

Written evidence submitted by Summit Consulting Engineers Limited

1. This submission is from Peter Hucks, in the capacity as a Director and majority Shareholder of Summit Consulting Engineers Limited (Company No. 7562016).
2. This submission is to raise to the attention of the Treasury Select Committee, and to challenge the Treasury, as to why my home-based Limited Company business has not been financially supported (except for the limited CJRS) during the Coronavirus in a manner similar to other businesses that have physical places of work or in a similar manner to the self-employed.
3. I ask that the following be awarded to my home-based Limited Company business as, so far, it has fallen in all the gaps between the various financial support systems provided to other businesses and the self-employed except for the limited CJRS:
 - a) Provide a taxable lump sum cash grant akin to physical office based small businesses and the SBF to help with my ongoing business costs.
 - b) Provide taxable cash grants for the dividend part of the wages akin to the SEISS for the self-employed.
 - c) Alternatively to b), taxable cash grants be awarded based on the average profits over the previous three year period.
4. Summit Consulting Engineers Limited (Summit) is a small home-based Limited Company undertaking Structural Engineering Consultancy services with primary Clients in the hospitality sector operating throughout England and Wales.
5. Since its inception in 2011, Summit has generated a consistent turnover.
6. Since April 2020, the turnover has been decimated by the Government instigated lockdown with Clients ceasing all work with which the business was involved.
7. Summit has been hit drastically by the Coronavirus situation.
8. The reality is the business turnover for April, May and June 2020 is down to only approximately 20% of the last 5 year monthly average due to the Coronavirus impacting on Clients who have been directed by the Government to close their premises to help control the spread of the Coronavirus and save lives.
9. Summit employs two people, both Director Shareholders.
10. The Director Shareholders are not self-employed and therefore are not eligible for the Government Self-Employment Income Support Scheme (SEISS).

11. Summit operates the legitimate tax efficient salary system through the PAYE system for basic salaries which are then topped-up with dividend payments as operated by many other Limited Companies.
12. I am aware that dividend payments can be traced to employee Director Shareholders; a reasonably simple check on the PAYE system will confirm the salaries paid to employees.
13. A direct cross-check can then be made on the (*salary*) dividends paid to employee shareholders by comparing the names on the PAYE system with the recipient of the (*salary*) dividend as verification that the salary dividend is not made to investor shareholders.
14. A further check can be made through Companies House of all Company Officers/Directors to verify that the (*salary*) dividend is made to a Director Shareholder and not an investor shareholder.
15. This would be no less robust than the Coronavirus Job Retention Scheme (CJRS) and furlough payments awarded by the Government.
16. Summit has furloughed one employee Director on the understanding their job is retained post-lockdown under the CJRS; however, this financial support is based on the basic salary through the PAYE Realtime data and, while a small sum, it is very welcome.
17. I have not furloughed myself.
18. I have had some work to undertake, but on a very minimal level; furloughing myself while I continue to work would be in breach of the fundamental intention of the furlough scheme.
19. In this way, I can endeavour to generate what income I can, while also undertaking the work ordinarily carried out by the furloughed member of staff.
20. The business has also undertaken all reasonable cost cutting, but this still leaves a short-fall.
21. The deferral on the tax payments is welcome, but they shall still need to be paid.
22. Summit is a home-based business with no physical office; as such it does not qualify for the Small Business Grant Fund (SBGF) which is stated as supporting small businesses with their business costs during the Coronavirus.
23. Summit is a small home-based business but still has business costs such as professional and office insurance premiums, IT and telephone expenses, supplier costs, vehicle costs and accountancy fees.

24. The Prime Minister has stated and with conviction that we are all in this together, and together we will prevail.
25. If we are in this together, why has my home-based Limited Company business been over-looked for financial support in the same manner as other small businesses to support my business with its business costs during the Coronavirus except for the limited CJRS; there is a real risk my business shall not prevail.
26. It feels like we are all born equal, just that some are born more equal than others.
27. It feels as though my business is invisible.
28. It hurts and undermines the dignity of my efforts in running my business.
29. To paraphrase the Chancellor, it is not my fault that my business has been asked to close, it is not my fault that my business workload and turnover have fallen off the cliff edge all the while I am striving to retain the dignity of my work, going to work and providing for my family.
30. It is not my fault my business turnover has been decimated while my business still has costs to meet.
31. Extending on the Chancellor's statement how is it in anyway my fault that my business is over-looked and how is it in anyway my fault that my business should be left with the only option of borrowing money for financial support.
32. How is it anyway justifiable, fair, or remotely reasonable for the Government actions to impact my business to comply with their directed lockdown, and to provide no financial support (except for the limited CJRS) similar to other businesses except to direct me to borrow money for financial support.
33. If I had made a business decision that jeopardised my business, then I would have to take actions to address such a decision.
34. However, none of this is my fault and I am somewhat astonished that my business should now look to borrow money, which otherwise the business would not have needed, with the added costs to the business to address actions and decisions initiated by the Government.
35. My own enquiries into the business loans have not instilled me with much re-assurance.
36. Firstly, the Business Interruption Loan.
37. The business would need to apply for a minimum of £25,001 and while this is interest free for 12 months, I could not determine the conditions thereafter or whether there are any payment penalties should the loan be repaid early or during the 12 month interest free period.

38. It is still a staggering sum of money to borrow and repay.
39. Secondly, the Business Bounce Bank Loan (BBBL) attracted an interest rate of 2.5% which is competitive; and while this is interest and repayment free for 12 months, I could not determine whether there are any payment penalties should the loan be repaid early or during the 12 month interest free period.
40. The banks after all are operating commercially and while the Government has guaranteed the BBBL, it is not the Government who is expected to make the repayments.
41. The fact remains that my home-based Limited Company business has been decimated with a drastically reduced turnover, no financial support from the Government (except for the limited CJRS) akin to other small businesses and is currently relying on the limited business capital to survive this Coronavirus which was instigated by the Government directed lockdown which is the root cause of this situation.
42. The Chancellor has stated that he is unable to help all businesses in stark contradiction to the Prime Minister's statement that we are all in this together – help one, help all.
43. My home-based Limited Company business is not invisible; my business contributes to the economy of the country and more than pays its way; during the Coronavirus, the business still has running costs to meet.
44. My business has accumulated some capital in reserve for retirement and for events that may arise due to a downturn in business either through a poor decision made by the Directors or, a downturn in Client business.
45. The limited reserves the business have accumulated are currently being used to financially support the business through this downturn which, as expressed above, is directly through no fault of the business or its Client base, this dramatic downturn is to abide with the Government directed lockdown to help combat the spread of the Coronavirus and save lives.
46. I ask again that the following be awarded to my home-based Limited Company business as, so far, it has fallen in all the gaps between the various financial support systems provided to other businesses and the self-employed, except for the limited CJRS:
 - d) Provide a taxable lump sum cash grant akin to physical office based small businesses and the SGBF to help with my ongoing business costs.
 - e) Provide taxable cash grants for the dividend part of the wages akin to the SEISS for the self-employed.
 - f) Alternatively to b), taxable cash grants be awarded based on the average profits over the previous three year period.

47. When considering the above, I highlight that Limited Company profits exclude (*salary*) dividend payments.
48. As such there should be no cap applied as this is likely to create a further cliff edge much as it has with the SEISS for the self-employed.
49. My business had ample work to progress before the Government initiated lockdown all of which was paused by Clients as they faced their own business interruptions.
50. It is inexplicable and grossly unreasonable for the Government actions to decimate my home-based Limited Company business and provide no financial support along the lines of other physical office based small businesses or the self-employed except for the limited CJRS.
51. It would not be unreasonable for the Government to provide a taxable cash grant commensurate with the loss of turnover as a result of their actions, however, I fully appreciate that this would go above and beyond the financial support provided by the Government to other businesses during the Coronavirus.
52. So, we are all in this together to help control the spread of the Coronavirus and save lives, but it is the fact that some are offered Government assistance while others, like my home-based Limited Company business, are not except for the minimal support through the CJRS.
53. I am not after to benefit from this horrid situation, I, like everyone, just wish to weather this storm and survive but, on a level playing field where we are all in this together and where the Government takes responsibility for its actions, adopts a common sense approach and supports all affected businesses.
54. However, as it stands, my home-based Limited Company business has had no financial help with the business costs and very little help with Director salaries all the while it is eating into its limited capital reserves which have been accrued by my hard work and dedication to the business and were intended, if you will, for my rainy day, and not for this Government initiated monsoon.
55. As a Director and majority share-holder of a home-based Limited Company, I should be allowed to keep my dignity and be treated with the same respect as the other hard working members of this society.
56. Finally, I am sure that my submission contains many statements that resonate with the many other Director Shareholders who operate home-based and physical office based businesses.