

Written 20 September 2021

## **BUSINESS NEWS SCOTLAND**

Welcome to our round up of the latest business news for our clients. Please contact us if you want to talk about how these updates affect your business. We are here to support you!

### **Coronavirus update**

Children and young people aged 12 -15 years old will be offered a dose of the coronavirus (COVID-19) vaccination from today, Monday 20 September, after Scottish Ministers accepted advice from the four UK Chief Medical Officers (CMOs).

As a result, a dose of Pfizer-BioNTech vaccine will be offered to all children and young people aged 12-15 who are not already covered by existing advice from the Joint Committee on Vaccination and Immunisation (JCVI) in a move to reduce the disruption caused to education by COVID-19.

This group will be offered their injections at drop-in clinics and community settings followed by each young person receiving a letter inviting them to attend a community clinic.

For some rural Health Boards, those aged 12 to 15 will first be offered the vaccine at school.

Following the initial phase, vaccines will be offered in both communities and schools so that anyone who hasn't been vaccinated but would like to has the opportunity to take up the offer.

People who received their vaccination during phase one of the national COVID-19 vaccination programme in Scotland will start to receive booster injections from 20 September.



This follows advice from the JCVI which has advised that the booster dose can be given alongside the flu jab and should be offered no earlier than six months after completion of the primary vaccine course.

Frontline health and social care workers will be able to book their appointment online at NHS Inform from 20 September and from that date, residents in care homes for older people will be offered both flu and COVID-19 booster vaccination.

Adults aged 70 years and over and adults aged 16 years and over who are on the highest risk list (previously known as the shielding list) will be contacted soon, either by letter or by their GP.

People on the highest risk list who were severely immunosuppressed at the time of their last COVID-19 vaccination will be offered a third primary dose instead. Other eligible groups - including all those aged 16 to 49 years with underlying health conditions, adult carers, unpaid and young carers, adult household contacts of immunosuppressed individuals and all adults over 50 - will be able to book online from October.

See: [Vaccinations for 12 -15 year olds - gov.scot \(www.gov.scot\)](https://www.gov.scot/topics/health/vaccinations-for-12-15-year-olds)

### **International travel restrictions to be relaxed and simplified**

Green and amber classifications will merge, but the red list will be retained for those countries deemed to have high COVID-19 case rates or variants of concern.

The current amber-level restrictions will become the default for travellers from non-red countries, with eligible fully vaccinated travellers able to benefit from quarantine-free travel.

The number of countries recognised in the eligible vaccinated traveller policy (currently only UK, EU/EFTA and USA), is being expanded to recognise countries where vaccine certification meets appropriate standards.

These include Canada, Australia, Israel, and New Zealand - with these opening up from 4 October – the date the current traffic light system formally ends.

See: [International travel restrictions to be relaxed and simplified - gov.scot \(www.gov.scot\)](https://www.gov.scot/topics/health/international-travel-restrictions-to-be-relaxed-and-simplified)

### **Vaccine certification plans to come into effect 1 October.**

The Scottish Parliament has approved the use of Coronavirus vaccination certificates to enter some events and higher risk venues. Certificates will be required to enter events such as nightclubs, and some music festivals and sporting events.

Staff at venues affected will be able to download a "verifier app" to a smartphone or device from next week, ahead of the launch, which will allow digital checks on the certification status of those attending. Guidance will be provided for venues on how to use the app, along with options to integrate it into their own systems as the source code is open.

See: [Vaccine certification plans approved by Scottish Parliament - gov.scot \(www.gov.scot\)](https://www.gov.scot/topics/health/vaccine-certification-plans-approved-by-scottish-parliament)

## **Economy grows 4.7% in the second quarter of 2021**

The Chief Statistician has released statistics showing that the economy grew by 4.7% during April to June 2021.

Change in gross domestic product (GDP) is the main indicator of economic growth. Over the year, compared to the second quarter of 2020, the economy has grown by 21.7%.

During the second quarter, output in the Construction sector grew by 3.3%, output in Production grew by 3.5%, and output in the Services sector contracted by 5.2%.

The second estimate of GDP for the second quarter of 2021 will be available in Quarterly National Accounts Scotland, published on 3 November 2021. The first estimate of GDP for the third quarter of 2021 will be published on 15 December 2021.

See: [Economy grows 4.7% in the second quarter of 2021 - gov.scot \(www.gov.scot\)](https://www.gov.scot/news/economy-grows-4-7-in-the-second-quarter-of-2021/)

## **End of temporary insolvency measures**

Temporary insolvency restrictions protections are being lifted and new targeted measures to support small business and commercial tenants introduced. The Insolvency Service has announced that Temporary measures brought in to support businesses from insolvency during the pandemic will be phased out from 1 October.

Companies in financial distress as a result of the pandemic have been protected from creditor action since June last year, through the Corporate Insolvency and Governance Act 2020. This was to ensure that viable businesses affected by the restrictions on trading during the lockdown periods were not forced into insolvency unnecessarily. As the economy returns to normal trading conditions, the restrictions on creditor actions will be lifted.

New legislation will be made to help smaller companies get back on their feet to give them more time to trade their way back to financial health before creditors can take action to wind them up.

The new legislation will:

- Protect businesses from creditors insisting on repayment of relatively small debts by temporarily raising the current debt threshold for a winding up petition to £10,000 or more.
- Require creditors to seek proposals for payment from a debtor business, giving them 21 days for a response before they can proceed with winding up action.

These measures will be in force until 31 March 2022.

Businesses should pay contractual rents where they are able to do so. However, the existing restrictions will remain on commercial landlords from presenting winding up petitions against limited companies to repay commercial rent arrears built up during the pandemic.

Continuing the restriction on winding up, in respect of commercial rent only, supports the UK government statement that commercial tenants will continue to be protected from eviction until 31 March 2022, whilst the government implements a rent arbitration scheme to deal with commercial rent debts accrued during the pandemic.

See: [End of temporary insolvency measures - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/end-of-temporary-insolvency-measures)

### **Going green - Programme for Government focuses on economic transformation.**

Promoting sustainable growth, supporting businesses and tackling skills shortages will be central to Scotland's economic recovery, according to Economy Secretary Kate Forbes.

The 2021-22 Programme for Government outlines how the Scottish Government will drive the green industrial revolution and help people into fair work by investing £500 million over this parliament to create high quality jobs and improve skills.

This year this includes up to £70 million for the Young Persons Guarantee, up to £20 million for the National Transition Training Fund supporting sectors hardest hit by the pandemic, and up to £20 million to help the long term unemployed access and sustain fair work.

To maximise Scotland's economic potential £100 million will be invested in research and development, targeting companies developing the innovative technologies of the future. A new £20 million Rural Entrepreneur Fund will help ensure growth is spread across the country, while the small business bonus scheme, fresh start relief and business growth accelerator, are all to continue for the lifetime of this parliament.

See: [Building Scotland's prosperity - gov.scot \(www.gov.scot\)](https://www.gov.scot/news/2021/09/2021-22-programme-for-government/)

### **Supporting new ideas in rural communities**

Not-for-profit community groups in rural areas will soon be able to apply for funding of up to £50,000 to trial new and innovative ways to address local challenges and benefit from local opportunities.

The Rural Communities "Ideas into Action" Fund is supported by £1.5 million of Scottish Government funding and will be delivered in partnership with Inspiring Scotland. It will allow applicants to take forward ideas that will test change while linking community action with addressing local issues.

The fund forms part of the wider £3 million fund announced earlier this year in the Scottish Budget, to deliver pilot projects testing innovative ways of delivering Community Led Local Development (CLLD) before March 2022.

See: [Supporting new ideas in rural communities - gov.scot \(www.gov.scot\)](https://www.gov.scot/news/2021/09/2021-22-programme-for-government/)

## **Scottish Land Court and Lands Tribunal for Scotland to be unified**

Two important judicial bodies are to be brought together to provide a better service for land-related issues within the justice system.

Following a public consultation conducted last year, Scottish Ministers concluded that the Scottish Land Court and the Lands Tribunal for Scotland should be unified to form an expanded Land Court, which would offer substantial benefits to court users.

Joining the two bodies will provide a more streamlined service with personnel from each body being deployed flexibly. It will create a “one stop shop”, which will be a more efficient arrangement than currently offered. Having one legal body for the resolution of land cases will result in an immediate improvement making the process simpler, clearer and easier for those who need it.

The Court will continue to provide a unique, flexible and responsive approach to the needs of the rural community. Legislation will be brought forward to enact the change during the life of this Parliament, subject to Parliamentary approval.

See: [Scottish Land Court and Lands Tribunal for Scotland to be unified - gov.scot](https://www.gov.scot/Topics/justice/land-court-lands-tribunal-for-scotland-to-be-unified)  
([www.gov.scot](https://www.gov.scot))

## **Plastic Packaging Tax Starts 1 April 2022**

The legislation to introduce the new Plastic Packaging Tax is included in the Finance Act 2021. Secondary legislation will be introduced later in the year. Until the secondary legislation becomes law, the contents of the HMRC Policy Paper are subject to change. More guidance will be published later in the year. You must continue to comply with all regulatory requirements for plastic packaging in other legislation.



HMRC Guidance published on 19 September provides a high level overview of Plastic Packaging Tax.

If you are a business that manufactures or imports 10 or more tonnes of plastic packaging over a 12-month period you will need to register for the tax. This is regardless of whether you will have to pay any tax.

This includes importers of packaging which already contains goods, such as plastic bottles filled with drinks. Where the packaging you import already contains other goods, the tax only applies to the plastic packaging itself.

If you are a business that needs to register for the tax, you will need to pay Plastic Packaging Tax on any packaging that contains less than 30% recycled plastic. The tax will be charged at £200 per tonne. For example, if you manufacture 10 tonnes of plastic packaging, and 1 tonne contains less than 30% recycled plastic, you will need to pay £200.

The online service to register and pay will be available on 1 April 2022 when the tax takes effect.

Find more information on [the scope of the tax, who is liable to register and pay, and other requirements](#).

### **No capital allowances for plant and machinery installed in Houses of Multiple Occupation**

HMRC have recently confirmed their view that common areas in Houses of Multiple Occupation (HMO) are parts of a “dwelling house” and ineligible for capital allowance claims.

The capital allowance legislation specifically denies tax relief for plant and machinery installed in a dwelling house. However, plant and machinery installed in the common areas such as hallways, stairs and lift shafts, in blocks of flats would qualify as the flats themselves are the dwellings, not the building as a whole.

This would seem inconsistent with the HMRC view on HMOs and there may be a test case on the interpretation, particularly as there is no definition of “dwelling house” in the tax legislation. There is also a lack of clarity concerning the status of University Halls of residence where there is often substantial expenditure on plant and machinery in common areas.

See: [CA11520 - Capital Allowances Manual - HMRC internal manual - GOV.UK \(www.gov.uk\)](#) and [CA23060 - Capital Allowances Manual - HMRC internal manual - GOV.UK \(www.gov.uk\)](#)

### **Enterprise Nation Female Start-up of the Year 2021**

The Female Start-up of the Year award celebrates the best of British female entrepreneurship in the UK. Whether you have created an incredible product, offer an amazing service or you are doing something truly different with your business, Enterprise Nation want to hear from you.

The judges are looking for a clear direction for the future of entrants' start-up with a vision, purpose and mission. In return, there are business-boosting prizes and opportunities on offer to the winner.

Applications close at 5pm on Wednesday 22 September 2021, for further information visit the [Enterprise Nation](#) website.

## **VAT rate reduction for hospitality, holiday accommodation and attractions.**

The reduced VAT rate of 5% has been extended until 30 September 2021. Following this, an interim rate of 12.5% will be in place for a further six months with the standard rate of 20% returning in April 2022.

If you are a VAT registered business, check if you can temporarily reduce the rate of VAT on supplies relating to hospitality, accommodation, or admission to certain attractions.

Hospitality:

If you supply food and non-alcoholic beverages for consumption on your premises, for example, a restaurant, café or pub, you're currently required to charge VAT at the standard rate of 20%. However, when you make these supplies between 15 July 2020 and 31 March 2021 you will only need to charge 5%.

You will also be able to charge the reduced rate of VAT on your supplies of hot takeaway food and hot takeaway non-alcoholic drinks.

More information about how these changes apply to your business can be found in [Catering, takeaway food \(VAT Notice 709/1\)](#).

Hotel and holiday accommodation:

You will also benefit from the temporary reduced rate if you:

- supply sleeping accommodation in a hotel or similar establishment
- make certain supplies of holiday accommodation
- charge fees for caravan pitches and associated facilities
- charge fees for tent pitches or camping facilities

More information about how these changes apply to your business can be found in [Hotels and holiday accommodation \(VAT Notice 709/3\)](#).

Admission to certain attractions:

If you charge a fee for admission to certain attractions where the supplies are currently standard rated, you will only need to charge the reduced rate of VAT between 15 July 2020 and 31 March 2021.

However, if the fee you charge for admission is currently exempt, that will take precedence and your supplies will not qualify for the reduced rate.

More information about how these changes apply to your business can be found in [VAT: Admission charges to attractions](#).

For the full details including the Flat Rate Scheme, The Tour Operators Margin Scheme, Retail Schemes and Accounting for supplies that straddle the temporary reduced rate see: [VAT: reduced rate for hospitality, holiday accommodation and attractions - GOV.UK \(www.gov.uk\)](#)

## **Applications are now open for Rising Stars 4.0**

The competition for innovative, early-stage tech companies has been designed to showcase the best the country has to offer, providing a platform for businesses from England, Scotland, Wales and Northern Ireland to shine bright.

Entrants are supported throughout the application process and given training and support at each stage of the competition to enable you to compete to ensure your business is investor ready and deliver the perfect pitch in front of leading investors, influencers and corporates.

There is a live Q&A session taking place on the 29 September, where you can find out what's required and what you can expect as part of the process. You will also have the chance to ask any specific questions you have. Applications close on 20 October 2021.

See: [Rising Stars - UK pitch competition for early-stage tech startups - Tech Nation](#)

## **Kickstart Scheme for employers**

Employers of all sizes can apply for funding to create jobs for 16 to 24 year olds on Universal Credit. Employers can spread the job start dates up until 31 December 2021. You will get funding until 30 June 2022 if a young person starts their job on 31 December 2021.

Further funding is available to provide support so that young people on the scheme can get a job in the future. You will get £1,500 funding per job. This should be spent on setup costs and supporting the young person to develop their employability skills such as training and employability support (provided by you, a Kickstart gateway or another provider), IT equipment and software and uniform or Personal Protective Equipment.

You can apply for a Kickstart Scheme grant by either applying online yourself or applying through a Kickstart gateway who is already working with the Kickstart Scheme.

The funding covers:

- 100% of the National Minimum Wage (or the National Living Wage depending on the age of the participant) for 25 hours per week for a total of 6 months
- associated employer National Insurance contributions
- minimum automatic enrolment pension contributions

See: [How the Kickstart Scheme works - GOV.UK \(www.gov.uk\)](#)