



# The Coronavirus Business Support Scheme

## Circuit-Break Lockdown (CBL)

March 2021

Guidance

ISSUED BY THE DEPARTMENT FOR ENTERPRISE

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## Contents

Introduction and background .....	3
1. THE CORONAVIRUS BUSINESS SUPPORT SCHEME .....	4
1.1 Purpose and scope .....	4
1.2 Overview of available support .....	4
1.3 Eligibility.....	5
a) Eligible businesses .....	5
b) Excluded sectors .....	5
c) Eligibility criteria.....	5
d) Eligible business overheads and expenditure .....	6
1.4 Application Process .....	7
a) Information to be supplied .....	7
b) Assessment criteria .....	8
c) Approval process .....	8
d) Payment .....	8
e) Declined applications.....	8
f) Review of decisions .....	8
1.5 Public disclosure .....	9
1.6 Application form .....	9

## Introduction and background

The Department for Enterprise's Coronavirus Business Support Scheme ("the Scheme") was established in March 2020 to provide grant assistance to support local businesses in designated sectors that have been financially affected by the global COVID-19 pandemic. The Scheme was amended in July 2020, with further amendments being made in October 2020 and January 2021 to allow further funding rounds to certain eligible businesses in the Tourism and Travel related sectors who have suffered a 50% reduction in turnover caused by the border restrictions imposed due to the COVID-19 pandemic. Additionally in January 2021, the Scheme was further amended to introduce a grant payment to assist businesses and self-employed persons with monthly business overhead costs of more than £250 (on average per month). During the March 2021 circuit-break lockdown, the Scheme was amended again to assist businesses and self-employed persons whose monthly turnover/earnings are or will be materially impacted by 25% or more and with monthly business overheads of more than £250 (on average per month).

The Scheme is made by the Department for Enterprise, with the concurrence of the Treasury, under the Financial Provisions and Currency Act 2011, a copy of which can be found at

[https://legislation.gov.uk/cms/images/LEGISLATION/PRINCIPAL/2011/2011-0021/FinancialProvisionsandCurrencyAct2011\\_2.pdf](https://legislation.gov.uk/cms/images/LEGISLATION/PRINCIPAL/2011/2011-0021/FinancialProvisionsandCurrencyAct2011_2.pdf)

The Tynwald Scheme can be found at

[https://legislation.gov.uk/cms/images/LEGISLATION/SUBORDINATE/2020/2020-0156/CoronavirusBusinessSupportScheme2020\\_5.pdf](https://legislation.gov.uk/cms/images/LEGISLATION/SUBORDINATE/2020/2020-0156/CoronavirusBusinessSupportScheme2020_5.pdf)

The latest Treasury Notice regarding the Scheme can be found at [https://www.gov.im/media/1372053/treasury-notice-gc-2021\\_0032-final.pdf](https://www.gov.im/media/1372053/treasury-notice-gc-2021_0032-final.pdf)

This guidance is issued by the Department for Enterprise in accordance with paragraph 12 of the Scheme and sets out how the support is to be administered.

It is intended that the grant payment is used to support business overheads during the circuit-break lockdown whose monthly turnover/earnings are or will be materially impacted by 25% or more.

It is hoped that the support provided will help those businesses to continue trading both during and after the March 2021 circuit-break lockdown.

Note that the Department provides other forms of grants and assistance, details of which can be found at [www.iomdfenterprise.im/financial-support](http://www.iomdfenterprise.im/financial-support)

For further advice and guidance regarding the Department's grants and assistance schemes and the criteria for eligibility, including for this Scheme, potential applicants are encouraged to complete the online enquiry form hosted at [www.gov.im/businessenquiries](http://www.gov.im/businessenquiries)

Please note that providing false, incomplete or misleading information in connection with an application under this Scheme is an offence. The maximum penalty is a fine of level 5 on the standard scale and/or six months in custody.

### Disclaimer

The information contained in this document is intended to be general in scope and should not be relied upon as advice.

Any offer of a grant is also subject to availability of Department funds.

The Department may amend this guidance from time to time. While every effort has been made to ensure that the content is correct and up-to-date at the time of publication, the Department does not accept any responsibility, legal or otherwise, resulting from any errors or omissions and shall not be liable for any losses or damage that anyone may suffer as a result of relying on the information contained herein.

# 1. THE CORONAVIRUS BUSINESS SUPPORT SCHEME

## 1.1 Purpose and scope

The purpose of this update to the Scheme is to provide financial support towards business overheads by way of financial assistance in the form of a single grant payment to those applicants that meet the Scheme's eligibility criteria (please refer to 1.3) and which declare that due to the circuit-break lockdown that the business' turnover/earnings has been or will be materially affected by a reduction of 25% or more and that the business has business overheads of more than £250 per month on average. Eligible business overheads are defined in 1.3d.

"Applicants" are defined (and subject to other eligibility criteria) as being one of the following: -

1. Self-employed individuals;
2. Sole traders owning a business with no staff other than the owner;
3. Partnerships where both parties are the owners and have no other employees;
4. Businesses including limited companies with no staff other than the owner(s); and
5. Businesses including limited companies with staff other than the owners and; -
  - a. The business must have fewer than 100 employees; or
  - b. In the case of the retail sector\*, 26 or fewer full time equivalent employees (including the owner or owners).

\*Further information on the eligibility of retailers can be found in section 1.3b.

The aim of the assistance is to help sustain qualifying businesses during the ongoing difficult trading conditions with the intention that the supported businesses will hopefully continue to operate during and following the end of the March 2021 circuit-break lockdown.

**Important note** - Applications for this payment round will open on 3<sup>rd</sup> March 2021 and close on 31<sup>st</sup> March 2021 at 5:30pm. Any issues with submitted applications must be resolved by 11<sup>th</sup> April 2021, failure to resolve issues by this date will result in the application being closed and no payment will be made.

Applicants may wish to note that free of charge support is also available through the **Business Improvement Scheme's** (BIS), Business Advisory Service. The Department provides a consultant to discuss the business, any issues, ideas for business change etc. The consultant will provide a short summary report. This is then followed by a shorter meeting a few months later to review progress and answer any further questions.

## 1.2 Overview of available support

The Scheme offers financial support to eligible applicants in the form of a single grant payment of £1,500.

Tourist accommodation providers, with the exception of registered permanent camp sites without glamping facilities, are ineligible under this Scheme but are encouraged to contact the Department's **Visit Isle of Man Agency** and enquire regarding the **Strategic Capacity Scheme**.

It should be noted that businesses in the Tourism & Travel sectors who have successfully applied for the Financial Assistance Scheme (Appendix 10 - now called the **Coronavirus Recovery Scheme**) for the period January 2021 to March 2021 will have any payments made under this Scheme and the January Scheme deducted from any payment made under the Coronavirus Recovery Scheme.

Those businesses within the Tourism & Travel sectors that have been paid under the **Coronavirus Business Support Scheme** (Round 4) will be ineligible for this Scheme.

## 1.3 Eligibility

### a) Eligible businesses

Any business which is not in an excluded sector below which has been or will be adversely financially affected (25% or more reduction in turnover/earnings) by the March 2021 circuit-break lockdown and has usual monthly business overheads of more than £250 per calendar month can apply subject to certain conditions.

### b) Excluded sectors

Excluded sectors are any business which falls into the below sectors:

- The Finance sector including but not restricted to;
  - Banking
  - Insurance
  - Fund industry including managers and administrators
  - Accountancy services, except for those businesses with 25 employees or less where the majority of their clients are in the Isle of Man
  - Trust and corporate service providers
  - Other financial services
- Legal services, except where at least 30% of the income of the provider of those services is derived from either or a combination of conveyancing and legal aid related work;
- IT; information technology and digital, except for those businesses with 25 employees or less where the majority of their clients are on the Isle of Man;
- E-gaming etc.;
- Space;
- Visitor Accommodation, other than registered permanent campsites without glamping facilities;
- Utilities (including gas and telecoms);
- Public administration;
- Any retailer that is liable to pay or will be liable to pay income tax at a 10% rate under the large retailers' tax for the 2018/19 income tax year;
- Any business that receives a significant amount of its income from Isle of Man Government in any way and including payments for underwritten events; and
- Any constituent entity of a MNE group under the Income Tax (Country-by-Country Reporting) Regulations 2017 (total consolidated group revenue of 750 million Euro or more).

Any business in the above sectors that can prove to the satisfaction of the Chief Executive of the Department for Enterprise that it has and continues to be financially impacted and is unable to meet eligible business overheads as a direct result of the restrictions imposed due to COVID-19 may request special consideration. Such a request must be made in writing stating the reasons why such an exception should be made and provide any evidence, as requested by the Department, to support such a request.

### c) Eligibility criteria

This Scheme is only available to “applicants” as defined in Section 1.1

Only one application and payment per self-employed individual, sole trader, partnership or limited company will be permitted in each round of funding.

Businesses within a group of companies, or those sharing common beneficial owners / shareholders, are eligible to apply provided each business meets the general eligibility criteria within this guidance.

In order to qualify for the Scheme and financial assistance all “applicants” must:

- a) Have experienced or are expected to experience a 25% or more reduction in turnover/earnings due to the March 2021 circuit-break lockdown;
- b) Confirm that the business is their primary source of income;
- c) Have genuine business overheads of more than £250 per month (eligible business overheads are listed in 1.3d), state the level of such overheads, provide a summary of those overheads and that without financial assistance such overheads will create financial difficulty. Applicants may be requested to evidence these overheads;
- d) To the best of its knowledge, intend to continue trading through the current difficult conditions into at least the short to mid-term future and that if the business closes the grant may be repayable;
- e) Not be in an excluded sector as outlined in the Guidance (1.3b);

- f) Not be in receipt of either the Strategic Capacity Scheme (Round 4) or Coronavirus Business Support Scheme (Round 4);
- g) Have been in operation continuously for a period that commenced no later than 2<sup>nd</sup> March 2021, businesses that were trading on 4<sup>th</sup> January 2021 and meet all the eligibility criteria will be paid as soon as possible. Those businesses that commenced operating after 4<sup>th</sup> January 2021 and meet all the eligibility criteria will have a small delay in payments due to the Department awaiting a legislation change;
- h) Have annual profits or gains wholly or mainly from a relevant sector as set out in this Guidance;
- i) Not have any overdue payments of more than 3 months which are more than £3,000 relating to Income Tax, National Insurance and VAT; and
- j) Meet other Income Tax, NI and VAT compliance criteria.

Additional criteria specifically for self-employed applicants:

- a) Be a self-employed earner as defined by the Social Security Contributions and Benefits Act 1992<sup>1</sup>;
- b) Have already notified the Treasury under regulation 87 of the Social Security (Contributions) Regulations 2001 of their liability to pay Class 2 National Insurance Contributions or notified the Assessor of Income Tax of any income from self-employment;
- c) Earnings from self-employment must be greater than £6,500 per annum. Therefore the applicant must not have been granted a certificate of Small Earnings Exception or would have been granted such a certificate had an application to Treasury been made;
- d) In the event of the person's making an application to the Treasury for the purpose, not have his or her liability to pay Class 2 or Class 4 National Insurance contributions deferred or treated as deferred;
- e) For clarity notwithstanding that a person over state pension age is not liable to pay Class 1, Class 2 or Class 4 National Insurance contributions for the purposes of this scheme, therefore (c) and (d) apply to that person as though such a liability exists;
- f) When considering whether a self-employed person meets condition (b) above, Treasury will take into account the relevant facts and circumstances. In particular, an individual who has consistently declared their income from self-employment on their tax returns and paid the relevant income tax and class 4 national insurance contributions, will be treated for these purposes only as having notified the Treasury under regulation 87, even if their class 2 national insurance contribution record is currently incomplete.
- g) When considering whether a self-employed person meets condition (c) above Treasury will take into account for these purposes only the fact that one of the purposes of this provision was to prevent those with other sources of income that are their main sources of income claiming the grant e.g. a person in full time employment who receives a small amount of self-employment income from a few hours worked as a sports coach. It was not intended to prevent those whose profits have dropped recently and their main source of income is their self-employment from qualifying.

**Important note** - Applicants who have been declined for one (or more) of the criteria listed above and who have not resolved the issue(s) will be declined in this funding round.

The above Treasury eligibility criteria (e.g. Income Tax/NI & VAT) for businesses and self-employed persons is currently being reviewed to ensure that support is available to those genuinely operating within a permitted sector, but who may otherwise fail to meet the existing eligibility criteria. Applicants are encouraged to apply but should be aware that processing of their application may be delayed, whilst an amendment to legislation is considered. Any proposed changes are subject to Tynwald approval and the Guidance will be updated to reflect changes should they be approved.

#### **d) Eligible business overheads and expenditure**

Qualifying business overheads include (but not limited to) the following: -

- Rent on commercial business premises (to be paid to independent third parties only);
- Commercial (non-residential) premises operating costs including rates, utilities, insurance, cleaning;
- Audit, accountancy, professional and subscription fees;
- IT operating costs including licenses;
- Existing lease, hire purchase or finance costs relating to business equipment, vehicles or machinery (to be paid to independent third parties only);
- Registration fees with relevant professional bodies, or sector regulators;
- Business insurance;
- Car tax (if used for the business);
- Phone costs (business purposes only);
- Routine bank charges;

<sup>1</sup> <http://www.tynwald.org.im/links/tls/socsec/ss/SocialSecurityContributionsandBenefitsAct1992.pdf>

- Capital (business and loans) or interest repayments;
- Mortgage payments (for business premises, not residential);
- Supplier invoices;
- Purchases of fuel and equipment (business use only); and
- Other reasonable business costs incurred as agreed by the Department on a case by case basis.

The following costs are specifically excluded:

- Salary costs;
- Personal costs;
  - Mortgages for your home;
  - Rent of residential properties;
  - Property maintenance for residential properties;
  - Residential rates;
  - Home Insurance;
  - Home utility bills;
  - Broadband; and
  - Entertainment (including streaming services)
- Payments to related entities (with the exception of payments in respect of shared costs within a group structure and subject to the Department’s discretion); and
- Directors’ fees (including dividends).

The list above does not include all of the excluded business overheads, the Department has the right to decline any costs that it does not deem business related.

## 1.4 Application Process

Due to the high number of potential applicants, the Department will not be able to directly contact all potentially eligible businesses. Instead, the Scheme will be marketed widely and all information freely available on the Department’s Enterprise web site.

All applicants are encouraged to carefully review their eligibility status before submitting an application.

Businesses who are unsure of their eligibility, may contact the Department by telephone on 687333 or by completing the brief online enquiry form which can be found at [www.gov.im/businessenquiries](http://www.gov.im/businessenquiries)

All applications must be submitted via the online electronic application form which can be found at <https://www.iomdfenterprise.im/financial-support/funding/cbss-cbl>

Following receipt of a correctly completed and eligible application form, the Department will seek to process applications within approximately 5-10 working days of submission of the application. However, due to the potentially high demand levels for the Scheme and depending on the complexity of the application, the processing period may be extended.

### a) Information to be supplied

All applicants must fully complete the online application form which includes;

- The applicant’s details;
- Answers to all eligibility questions specifically;
  - The sector within which the applicant operates;
  - A declaration that as a result of the March 2021 circuit-break lockdown the business has been, or expects to be financially impacted (25% or more reduction in turnover/earnings);
  - A declaration that the business has overheads of over £250 a month (Please refer to 1.3d for details of eligible overheads);
  - Details of the level and a summary of those overheads. Applicants may be requested to evidence these overheads;
  - A declaration that the business is not in receipt of Strategic Capacity Scheme (Round 4), or Coronavirus Business Support Scheme (Round 4); and
  - A declaration that the “applicant” meets all of the eligibility criteria.
- A declaration that the business is not in immediate danger of closing; and
- The Department’s standard declarations.

## b) Assessment criteria

The Department will assess each application based on the following criteria:

- Full completion of the electronic application form; and
- Eligibility.

## c) Approval process

Once the Department has determined eligibility, the Department will confirm the applicant's standing with regards to Income Tax, National Insurance and VAT with Treasury. If these checks fail, the application will be rejected by the Department and the applicant will be informed via email.

All applications for a grant must be approved by a person designated by the Department.

## d) Payment

The Department will authorise the payment to be made. All payments will usually be made into the applicant's business bank account approximately 5 working days following approval. Payment runs are completed daily but these may differ depending if there are any Bank Holidays or if demand dictates.

**Important Note:** Businesses that were trading on 4<sup>th</sup> January 2021 and meet all the eligibility criteria will be paid as soon as possible. Those businesses that commenced operating after 4<sup>th</sup> January 2021 and meet all the eligibility criteria will have a small delay in payments due to the Department awaiting a legislation change.

## e) Declined applications

Due to the high volume of expected applications, the Department will notify ineligible or rejected applicants via email stating the reasons for the refusal and where appropriate, provide information as to the manner in which a defective application may be rectified.

## f) Review of decisions

If an applicant has been refused and wishes to request a review of the decision, the applicant must clearly and concisely state the reasons for the decline, the reasons for the review, any measures undertaken to resolve the issue and provide any additional supporting information.

The Department must appoint an officer of the Department (other than an officer involved in the original decision) to adjudicate on the review. The review officer's adjudication will be final.

The reviewing officer will then consider whether the correct decision has been made in relation to the Tynwald Scheme and the Scheme's Guidance etc and cannot take into account hardship and personal circumstances etc.

The reviewing officer does not have the authority to make exceptional one-off decisions which do not comply with the Scheme's legislative framework.

A request for a review of a decision must be made in writing within 10 working days of the date of notification of that decision.

An application may only be reviewed once.

Review requests should be either emailed to [enterprisesupport@gov.im](mailto:enterprisesupport@gov.im) or sent to:

The Coronavirus Business Support Scheme (CBL) Manager,  
Department for Enterprise,  
St Georges Court,  
Upper Church Street,  
Douglas,  
Isle of Man  
IM1 1EX



## 1.5 Public disclosure

Applicants should also be aware that both parliamentary and freedom of information questions may be asked about particular applications or applicants. The Department will answer all parliamentary questions and freedom of information requests in accordance with the Freedom of Information Act 2015 and the Data Protection Act 2018.

## 1.6 Application form

Applicants should read the guidelines before submitting an application to the Department.

The Application Form is available at <https://www.iomdfenterprise.im/financial-support/funding/cbss-cbl>