



Isle of Man Government COVID-19 Support Measures

A guide to seeking assistance



April 2020



Overview

As restrictions in movement came into force around the world during March to combat the rate of transmission of Covid-19, governments were quick to announce measures to support businesses and individuals to protect them from the potential impact of the resultant economic downturn. The range of measures and the criteria for benefitting from many of these measures have had to evolve as the scale of the economic impact has become clearer and, frankly, as finance ministers have had more time to identify the groups of people that weren't initially catered for.

The Isle of Man Government (IOMG), although it has fewer options available to it in terms of fiscal and monetary policy, has been no different and has developed a range of schemes and benefits to support the local economy. We have set out in the following pages an outline of some of these initiatives, and who within the firm to speak with if you need help in understanding the detail of the schemes.

The range of measures outlined range from short term business support to longer term strategic turnaround and recovery focussed initiatives. In most cases there are more details available with respect to the qualifying criteria and we are happy to discuss these with you if it that would help.

For businesses impacted significantly by Covid19 restrictions or staff absence, the focus should be on short term cashflow and protecting the ability of your business to continue to operate, either throughout the current restrictions or once these are lifted. As such, retaining key staff, protecting business assets and maintaining client and supplier relationships are key initial steps and some of the schemes available will assist with this.

Once you have dealt with the immediate actions of protecting your business in the very short term, you can re-assess your business plan and perhaps even your business model for the medium term and consider whether any of the other schemes, where applications will require more formal preparation by you, are suitable.

Support for Businesses



Support for Businesses - short term measures

COVID-19 - Salary Support Scheme

Support offered
 12 week wage support package for businesses with a flat rate contribution of £280 per week for every full time equivalent staff member. Current period of operation is 2 March 2020 to 25 May 2020

Who is eligible
 A range of sectors with a focus on leisure, hospitality and retail. You must have a place of business on the Isle of Man.
 Although Financial services, legal services, ICT, large retail, utilities, space, public administration and e-Gaming sectors are were initially excluded, they are now being dealt with on a case by case basis.

KPMG Commentary
 Support is designed to allow businesses in most significantly impacted sectors to retain employees. Employers are allowed to top up the payment to employees if they are able to afford to and must pay NI and ITIP on these amounts.
 To qualify you have to demonstrate you have been adversely impacted which guidance suggest is a 25% downturn in business.
www.iomdfenterprise.im/covid-19-funding-and-support

£3,000 Coronavirus Business Support Scheme

Support offered
 £3,000 grant to support businesses & self-employed

Who is eligible
 Self employed individuals and businesses in the tourist accommodation, catering & entertainment, travel & tour operators, logistics, small retail, construction, horticulture & education sectors.
 Small businesses must have more than 1 and less than 100 employees and have been trading at 28 February 2020.

KPMG Commentary
 This measure is targeted at self employed individuals or small businesses. The operation must intend to continue trading through the current conditions and into the short and medium term and be able to demonstrate it has been financially impacted by the current conditions.
www.iomdfenterprise.im/covid-19-funding-and-support

Support for Businesses - short term measures

Strategic Capacity Scheme

Support offered

Fund to help strategically important business sectors, initially available to the tourism accommodation sector.

The fund will pay a fixed day rate per room for a 91 day period based on a scale rate of between £5 and £21.25 per day.

Who is eligible

Tourist accommodation with 3 stars & above, serviced & non-serviced accommodation.

Exclusions; permanent campsites and glamping sites, TT and MGP Homestay, B&Bs and temporary TT and MGP campsites & glamping sites.

Tourist accommodation must have been registered with the DfE prior to 28 February 2020 to be eligible

KPMG Commentary

This measure is targeted at tourist accommodation which has been deemed strategically important to the Island because of the number of people that it employs and the local supply chain that benefits from it.

Applicants will need to submit details of current creditors including deposit monies held and funds owed to the local supply chain, together with costs associated with mothballing the business until June 2020.

www.iomdfenterprise.im/covid-19-funding-and-support

Taxation Initiatives

Support offered

VAT Deferral
VAT payments due to the Treasury, Customs & Excise Division between now and the end of June 2020 can be deferred.

NI Holiday
Businesses can apply for a nil rate of secondary Class 1 (Employers) Contributions in respect of March 2020 remittances, which are due and payable by 19 April 2020

Who is eligible

VAT Deferral
Any Isle of Man registered businesses or self-employed individual

NI Holiday
Businesses in the tourist accommodation, catering & entertainment, travel & tour operators and logistics sectors

KPMG Commentary

Both of these measures provide immediate short term cash flow relief to a business and can be helpful in assisting whilst other schemes are applied for.

It should be noted (and built into forecasts) that the VAT is only a deferral and payment in the future will need to be factored in.

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Support for Businesses - medium term measures



Coronavirus Business Interruption Loan Guarantee Agreement

Support offered

£60 million of new business lending supported by the Island's commercial banks & Government

Participating banks:

- HSBC
- Barclays
- Lloyds
- RBSI (Natwest & IOM Bank)
- Conister Bank

Who is eligible

IOM registered businesses & self-employed with a turnover of up to £10million.

Exclusions; financial & professional services, real estate, utilities, space, public administration & FSA or GSC regulated businesses.

The scheme will not refinance existing debt, but can extend to asset finance or invoice finance.

KPMG Commentary

This measure is targeted at local businesses that would not ordinarily qualify for bank lending. The loans are available up to £500,000 and for period of up to 6 years with 80% of the loan guaranteed by the IOM Government.

Lending will still be subject to the banks underwriting assessment and we can provide assistance with this preparation.

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Strategic Investment Fund

Support offered

This scheme allows Government to offer loans by way of purchasing assets from strategically important businesses. The Government effectively take ownership of the assets.

Who is eligible

Typically larger employers that are unable to access the Business Interruption Loan Guarantee Scheme and are deemed to be strategically important.

KPMG Commentary

This measure is targeted at larger businesses who are unable to access other forms of support, but are experiencing difficulties.

The process requires a full application including business plans and asset valuations to be prepared

Application is not yet open

Support for Businesses - medium term measures

Coronavirus Business Adaptation Scheme

Support offered

Businesses that have had to adapt their business as a result of COVID-19 can apply for 50% of any of the costs involved in the adaptation.

Fund is £3.5m in total

Who is eligible

Businesses and self-employed in any sector may apply, with the exception of large retail businesses with taxable income of more than £500,000.

KPMG Commentary

The focus of the grant is to help businesses develop new products or services or new ways of operating where the adaptation is a response to Covid19. This is available to either existing businesses that were financially viable before the pandemic or for new start-ups. Applicants are likely to need to submit a business plan and the benefits to employment on the Island will be a key factor in the assessment criteria.

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Support for Individuals

Support for Individuals - short term measures



Manx Earnings Replacement Allowance

Support offered

12 week income support of £200 a week to those who have been temporarily or permanently laid off, or lost their self-employed work

Who is eligible

A new benefit that has been made available paying £200 per week for 12 weeks for the period from 6th April to 28 June 2020.

Employees must have been earning at least £200 per week.

Registered self-employed who have paid Class 2 NI contributions

KPMG Commentary

This measure is targeted directly at individuals and those persons in self employment. The benefit has to be applied for by the employee within one month of employment ceasing and is paid directly to the individual.

Employment must have ceased post 2 March 2020.

Support for Individuals - short term measures



Mortgage Repayments Holiday

Support offered

Bank support package which offers homeowners a repayment mortgage holiday of up to three months.

Who is eligible

Residential homeowners with a mortgage with Isle of Man Bank, Santander International, HSBC, Barclays, Lloyds, Nedbank Private Wealth International and Cayman National Bank.

KPMG Commentary

This is designed to allow homeowners to seek short term cash flow assistance regarding their mortgage.

All utilities have also pledged similar support over this time. Application is direct to your bank or provider.

KPMG COVID-19 Support



Cyber & IT Resilience

- Assessment of threats to network infrastructure from remote working
- Testing of IT security
- GDPR policy advice



Taxation

- Advice on government schemes
- Residency advice
- Substance advice
- Compliance



Financing

- Assistance with business plans
- Assistance with sourcing and negotiating finance



Restructuring

- Advice on cash preservation
- Advice on insolvency process
- Crisis management

Your COVID-19 Team

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