



**Chief Minister's Statement On Business & Employee Assistance Terms  
The BEAT Covid 19 Measures  
24/03/2020**

In Parliament last week GOG passed an Emergency Budget. The purpose of that Emergency Budget was two-fold:

1. To enable the Government to continue functioning and spending in keeping with our laws.
2. to be able to assist businesses and employees in the community to get through these extraordinary times

These measures are designed to favour everyone who works in the Gibraltar economy:

**The measures can be divided into 3 main types of recipients:**

- employees and self-employed individuals who have been affected by the regulations restricting economic activity and free movement of people.
- employers,
- all citizens generally.
- GOG will publish a series of guidelines and guidance notes to help everyone understand the measures.

GOG has worked very closely with the Covid Emergency Liaison and Advisory Committee (CELAC) (membership includes the GFSB) to design the most effective Financial Undertaking and Commitment against Covid that will support all in our economy in these difficult times. They have devised a scheme that will be known as:

**Business & Employee Assistance Terms (or BEAT)** aimed to be a lifeline for the economy during the Covid emergency.

**BEAT** Covid measures are designed to be:

- easy to access;
- To provide no more and no less than what will be needed during this period;
- to operate for the month of April (extended if necessary)
- Will be kept under review over the coming months.

**Who will the measures assist?**

- The focus of Government's economic support throughout this crisis will be to help businesses to enable them to help their employees.
- These measures will also apply to the self-employed and to those on zero-hour contracts.
- GOG will create a new status in law for employees in this Covid period called the **'inactive'** employee.

- An inactive employee is an employee that is registered by their employer as being inactive during this period of the pandemic.
- All businesses (other than Exempted Businesses) will be able to immediately apply for the employees they register as inactive to be paid for by the Government.
- Purpose of this:
  - will give businesses the certainty that they can pay for their inactive staff for the period of the Covid pandemic.
  - no employer will be able to justify any mass lay-offs or redundancies.
- The BEAT Covid measures are intended to be targeted exclusively at those who will need it the most. They will apply to :
  - full-time employees, part-time employees and self-employed persons.
  - those on zero-hour contracts based on an average of the hours they worked in the first two months of this year.

### **Abuse of the measures.**

- Any amount claimed abusively will take money from those who need it most.
- The mechanisms designed will have a number of internal checks incorporated to ensure abuse is kept to a minimum and severely punished when identified.

### **How will the measures work?**

- The measures are designed to ensure employees receive a basic amount each month.
- Claiming will require employers to complete an online form.
- The claim will result in the business receiving a monthly payment from the Government.
- Those businesses will then have to pay the amounts received to each employee.
- Businesses will NOT be entitled to retain or deduct any amount from the amount corresponding to each employee. **It will be an offence for them to do so.**
- In the case of the self-employed person, claims can be made by the self-employed person themselves who will receive the monthly payment direct.

### **What if I have already taken steps to terminate the employment of my staff?**

- Terminations of employment from 15 March 2020 will not be allowed without the specific consent of the Director of Employment.
- The Director of Employment will not grant consent save in very exceptional circumstances for the registration of any such termination.

### **Who do the measures apply to?**

To qualify, an individual will have to:

- be registered by their employer in an affected sector, as an “Inactive Employee”.
- An Inactive Employee will be a worker whose employer has experienced a downturn or cessation in business, and as a consequence of this downturn or cessation, has sent the employee home.

- An Inactive Person in the case of a self-employed individual is a person whose income is affected by the Covid emergency and who is consigned to their home by the lockdown measures announced.
- It does not include an employee who is tasked to work from home.

### **How soon will the payment be available?**

GOG expects the relevant legislation to follow in the coming days, with the first payments to employers so that they are in a position to pay their inactive employees by the end of April 2020.

### **How long will they be available for?**

GOG is making arrangements to be able to continue these payments if necessary through the months of May and June, when they expect the economy to bear the brunt of the downturn in business.

### **How do you access these measures?**

- An individual employee cannot access the measures directly.
- The business (the employer ) will apply on behalf of all Inactive Employees.
- In the case of the self-employed person, that individual must apply.
- Application forms will be available online. (Look out for Government social media to publish the online address of the form)
- Each business needs to complete that form.
- Employers who are subject to any closure orders will be able to access their place of work to obtain the details they require to complete the form.
- It is fundamental that we are provided with contact details and the relevant bank details for the business.
- The bank details are required as this is where the total of the BEAT Covid rate amounts will be sent.
- The employer will need to inform GOG of how many of their employees will be designated as inactive.
- The details GOG will require for each employee will include:
  - the name,
  - position,
  - tax reference number
  - and the individual employee's contact details (mobile and email)
  - The form also requests information on whether each employee is full time or part time employee.

### **Calculating working hours:**

This is important as this amount of hours will be used to pro-rata the daily rate for part-time employees.

- A person will be deemed to be working full time if they are working 7.5 hours each day or more.

- If the person is part-time the employer should provide the average amount of hours that individual has worked in any day based on the average for the period from 1 January 2020 to 15 March 2020.
- The same is true for those on zero-hour contracts who have worked an average of less than 7.5 hours a day in the first ten weeks of the year.

## **IMPORTANT:**

- GOG will have the PAYE and Social Insurance returns for this period and will cross-check against these records to ensure that no employer seeks to cheat the mechanisms being put in place.
- Employers should note that there will be serious CRIMINAL penalties for providing false or erroneous information.
- The final section of the form contains a number of declarations to be made by the person completing the form.
- There will be penalties for providing inaccurate or false information.

## **How will the measures work in practice?**

- Businesses who successfully complete the required application process will receive the relevant amount per employee of the BEAT Covid salary rate to remunerate their Inactive Employees.
- The rate will be £1,155 per month for a full-time employee or a self-employed person
- It will be any fraction thereof for those who work less than full time.
  - *example: an employee who has worked the average of 4 hours a day will receive £616 for a month.*

## **Will the pay be subject to tax and PAYE?**

- These amounts will be paid TAX FREE whatever the cumulative income of an employee over the year might be.
- The sums will attract no PAYE or SOCIAL INSURANCE deduction on the part of the employer, the employee or the self-employed.
- GOG will provide in law that social insurance records will be deemed as paid in April even though the Government has waived them.

## **The Employer's obligation:**

- The Government requires the employer:
  - to process that amount which is paid to them; and
  - pass it on in its entirety and without deductions to the employee
  - **(A failure to do this will result in criminal as well as financial penalties);** and
  - to advise GOG if an employee for whatever reason ceases to be an inactive person.

## **How much is the BEAT Covid rate and how is it determined?**

The BEAT Covid rate is based on the minimum wage of £7 per hour and is computed based on 7.5 hours per day and 22 days in any given month.

### **When is the payment going to be made?**

- it will be paid toward the last week of each month during the Covid Period
- starting from the last week in April 2020.
- GOG expects employers to honour their March 2020 salary obligations.

### **What if I pay my staff weekly?**

- Unfortunately, it is simply not possible for us to validate the forms and administer payments on a weekly basis.
- GOG asks businesses to turn to shareholders (or other financial resources) to make payments to staff between now and April, knowing that they have the confidence that GOG will be providing this cash injection into their businesses.
- Equally, those businesses could also turn to some of the local banks who have offered to provide lending at very favourable rates and will no doubt do so against the guarantee of these payments set out in my address.

### **RECOMMENDATION:**

**It is expected that those employers (or self-employed individuals) seeking to benefit from this should complete the relevant forms as soon as possible such that these can be processed, checked and validated in time for the payment to be made by GOG to all affected employers and self-employed individuals during April.**

### **What Access Can Businesses Access during lockdown?**

- Employers will be allowed access to their place of work to:
  - enable them to access the information to complete these forms;
  - to carry out essential tasks such as running a monthly payroll run to ensure employees receive their payments.

### **Why are the details of the employees required?**

- to ensure that the information provided may be checked by GOG on a sample basis;
- To enable GOG to ask employees on a one-to-one basis whether the information contained in the form is correct;
- to let employees know when a payment is made to their employer such that the employee knows when to expect their payment.
- Employees will also be asked to advise GOG if the employer fails to make that payment.

### **What other measures have been put in place during this time?**

- In order to make it easier for businesses to follow these complex and detailed business measures, GOG will be making available a table that breaks down:
  - each of these measures as they apply to business sectors,
  - the status of the measure (whether it is a defer or a waiver) and
  - whether the measure is up for review (and if so, when).



These measures will be carried out on a continuous basis and updated lists and guidance will be issued as necessary from time to time.

**In summary, all business not specifically excluded from the application of these measures will benefit from the following:**

1. A waiver of commercial rents for the second quarter of 2020 where Government is the direct landlord of a business within a Relevant Sector;
2. They will benefit from the encouragement for private landlords to provide commercial rent waivers for the second quarter in 2020 with HMGoG applying a tax on gross rents and a deduction against tax liability of 3 times rent paid, or a rent waiver and lease extension of 3 months.
3. Business rates are waived for the second quarter in 2020 for all businesses in our economy;
4. A deferral of utility charges for businesses in non-excluded sectors for the month of April 2020 can be paid over the following 12-month period. This will be reviewed to consider whether it should be extended by further months or not on a monthly basis.
5. Payment of salaries to employees who continue at work in sectors not excluded will not attract PAYE or employer or employee Social Insurance contributions for the month of April. These sums will be retained by the employer and the law will change to exceptionally permit this for this extraordinary period.
6. Employers across all sectors (including the Excluded Sectors) will be allowed to defer their PAYE and Social Insurance contributions for the second quarter 2020 by a period of 12 weeks from month end instead of the 10 weeks previously announced.
7. The stock repurchase scheme for businesses in the catering sectors with perishable stock will continue.
8. The import duty waiver for all classes of goods except for tobacco, fuel and alcohol is in effect until midnight on 30 April 2020 and its extension will be reviewed monthly.
9. However, in relation to motor vehicles, the waiver will be administered as a rebate upon the sale of the vehicle that is imported in this period.
10. The streamlining of work permit and registration process for gaming and financial services sectors and the waiver of all fees in this respect will continue and will include all sectors, as some of these businesses may need to grow their workforce during this period of increased activity for some.

11. The deferral of FSC fees that would normally be payable for the whole year in advance in April was to be payable quarterly in advance this year.

12. This has now been extended further so that the fees are paid quarterly in arrears, giving FSC licensed businesses even greater leeway. In terms of new measures,

**In addition new measures introduced are:**

13. Gaming duty will also be deferred to the end of each quarter.

14. The encouragement GOG has provided for landlords to pass on rent waiver is limited to a period of 3 months (that is to say the second quarter in 2020), however, if the pandemic extends beyond this second quarter, GOG will consider whether it is able to provide assistance to affected landlords themselves.

15. The FSC is looking at some of the issues raised by the Finance Centre Council and the Insurance industry. Specialist teams have also been set up to make recommendations to us on exceptional amendments to insolvency legislation and also in respect of continued operation of our court services.

16. A BEAT COVID-19 corporation tax-deductible will also be introduced at the sum of £50,000 (fifty thousand pounds) as a one-off capital allowance for the current financial year.

**Excluded Sectors:**

Both the gaming and financial services sectors will be excluded from the first wave of parts of these measures by the agreement of their representatives. (Other sectors will be added to this).

**Protection for Citizens:**

- There are also a series of further measures that GOG are rolling out in order to further protect all citizens during this period

**Profiteering:**

- The first of these is a price control measure that will be applied to high-demand goods (These include hand sanitiser gels, gloves and masks, paracetamol, inhalers and disinfectants.)
- These price controls will mean that a business will be unable to sell or offer for sale any of these goods with an increase of more than 10% above the price for which they were previously sold prior to 15 March 2020 unless they have a reasonable cause to do so.
- Reasonable cause will depend on whether the business itself is able to source these items at the same prices that it was able to do so on 15 March 2020.
- In circumstances where a business has a justifiable cause because the price that they pay is higher, the business will be limited to selling these high demand goods at a maximum of 20% over the price paid for the goods on importation.
- These price control measures will be enforced through the Office of Fair Trading.
- Any complaints can be made directly to OFT.

- There will also be a fine of up to £5,000 for any person that contravenes these price control measures.

#### **Restriction on recording in medical facilities**

- There will be a strict restriction on any recording within medical facilities in Gibraltar unless it has the prior written consent in writing from the GHA.

#### **Ban on evictions**

- GOG will put in place measures to ensure that no evictions can be carried out or sought in law in cases where the tenant of residential property has been unable to pay rent in the period of the Covid emergency.
- GOG is also working on what relief may be able to provide to first time home buyers of affordable property who are in hardship in respect of their pre-completion instalment payments because of the current circumstances.
- Anyone in such a situation of genuine hardship should contact GRP who will work with you on how to alleviate your difficulties.
- GOG is asking management companies not to take any action against any property owner in an estate for failure to pay estate services charges for the second quarter of 2020 where hardship has arisen as a result of this Covid emergency.

#### **Implementation**

- Some of the measures will require legal changes which can happen under existing rules and regulations.
- Chief Minister may have to use extraordinary powers to amend any law. He will only use those powers sparingly and in consultation with the Leader of the Opposition

#### **DO NOT Abuse the measure:**

- Do not claim for an inactive employee if that employee can work.
- Do not pretend to be inactive if you can work.
- If you can pay your employees without our help, please do so for as long as you can.
- If you can pay your rent, please do so and do not rely on waivers.
- If you can pay your mortgage, please do so and do not seek a waiver of the mortgage payments. If you can pay your service charges, do so.

This is a moment for communal solidarity.

The GFSB will continue to keep its members informed of the regulations, measures and laws implemented to realise the BEAT Covid Measures. The GFSB Board urges its members to show community spirit at these difficult times and to recognise the request of the Chief Minister to ensure these measures are used in the spirit in which they have been implemented. We are grateful to all those Ministers and members of the various sectors that have devoted their time to implementing these BEAT



Covid measures to support the community and for coming up with a scheme to provide an emergency Financial Undertaking and Commitment for the Covid crisis at this time.