

COVID – 19: INCOME SUPPLEMENT SCHEME

Guidance Notes and Application Form

1 Background

Covid-19 (caused by the coronavirus SARS-CoV-2) (the **Virus**) continues to have a major adverse impact on general economic activity in the Falkland Islands and across the world. Many Falklands' businesses have experienced a reduction in sales, revenues and profits as a consequence. In order to assist those businesses to continue to trade, the Falkland Islands Government (**FIG**) is offering various types of support.

Businesses who are otherwise unable to maintain their current workforce or their employees' wages, salaries and other employment benefits at current levels, may be entitled to support in respect of those employees under the **Job Retention (Furlough) Scheme**, details of which are available at www.fig.gov.fk/covid-19.

Businesses engaged in the tourist sector may be entitled to support under the **Bounce Back Grant Scheme** and/or the **Deferred Repayment Loan Scheme**, details of which are also available at www.fig.gov.fk/covid-19.

In order to assist those in self-employment (including sole traders, partnerships, casual workers and others) who have experienced a reduction in sales and earnings on account of the Virus (for example, because of a decline in orders or where they have been required, on account of the Virus, to self-isolate or to quarantine after returning from medical treatment overseas), FIG is offering to pay them an income supplement, pursuant and subject to the **Income Supplement Scheme** (the **Scheme**), the terms of which are set out in paragraph 2 below. The income supplement is payable at a rate of up to £2,500 per month, during the period expiring on 30th September 2021, and is designed to ensure that their net monthly earnings do not fall below 80% of their average net monthly earnings during the last pre-Covid-19 year.

Such businesses may also be able to claim support under the other schemes referred to above (subject to their respective terms).

FIG may announce further measures to extend (or reduce) the scope of, or otherwise amend the terms of, the Scheme in the future.

2 Terms of Support

Under the Scheme, FIG will provide Support Payments (as defined in paragraph 2.6(k)), upon and subject to the terms set out below (the **Terms**):-

- 2.1 **General:** The Scheme applies to any eligible self-employed applicant who, on account of the adverse economic effects of the Virus, has experienced a reduction in their monthly revenue when compared with the level of monthly revenue during the last pre-Covid-19 year (or during the period since the commencement of the business, if less), with a consequent reduction in their average monthly net earnings.
- 2.2 **Support Payments for the Self-Employed:** With respect to each self-employed applicant who qualifies under the Scheme and who claims support in respect of one or more Claim Periods (in accordance with paragraph 2.4), FIG will pay them, for the duration of a Claim Period, a Support Payment (calculated in accordance with paragraph 2.7[(b)] below) where the applicant experiences a reduction in Income (as defined in paragraphs 2.6(e) respectively below) during the Claim Period on account of the adverse economic effects of the Virus.
- 2.3 **Limit on Support Payments:** The Support Payments provided by FIG to each eligible applicant shall not take their income (from all sources) above £2,500 per month during the Claim Period(s).
- 2.4 **Claim Periods:** Support under the Scheme is available for the duration of the Scheme Term. Within that period, an applicant may claim Support Payments for one or more Claim Periods as they choose provided that any such Claim Period shall not be less than seven days in length (with the sole exception of those cases detailed at paragraph 2.7(f)) for which a claim can be submitted for periods of less than seven days), and shall expire on or before the date of expiry of the Scheme Term.

2.5 **Commencement and Duration of Scheme**

- (a) The Scheme shall be deemed to take effect on the Commencement Date and shall, subject to paragraphs 2.5(b), 2.9(b) and 4.3, continue in effect for the duration of the Scheme Term (and for such further period as shall be necessary to process and make Support Payments claimed during the Scheme Term).
- (b) Without limit to FIG's power to amend or terminate the Scheme in accordance with paragraph 2.9(b), the Scheme will be subject to review on or around 31st July 2021.

2.6 **Definitions:** For the purposes of the Scheme:-

- (a) **Claim Period** means the period in respect of which the applicant claims a Support Payment under this Scheme, being not less than seven days in length (with the sole exception of those cases detailed at paragraph 2.7(f)) for which a claim can be submitted for periods of less than seven days), and expiring on or before the date of expiry of the Scheme Term;
- (b) **Commencement Date** means 24th April 2020;
- (c) **KEMH** means the King Edward VII Memorial Hospital and/or the Department of Health and Social Services, as appropriate;
- (d) **Net Earnings** means an applicant's net earnings from the business in respect of which they claim support under the Scheme; shall include contractual or regular earnings and other benefits such as contractual commission but shall exclude discretionary commission (including tips), payments or bonuses, non-cash payments or benefits-in-kind; and shall be net of, and exclude, the costs of any stock, general, administrative, operating and any other current expenses or fixed costs (as determined by the Scheme Administrator), and interest;
- (e) **Income** means the sum of an applicant's Net Earnings (as defined in paragraph 2.6(d) above) plus any other ongoing source(s) of income (including, for example, wages and salaries, pensions, etc.) earned by the applicant.
- (f) **Non-essential worker** means any person whose employment or business does not fall within the category of essential work as specified by FIG from time to time;
- (g) **Revenue** means the aggregate income of an applicant from the sale of goods and services undertaken as part of the normal commercial activities of the business in respect of which they make a claim under the Scheme but excluding capital receipts;
- (h) **Scheme Term** means the period commencing on and from the Commencement Date and expiring on 30th September 2021, during which Support Payments may be claimed;
- (i) **Self-employed** includes those whose primary occupation (i.e. main source of income) over the last pre-Covid-19 year was that of sole traders, partners in a partnership (but not the employees or salaried partners of such partnerships, or the members or employees of limited liability partnerships), casual workers or workers on zero-hours contracts, and the sole or principal proprietors of companies;
- (j) **Sole carer** means a person who has sole or principal responsibility for the care of a child under the age of 16 years and who does not receive regular support in discharging this responsibility from their spouse, other family members or other parties, or who shares responsibility for the care of such a child with one or more persons, each of whom is incapacitated or otherwise unable to provide support during the period of that child's self-isolation; and
- (k) **Support Payment** means a payment to an applicant calculated in accordance with paragraph 2.7[(b)].

2.7 **Support Payments**

- (a) Support Payments will be provided in respect of applicants who, on account of the adverse economic effects of the Virus, experience a reduction in Income.
- (b) Subject to the limit set out in paragraph 2.3, Support Payments will be calculated as follows –

Support Payment for one month = 80% of Average Monthly Income less the Target Month Income

Where:-

- **Average Monthly Income** means the average monthly Income during the last pre-Covid-10 year (or the lesser period since the commencement of the business, if applicable); and shall be calculated by taking the applicant's aggregate Income for that year and dividing that total by 12. The applicant's Income for such lesser period shall be calculated by taking their aggregate Income for that period and dividing that total by the number of months comprised in that period;
- **Target Month** means the last full month of the applicant's operations prior to the date of the applicant's application under this Scheme; and
- **Target Month Income** means the applicant's Income in the Target Month.

Provided that:-

In circumstances where the applicant is not able to identify such Target Month Income due to the fact that they are not able to identify their Net Earnings in the Target Month, Target Month Income may, at the discretion of the Scheme Administrator and subject to its approval, be calculated as follows:-

Target Month Income =
Target Month Revenue multiplied by Average Operating Margin
plus any other source(s) of Income earned by the applicant in the Target Month

Where:-

- **Average Operating Margin** means the ratio of Average Monthly Net Earnings over the Average Revenue;
- **Average Net Earnings** means the average monthly Net Earnings of the relevant business during the last pre-Covid-19 year (or the lesser period since the commencement of the business, if applicable);
- **Average Revenue** means the average monthly Revenue of the relevant business during the last pre-Covid-19 year (or the lesser period since the commencement of the business, if applicable);
- **Target Month** shall be as defined above;
- **Target Month Revenue** means the Revenue accruing to the relevant business during the Target Month,

Provided that:-

Average Monthly Net Earnings and Average Revenue shall each be assessed by reference to the applicant's most recent tax assessment and relevant annual accounts.

- (c) For any Claim Period of less than one month's duration, the Support Payment shall be a pro rata share of the amount calculated in accordance with paragraph 2.7[(b)]; and for any Claim Period of more than one month's duration, such Support Payment shall be increased proportionately (subject in each case to the limit referred to in paragraph 2.3 above).
- (d) A Claim Period shall not be less than seven days in length (with the sole exception of those cases detailed at paragraph 2.7(f) for which a claim can be submitted for periods of less than seven days), and shall expire on or before the date of the expiry of the Scheme Term.
- (e) An employer can make a claim under the Job Retention (Furlough) Scheme in respect of an employee **who is also self-employed on a part-time basis, notwithstanding that the employee makes or intends** to make a claim in their self-employed capacity under this Scheme. However (without limitation to paragraph 2.3 above), the total support provided under this Scheme and under the Job Retention (Furlough) Scheme for or in respect of that employee shall not exceed the sum of £2,500

per month during any Furlough Period (as referred to in the Job Retention (Furlough) Scheme) or any Claim Period. It is the self-employed applicant's responsibility to confirm whether they are also employed and if so, to notify FIG of their employer(s) when making their application.

- (f) If a self-employed applicant's Income is reduced because they are:-
- (i) required by KEMH or FIG to self-isolate on account of the Virus as they are non-essential workers, they have symptoms associated with the Virus, or a member of their household has such symptoms and has been required to self-isolate;
 - (ii) a sole carer of one or more children required by KEMH or FIG to self-isolate on account of the Virus; or
 - (iii) required by KEMH or FIG to quarantine on account of the Virus after returning to the Falkland Islands from Medical Treatment Overseas or essential training,

the applicant may claim support under this Scheme (subject to its Terms).

- (g) Support Payments under this Scheme will be made in monthly instalments [(upon receipt by the Scheme Administrator of a claim for that month)], or at such other intervals as the Scheme Administrator may determine; and by means of FIG's Account Payable System (or such other method as the Scheme Administrator may specify). Applicants who are not already registered on this System will need to complete and submit to FIG a Scheme New Creditor Form. To be eligible, applicants will also need to maintain a current bank account with Standard Chartered Bank in Stanley.

2.8 Claimants

- (a) The following shall **not** be entitled to make claims for Support Payments under the Scheme:-
- (i) statutory corporations and other bodies which are in receipt of regular and substantial subventions from FIG (such that the subvention forms part of FIG's budget process and the recipient body is named in FIG's approved estimates);
 - (ii) the Museum and National Trust (as established pursuant to the Museum and National Trust Ordinance 1991);
 - (iii) governments or public authorities of countries or territories other than the Falkland Islands;
 - (iv) applicants whose activities are wholly or substantially conducted outside the Falkland Islands; and
 - (v) applicants engaged by the Ministry of Defence (**MoD**) and their sub-contractors (including, without limitation, those named in the Taxes and Duties (Defence Contractors' Employees Exemption) Order 2019), in each case to the extent engaged in MoD-related work and to the extent that such applicants or sub-contractors are receiving Virus-related support from the MoD or other UK government departments or offices in terms substantially similar (as determined by the Scheme Administrator) to the support available under the Scheme.
- (b) To be eligible for any Grant Payments under the Scheme, the applicant must:-
- (i) have been engaged in the same self-employed business for not less than three months prior to the commencement of the (first) Claim Period, and intend, to the satisfaction of the Scheme Administrator, to continue to trade in that or another business in the future or to find another occupation;
 - (ii) If he or she is an individual, have (or, if the applicant is a partnership or other unincorporated association, each of its partners or members must have) the right to live and work in the Falkland Islands, hold a current, valid entitlement, permit or consent for such purpose, and be resident in the Falkland Islands throughout their Claim Period(s);
 - (iii) Be duly established and registered under the laws of the Falkland Islands and entitled to conduct business in the Falkland Islands.
- (c) A self-employed applicant may claim for one or more Claim Periods within the Scheme Term in accordance with paragraph 2.4. The applicant may claim more than one Claim Period in any one

application. If the applicant claims for one Claim Period in an application but then wishes to claim for one or more further Claim Periods, they will need to submit a fresh application.

- (d) A self-employed applicant under this Scheme shall be entitled to claim further support under the Job Retention (Furlough) Scheme and/or any other Virus-related FIG support scheme (subject to their respective terms).
- (e) In making an application for Support Payments, each self-employed applicant represents and warrants that all information contained in their application and in any documents accompanying the application(s) or otherwise provided in connection with the Scheme is, to the best of their knowledge and belief (having made all reasonable enquiries), true, accurate, up-to-date and complete.
- (f) Support Payments will be taxable income in the hands of the applicant and will be subject to income or other tax in accordance with the terms of the Taxes Ordinance (as amended) and any other relevant tax legislation, and other deductions in the normal way, depending on their individual circumstances.

2.9 *FIG and Scheme Administration*

- (a) The Scheme is administered by the Financial Secretary with the support of the Head of Finance (together the **Scheme Administrator**).
- (b) FIG may, at its discretion, extend (or reduce) the length of the Scheme Term, change the categories of claimants under the Scheme, amend the Terms, or otherwise make changes to, or terminate, the Scheme at any time. In the event that FIG extends (or reduces) the length of the Scheme Term, the Scheme Administrator shall be entitled to reduce or extend any Claim Period accordingly or provide support on a pro-rata basis in respect of such reduced Claim Period. Any such changes may be communicated (on not less than seven days' notice) to individual claimants or by means of public notice in the Gazette or on FIG's website.
- (c) FIG shall be entitled to audit each applicant's compliance with the Terms on giving them not less than three working days' prior written notice; and the applicant shall provide FIG with access to such information, premises, employees and agents as FIG may reasonably request.
- (d) FIG shall be entitled to verify an applicant's self-employed status and claims under the Scheme by reference to their tax and other records as maintained at the FIG Tax Office or other departments within FIG.
- (e) FIG shall be entitled to verify that a self-employed applicant has been required to self-isolate or quarantine for the purposes of paragraph 2.7(f) by reference to their medical or other records as maintained at KEMH or other departments within FIG.
- (f) In the event that a self-employed applicant is in breach of the requirements of the Scheme or any of their undertakings, or provides information for the purposes of the Scheme which is false, misleading or otherwise in breach of paragraph 2.8(f) above, FIG shall be entitled to the repayment of any Support Payments made under the Scheme (in whole or part) and to recover that amount as a civil debt. In the event that applicants receive Support Payments of amounts in excess of those to which they are entitled under the Scheme, FIG reserves the right to recover any over-payment from the applicant concerned. Any fraudulent activity in connection with the Scheme may be subject to criminal proceedings.

3. **Applications under the Scheme**

- 3.1 In order to obtain support under the Scheme, an applicant needs to complete the application form set out in the **Annex**. The information provided in that form and in any documents enclosed with an application(s) or otherwise provided in connection with the Scheme will form part of the agreement the applicant enters into with FIG in relation to the Scheme. As these documents will be legally binding on them if successful, applicants are advised to obtain their own independent legal advice on their content, effect and implications.

- 3.2 In submitting an application and/or accepting any support under the Scheme, the applicant will be deemed to accept, and agree to be bound by, the Terms and by the declaration contained in their application(s).
- 3.3 If an applicant has any questions or needs any assistance in completing the application form, they should e-mail treasury.support@sec.gov.fk or phone 28400.

4. The Application Process

- 4.1 To apply for support under this Scheme, please send a completed “*Income Supplement Scheme: Application Form*” to the Scheme Administrator by e-mail (treasury.support@sec.gov.fk, as above) or by post to the Treasury, Secretariat, Stanley, Falkland Islands, FIQQ 1ZZ.
- 4.2 The application(s) should be supported by copies of the documents listed in the application form (or those relevant).
- 4.3 Applications may be submitted at any time during the Scheme Term, or until FIG gives notice that no further funds are available under the Scheme. Each application must have been submitted before the end of the Scheme Term or by the date specified in that notice.
- 4.4 Applicants must notify the Scheme Administrator of any change in the information contained in their applications.
- 4.5 Applications will be assessed by the Scheme Administrator who shall be entitled to require such further information or clarification from an applicant as they think fit. The Scheme Administrator will endeavour to decide an application and communicate that decision as soon as reasonably practicable (and in any event within twenty-one days) after receipt of an application.

ANNEX
COVID – 19: INCOME SUPPLEMENT SCHEME
 Application Form

1. Applicant's Details

Applicant(s) Name	
Trading as (if applicable)	
Business Address	
Telephone Number	
Mobile Number	
E-mail Address	
Home Address (if different from above)	
Telephone Number	
Mobile Number	
E-mail Address	
Company Number (if applicable)	
Charity Number (if applicable)	
Registered Office Address (if applicable and different from above)	
Tax Identification/Reference Number	
Type of Business	
Commencement Date of Business	

(Please continue on a separate page if necessary)

2. Applicant's Bank Details

Principal Bank Account with Standard Chartered Bank, Stanley: - account name - account number	
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3. Claim Details

Claim Period(s) (start and end date)	
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4. Net Earnings / Revenue

A	Average Monthly Income over the last pre-Covid-19 year (or the period since the commencement of the business, if less) <i>(to be taken from the most recent tax assessment and relevant annual accounts)</i>	£
B	80% of your Average Monthly Income over the previous pre-Covid-19 year (or the period since the commencement of the business, if less) – i.e., 80% of amount in (A)	£
C	Income for last full month prior to application date <i>If you are not able to identify this amount, please fill in the boxes identified with letters from D to L</i>	£

D	Average Monthly Net Earnings over the last pre-Covid-19 year (or the period since the commencement of the business, if less)	£
E	Average monthly Revenue over the previous last pre-Covid-19 year (or the period since the commencement of the business, if less)	£
F	Average Operating Margin – ie, the ratio of the amount in (D) over the amount in (E)	%
G	Revenue for last full month of business operations prior to application date	£
H	Estimate of Net Earnings for last full month of business operations prior to application date – ie the amount in (G) multiplied by the amount in (F)	£
I	Any other source(s) of Income over the last full month prior to application date	£
L	Estimate of Income for last full month prior to application date – ie the amount in (H) plus the amount in (I)	£

Amount claimed for one month – the amount in (B) less the amount in (C); or – in case you are not able to identify the amount in (C): the amount in (B) less the amount in (L)	£
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5. Other Employment

<i>In addition to your normal activity, are you employed? If so, please provide your employer(s) names and addresses, your earnings from each employer for the previous month and confirm if, so far as you are aware, they have made/will make claims in respect of you as their employee under the Job Retention (Furlough) Scheme.</i>	Name:
	Address:
	Claim under Scheme - Yes/No*
	Earnings for last full month:
	Name:
	Address:
	Claim under Scheme - Yes/No*
	Earnings for last full month:

* Delete as appropriate

(Please continue on a separate page if necessary)

6. Self-isolation/Quarantine

*Only complete this section if you have been instructed to self-isolate or quarantine by KEMH or FIG.

<i>Are/were you quarantining on return from overseas medical treatment?</i>	
<i>Are/were you required by FIG to stay at home as a non-essential worker?</i>	
<i>Are/were you instructed by KEMH to self-isolate for health reasons?</i>	
<i>Are/were you self-isolating for yourself or for the benefit of one or more other person(s) (whether a child in your care or another member of your household)?</i>	
<i>Can/could you work at home?</i>	
<i>If so, can/could you work your usual business hours at home? If not, what percentage of your usual business hours can/could you work at home?</i>	
<i>Period of Self-Isolation/Quarantine /being required to stay home</i>	

7. Accompanying Documents

Please include the following documents with your application:-

Most recent tax assessment and relevant accounts. <i>*If these have already been submitted with a previous application they will not need to be submitted again.</i>	
Evidence of earnings for the last full month of business prior to application <i>e.g. monthly accounts, payslips, bank statements, etc.</i>	
*Scheme New Creditor Form * to be provided by Applicant not already registered on FIG's Account Payable System	

8. Declaration

In consideration of the grant of Support Payments to me/the applicant* under the Scheme, I, the undersigned (as a self-employed person/for and on behalf of the applicant referred to in this application form*) hereby certify, accept and undertake (as applicant/having been duly authorised by the applicant to do so on its behalf*) that:-

(*please delete as appropriate.

Please note: If purporting to give this undertaking on behalf of the applicant named above without being duly authorised to do so, the undersigned may be personally liable for any breach of this declaration.)

- To the best of my/the applicant's* knowledge and belief (having made all reasonable enquiries), all information contained in this application and in the accompanying documents, or otherwise provided in connection with the Scheme, is true, accurate, up-to-date and complete.
- I am/the applicant is* eligible to claim Support Payments under the Scheme.
- I/the applicant* shall comply with the Terms.
- During the period of support for which I/the applicant* claim(s) under the Scheme (**Claim Period**) and on account of the adverse economic effects of the Virus:-
 - o *I have/it has experienced a reduction in my/its* [Revenue and Net Earnings or income] (as referred to in my application); and/or
 - o *I have been required by KEMH or FIG to self-isolate/*it has been required by KEMH or FIG to suspend operations on account of the Virus because I am/it is a non-essential worker, *I have symptoms associated with the Virus, or a member of my household has such symptoms and has been required to self-isolate, and I am/it is unable to work from home during the period of self-isolation; ***[OR]**
 - o *I am a sole carer of one or more children required by KEMH or FIG to self-isolate on account of the Virus, and I am unable to work from home during the period of self-isolation; ***[OR]**
 - o *I am required by KEMH or FIG to quarantine on account of the Virus after returning to the Falkland Islands from overseas and I am unable to work from home during the period of quarantine.
- I have/the applicant has* been continuously self-employed in the same business for not less than three months prior to the commencement of the Claim Period or, in the case of my/its* seasonal business, I/it* was continuously self-employed in at least the same three-month period during the 2019 tax year.
- I/the applicant* will use any Support Payments awarded to me/it* under the Scheme to support, and maintain the solvency of, my/its business (as described above).
- I/the applicant* intend(s) to continue to trade (unless prevented from doing so by ill-health) throughout the Claim Period and thereafter at least until the end of the 2021 tax year.

- I have/the applicant (being an individual or if a partnership or other unincorporated association, each of its partners or members) has* the right to live and work in the Falkland Islands, hold(s) a current, valid entitlement, permit or consent for such purpose, and am/is* resident in the Falkland Islands throughout the Claim Period.
- if it is a company or other body corporate or charity, the applicant is duly incorporated or established and registered under the laws of the Falkland Islands or entitled to conduct its business in the Falkland Islands, and conducts in the Falkland Islands all or a substantial part of the business in respect of which it is claiming support under the Scheme;
- If applicable, I have/the applicant has* confirmed to the employer(s) named above that I am/it is* also self-employed on a part-time basis, provided them with my/its* trading name and address in that capacity and confirmed that I have/it has* made/will make a claim in respect of my/its* self-employment under the Scheme.
- Notwithstanding the provisions of the Access to Health Records Ordinance 1995 or any other relevant legal, regulatory or other requirements or policies, I hereby consent to the disclosure of my health records within KEMH and by KEMH to any other department of FIG as necessary to verify my claim under the Scheme.
- Notwithstanding the provisions of the Taxes Ordinance 1997 (as amended) or any other relevant legal, regulatory or other requirements or policies, I/the applicant* hereby consent(s) to the disclosure of my/its* tax and other records as maintained by the Tax Office or other departments within FIG as necessary for FIG to verify my/its* self-employed status and claims under the Scheme.
- Any Support Payments I/the applicant* receive(s) under the Scheme will be taxable income and will be subject to income or other tax in accordance with the terms of the Taxes Ordinance (as amended) and any other relevant tax legislation, and to any other deductions in the normal way, depending on my/its* individual circumstances.
- Any breach by me/the applicant* of the requirements of the Scheme or any of the above undertakings, or the provision by me/it* of any false or misleading information in, or in connection with, this application will entitle FIG to reclaim, recover and withhold any Support Payments awarded under the Scheme (in whole or part).

Name(s): _____

*Signature(s): _____ Date: _____

* Documents can be signed in original or electronic format as appropriate.