronavirus-covid-19-self-employment-income-support-scheme].
4. I am self-employed. Can I continue working and access the Self-employed Income Support Scheme?
If you receive a grant from HMRC you can continue to undertake self-employed work, or take on other employment including voluntary work.
5. I am furloughing myself in my own company. Can I continue to work?
Only to fulfil the company's statutory obligations, but not to do any work to generate revenue or provide services for or on behalf of the company.
6. I set up as self-employed in the past 12 months. Can I access the Self-employed Income Support Scheme?
The [Newly Self-Employed Hardship Fund](https://findbusinesssupport.gov.scot/service/coronavirus/newly-self-employed-hardship-fund) is now open to applications.
[https://findbusinesssupport.gov.scot/service/coronavirus/newly-self-employed-hardship-fund].
7. I am self-employed and submitted my 2018/2019 tax return late. Will I be able to access the Self-employment Income Support Scheme?
Yes, as long as you submitted your tax return by 23 April 2020.