

## COVID-19 UK BULLETIN – MAY 13, 2020

To Our Clients and Friends:

This bulletin provides a summary and compendium of English law legal developments during the current COVID-19 pandemic in the following key areas:

1. Competition and Consumers
2. Corporate Governance (including accounts, disclosure and reporting obligations)
3. Cybersecurity and Data Protection
4. Disputes
5. Employment
6. Energy
7. Finance
8. Financial Services Regulatory
9. Force Majeure
10. Government Support Schemes
11. Insolvency
12. International Trade Agreements (private and public)
13. Lockdown and Public Law issues
14. M&A and Private Equity
15. Real Estate
16. UK Tax

Links to various English law alerts prepared by Gibson Dunn during this period are also included in the relevant sections.

As always, for additional information, please feel free to contact the Gibson Dunn lawyer with whom you usually work, any member of the UK COVID-19 Taskforce (listed at the end of this bulletin), or one of the taskforce co-leads:

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## 1. Competition and Consumers

### Merger control

The coronavirus pandemic has been considered by the Competition and Markets Authority (CMA) and Competition Appeal Tribunal (CAT) in recent decisions, to varying effect. On 6 May 2020, the CMA published its final report in the Phase II investigation of the completed acquisition by JD Sports Fashion plc of Footasylum plc. The CMA found that the merger would result in less competition across the UK and has required that JD Sports fully divest Footasylum. The CMA noted that all retailers, including the parties, are subject to the same change in market conditions and it is not clear that the parties are disproportionately impacted. JD Sports has been given flexibility in the timing of its divestiture of Footasylum given the uncertainty in the current health crisis.

On 6 May 2020, the CAT granted Sabre Corporation an extension of time to file a notice of appeal against the CMA's decision to prohibit the anticipated acquisition by Sabre of Farelogix Inc. The CAT noted that the extension was requested against a background of exceptional circumstances. The COVID-19 crisis impeded the effective coordination and preparation of Sabre's notice of application due to the demands placed on individuals at Sabre and its legal representatives, especially as Sabre is a technology and software provider to the global travel industry. The CAT decision was unsurprising in light of the CAT Practice Direction relating to COVID-19, published on 20 March 2020, which anticipated the CAT's use of its power to extend time limits in exceptional circumstances.

### Antitrust

On 7 May 2020, the CMA proposed accepting new commitments for a number of airlines (American Airlines, British Airways, Iberia, Aer Lingus and Finnair) to maintain their alliance on US-UK airline routes. The competition regulator noted that the long-term impact of the COVID-19 pandemic may not become clear for between two and five years, and as such the airlines' commitments are subject to review for years. The CMA may reopen its investigation into the cooperation agreement if there is a "material change of circumstances". This latest decision is in line with the EU and UK's approach of maintaining competition rules during the coronavirus crisis. Last week a senior official at the European Commission commented that relaxing competition rules would slow economic recovery.

### State aid

On 8 May 2020, the European Commission adopted a [second amendment to the Temporary Framework](#) for state aid measures to support the economy in the context of the coronavirus outbreak. The amendment enables Member States to provide recapitalisation aid and subordinated debt to companies in need, subject to certain conditions designed to protect fairness of competition in the EU.

Recapitalisation measures are available to non-financial companies in need, subject to a number of safeguards. The amended Temporary Framework imposes a number of conditions, for example on the necessity, appropriateness and size of the intervention, and the State's exit from the capital of the beneficiary company. The conditions are designed to ensure that the State is adequately compensated

for the risks it assumes, and to incentivise beneficiaries and/or their owners to ensure the temporary nature of the State's intervention.

The amended Temporary Framework also allows Member States to support companies by providing subordinated debt at favourable terms. Subordinated debt is subordinated to ordinary senior creditors in the case of insolvency proceedings. The State assumes less risk because such debt cannot be converted into equity whilst the company is a going concern. Subordinated debt increases the ability of companies to take on senior debt in a way similar to capital support and so limitations apply.

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## 2. Corporate Governance (including accounts, disclosure and reporting obligations)

### **The Investment Association (IA) outlines shareholder expectations on executive pay in light of COVID-19**

The IA has issued **guidance** to remuneration committees of UK listed companies outlining shareholder expectations on executive pay in light of COVID-19. The guidance recognises that remuneration committees will need to “sensitively balance” the need to incentivise executives at a time when they are being asked to show significant leadership and resilience while being mindful of the effect the pandemic is having on shareholders, employees and other stakeholders. The guidance also notes that the IA principles of remuneration continue to be a “useful guide to shareholder expectations and best practice”. The IA will update the COVID-19 guidance as the pandemic develops. Salient points include:

- **Dividend suspension/cancellation; capital raises; furlough:** Shareholders expect remuneration committees to consider how to reflect the suspension or cancellation of dividends in executive pay outcomes. If bonus outcomes for 2019 have already been decided and bonuses paid, shareholders expect remuneration committees to consider whether it is appropriate to use discretionary powers or malus provisions to reduce any deferred shares related to the 2019 annual bonus. Alternatively, shareholders expect this to be “fully reflected” in 2020 bonus outcomes. Shareholders would also expect this to be reflected in executive pay outcomes if a company seeks additional capital from shareholders or takes money from the Government (i.e. by furloughing employees etc).
- **Performance calculations:** Companies should not adjust performance conditions for annual bonuses or “in-flight” long-term incentive awards to take account of COVID-19. Where the remuneration committee considers that the performance of the company and shareholder experience is not “commensurate with the executive remuneration outcomes”, it should use its discretion “to ensure a good link between pay and performance”.
- **Windfall gains on existing 2020 grants:** Where grants in 2020 have already been made, remuneration committees should look at the market and share price response during the performance period to ensure that windfall gains do not arise when awards vest. Shareholders expect committees to use discretion to reduce vesting outcomes in these circumstances.

- **Future LTIP grants:** Remuneration committees should considering if it is appropriate to make LTIP grants at the current time. The guidance notes that there are a number of options depending on the individual circumstances of the company, namely (1) grant on the normal timeline setting performance conditions and grant size at the current time; (2) grant on the normal timeline setting the grant size now but committing to set performance conditions within the next six months; or (3) delaying the grant to allow the remuneration committee to more fully assess the appropriate performance conditions and grant size (in which case the aim should be to make the grant within six months of the normal grant date). Remuneration committees should be careful not to isolate executives from the impact of COVID-19 in a manner that is inconsistent with the approach taken to the general workforce, and use their discretion to reduce vesting outcomes where windfall gains have been received. The guidance provides further information on grant size and performance conditions.
- **New remuneration policies:** Where companies have already spent significant time consulting with their shareholders on new remuneration policies to be voted on at their AGM, shareholders do not believe that those policies should now be rewritten, but consideration should be given as to whether any variable pay increases are appropriate in the current year. For those companies that are yet to consult, it may not be appropriate to bring forward remuneration policies with substantial changes if the company is significantly impacted by COVID-19, and may instead be more appropriate to wait until there is greater clarity on the future market environment.

## QCA Small and Mid-Cap Sentiment Index survey

The Quoted Companies Alliance (QCA) has published results of the latest QCA Small & Mid-Cap Sentiment Index which surveyed 132 small and mid-cap UK quoted companies and 45 advisory companies. The results revealed the following key findings:

- **Capital:** Around half of small and mid-cap UK quoted companies plan to raise capital in the next 12 months to help manage the current crisis.
- **Economic outlook:** The lowest level of optimism in the UK economy was recorded in the history of the survey (approximately 10 years). Small and mid-cap companies have a significant drop in expectations regarding turnover, with mean expected growth for Q2 2020 expected to be a contraction of -5.5% compared to the expected growth of 14.4% in Q4 2019.
- **Employment:** 43% of small and mid-sized quoted companies intend to decrease jobs in the next 12 months and 31% intend to increase jobs. 56% of respondents have furloughed staff and 28% have laid-off employees.
- **Stakeholders:** 49% of respondents have undertaken new ways to engage with stakeholders with 21% offering new products or services to customers.

The full survey results can be found [here](#).

## **High Pay Centre briefing: UK listed company response to the COVID-19 pandemic**

The High Pay Centre (HPC) has issued [research](#) looking at the response of UK listed companies to the current COVID-19 pandemic. Key findings, as of 22 April 2020, are that:

- HPC estimates that 37% of FTSE 100 firms have cut CEO pay as a result of the economic shutdown;
  - 13% of FTSE 100 firms have made cuts to bonuses or “Long Term Incentive Payments”;
  - 33% of FTSE 100 firms have withdrawn or withheld dividend payments; and
  - at least 18% of FTSE 100 firms are using the publicly funded job retention scheme to cover the wages of furloughed workers.
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## **3. Cybersecurity and Data Protection**

### **Cyber warning issued for key healthcare organisations**

The UK’s National Cyber Security Centre (NCSC) has published an advisory for healthcare and medical research organisations, advising staff to improve their password security and to implement two-factor authentication to reduce the threat of compromises by cyber criminals. This comes after hackers have targeted healthcare bodies, pharmaceutical companies and research organisations and attempted to access accounts by “password spraying” (i.e. using commonly known passwords).

### **Contact tracing apps**

As part of the Government’s Test, Track and Trace strategy, it has launched a new NHS contact-tracing app which is currently being piloted on the Isle of Wight. The app uses Bluetooth technology to detect proximity to infected individuals and notify its users accordingly. This data will be stored on a central database and, according to the app’s developers, will be suitably anonymised. Its effectiveness is dependent on the number of voluntary downloads.

In parallel, the government has been testing and developing a second alternative app based on Apple and Google’s contact-tracing technology. This also uses Bluetooth to detect proximity, but it stores data on a decentralised system.

We are yet to know which app will be chosen, but a national rollout is expected mid-May.

### **ICO’s focus**

The ICO has announced it will be focusing its resources on supporting frontline workers against challenges to their information rights and privacy, arising from the pandemic; providing clear guidance and resources to help businesses process personal data lawfully and maintain public trust during these

times; ensuring good data privacy practice in the development and deployment of AI; and developing new ways of working in readiness for the recovery phase.

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## 4. Disputes

### Recent judgments on the issue of remote hearings

In a judgment handed down on 30 April 2020 in *Re A (Children) (Remote hearing: care and placement orders)* [2020] EWCA Civ 583, the Court of Appeal (Civil Division) considered an appeal relating to the welfare of children on the issue of remote hearings during the COVID-19 pandemic. The Court emphasised certain “cardinal points” to be borne in mind when deciding whether to conduct a remote hearing, reiterating that this was a case management decision over which the first instance court has a wide discretion, based on ordinary principles of fairness, justice and the need to promote the welfare of the subject child or children. Guidance or indications issued by the senior judiciary are no more than that; namely, guidance or illustrations aimed at supporting the judge or magistrates in their decision. Moreover, the temporary nature of any guidance, indications or even court decisions on this subject must be remembered, and will become all the more apparent once the present restrictions on movement start to be gradually relaxed. The Court observed that many judges are finding that remote hearings take longer to set up and undertake than courtroom hearings, with the result that courts are now listing fewer cases each day than a few weeks previously. On the other hand, some court buildings have been set up for safe and socially isolated hearings and may now be safe venue for hearings when this was not the case in the early days of the lockdown.

In *A Local Authority v Mother* [2020] EWHC 1086 (Fam) (5 May 2020), the High Court considered further aspects of wider interest to court procedures in relation to remote hearings. The Court faced a decision as to whether to proceed with hearing lay evidence remotely or whether to adjourn the case. Among other considerations, Lieven J noted that an important factor in a fact-finding case was whether the judge would be in a worse position to judge whether or not the witnesses are telling the truth if the case were conducted remotely. However, in the absence of empirical evidence, she concluded that it was not possible to state as a generality whether it is easier to tell whether a witness is telling the truth in court rather than remotely: while on the one hand a witness may be more likely to tell the truth when feeling the pressure of the courtroom from the witness box, other witnesses may feel less defensive and more inclined to tell the truth in a remote hearing than when feeling intimidated by the court room setting.

### Commercial disputes

On 4 May 2020, the Hague Conference of Private International Law (HCCH) published a *toolkit*, compiling guidance and resources of particular relevance during the pandemic and/or designed to assist users of the HCCH Conventions and other instruments during the pandemic. The toolkit is split into two sections, the first on International Child Protection and Family Matters and the second on International Legal Cooperation, Litigation and Dispute Resolution. The latter section covers apostilles (authentication of public documents), service of documents and taking of evidence, and international commercial contracts. Among other things, the toolkit observes that the taking of evidence remotely by

video-link is of particular relevance in the current circumstances and points to its [Guide to Good Practice on the Use of Video-Link under the 1970 Evidence Convention](#) published on 16 April 2020.

## **Arbitration**

An open letter circulated by think tank “Columbia Center on Sustainable Investment”, signed by seven eminent human rights specialists, has called for a moratorium on treaty claims against governments during the COVID-19 pandemic and a permanent ban on claims in relation to state measures in response to the pandemic. The three reasons given are: (1) there are likely to be multiple “unjustified claims” relating to “necessary business closures and other emergency responses” that governments have had to implement and which may cause losses to expected profits; (2) governments are urgently required to focus their attention to control of the pandemic, and it should avoid having to face distracting claims by foreign companies and shareholders wanting to take advantage of “vague investment treaty standards to press their claims”; and (3) a moratorium could prevent governments from facing additional financial burdens from awards running into the millions and billions, in addition to inevitable fiscal crises emerging. A [Global Arbitration Review](#) bulletin discusses this letter, and notes that, to GAR’s knowledge, there has yet to be a claim filed against a state based on a response to the pandemic. There may be reluctance by many to be seen to exploit the global crisis for gain through proceedings. Some commentators consider a moratorium unnecessary, given the slow pace of investment arbitration moves in any event.

## **International trade**

A special issue of the United Nations Conference on Trade and Development’s [Investment Policy Monitor](#) was released on 4 May, analysing the national and international investment policies followed by various countries in response to the crisis. Several countries have taken measures in support of investment and protecting domestic industries such as by speeding up investment approval procedures, accelerating use of online tools and e-platforms, introducing incentive schemes for health related research and development, and acquiring equity in struggling domestic key companies. Some countries have tightened the foreign investment screening measures to protect the health sector and industries vital to solving the crisis. Export bans and reduction of import duties have been imposed for medical equipment. According to UNCTAD, COVID-19 has slowed down the pace of treaty-making. Several rounds of investment treaty negotiations scheduled for 2020 have been cancelled or postponed. It is thought that measures taken by states to address COVID-19 could create friction with the existing investment treaty obligations and lead to investor-state disputes.

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## **5. Employment**

No update to our [COVID-19 UK Bulletin](#) – 6 May 2020.

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## 6. Energy

### Impact of COVID-19 on projects

Although this week has seen oil prices tentatively begin to recover as some lockdown measures start to be eased, many projects, sites and companies are still struggling to cope with the pandemic's effects. Some examples of note include:

- Brazil's Petrobras has reported over 800 confirmed COVID-19 cases amongst its workers, compounding the already severe outbreak in Brazil. Brazil's Public Labour Ministry (MPT) has warned that Petrobras may be held responsible if it failed to impose correct and adequate procedures. The company has also been accused of procrastinating in addressing the crisis by a Brazilian oil workers' union.
- French supermajor Total announced a fall of 35% to its net adjusted profit compared to Q1 of last year, but will still be paying a dividend at 66 euro cents per share. It has also commented that, despite the dramatic dip in profits, it remains committed to its "medium and long-term strategy" of net-zero by 2050.
- Singapore-based KrisEnergy has warned of delays and cuts to production at its Apsara field offshore Cambodia, although has said that it is continuing development work.
- Russia-based oil and gas company Lukoil's VP, Leonid Fedun, has been hospitalised with confirmed COVID-19.
- UK-listed Premier Oil has announced that it will seek to renegotiate its recently signed purchase from BP of a package of UK North Sea assets. This follows on from Premier successfully obtaining court sanction by way of creditor schemes of arrangement to proceed with the BP deal and another transaction with Dana Petroleum, along with additional financing consents. However, the court decision is subject to an ongoing appeal and the BP and Dana transactions remain subject to a number of other conditions.
- Russia's Gazprom continues to maintain that there will be no delays to its onshore Chayanda development work in the Russian Federation, despite having evacuated workers amid protests of its handling of the outbreak. There have been thousands of reported cases of COVID-19 amongst builders at the site.

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## 7. Finance

No update to our COVID-19 UK Bulletin – 6 May 2020.

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## **8. Financial Services Regulatory**

### **Digital sandbox**

On 4 May 2020, the Financial Conduct Authority (FCA) announced that it would be collaborating with key strategic partners and the industry to pilot a “digital sandbox”. This will provide enhanced regulatory support to innovative firms tackling challenges caused by the COVID-19 pandemic.

### **Information security**

The FCA, on 6 May 2020, issued a statement to firms setting out its expectations in relation to information security. Among other things, it emphasises the current cyber-security risks and stresses that it expects firms to (i) prioritise information security; and (ii) ensure that adequate controls are in place to manage cyber threats and respond to major incidents. Firms are expected to proactively manage the increased risk, including (for example) by ensuring that they continue to have appropriate governance and oversight arrangements in place.

### **Modification of the 12-week rule**

The FCA has issued a Modification by Consent to the 12-week rule to support firms using temporary arrangements during the crisis. The 12-week rule allows an individual to cover for a Senior Manager without being approved, where the absence is temporary or reasonably unforeseen, and the appointment is for less than 12 consecutive weeks. If temporary arrangements last longer than 12-weeks as a result of the crisis, firms can notify the FCA that they consent to a modification of the 12-week rule. In these cases, temporary arrangements can be extended up to 36 weeks.

### **Financial crime**

On 6 May 2020, the FCA issued a statement outlining its expectations on how firms should apply their systems and controls to combat and prevent financial crime during this crisis. Among other things, the FCA noted that whilst the current climate may give rise to operational challenges in relation to financial crime systems and controls, firms should not seek to address operational issues by changing their risk appetite. That being said, while continuing to operate within the legislative framework for anti-money laundering and counter-terrorist financing, firms may need to re-prioritise or reasonably delay some activities.

### **Financial Ombudsman Service approach**

On 7 May 2020, the FCA published a letter (dated 15 April 2020) from Sheldon Mills, FCA Interim Executive Director of Strategy and Competition, to Caroline Wayman, Financial Ombudsman Service (FOS) Chief Ombudsman and Chief Executive, in relation to how the FOS will handle complaints that arise from firms’ acts or omissions during the COVID-19 pandemic period. The FCA has also published Ms Wayman’s response.

## **PRA re-prioritisation of work**

On 7 May 2020, the UK Prudential Regulation Authority (PRA) published a [statement](#) on reprioritising work in the light of the COVID-19 pandemic. It sets out further details of its plans to support firms and enable them, and itself, to focus resources on the highest priority work. The PRA's work is focused on ensuring that banks and insurers can play their part in supporting the UK economy to respond to COVID-19.

## **Pillar 2A capital requirements**

On 7 May 2020, the PRA published a [statement](#) on the conversion of Pillar 2A capital requirements from a risk weighted assets percentage to a nominal amount, to alleviate “unwarranted pressure” on the firms it prudentially regulates.

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## **9. Force Majeure**

No update to our [COVID-19 UK Bulletin](#) – 6 May 2020.

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## **10. Government Support Schemes**

### **Update on Coronavirus Business Interruption Loan Scheme (CBILS) and Bounce Back Loan Scheme (BBLs)**

On 4 May 2020, the FCA updated its [statement](#) on the CBILS and BBLs, following the BBLs formally launching that day. It noted that on 27 April 2020 it announced that, as an interim measure pending the roll-out of the BBLs scheme, if firms complied with the relevant requirements of CBILS as announced on the same date, the FCA did not expect them to comply with certain FCA rules where the lending was regulated. Following the launch of the BBLs, the FCA confirmed this position will remain applicable to regulated lending that continues to take place under CBILS.

#### **CBILS**

UK Finance, the trade and industry body for the banking and finance sector in the UK, announced that, as of 6 May 2020, approx. £5.5 billion had been lent to small and medium-sized businesses in the UK, with the total number of loans approved increasing to 33,812 out of 62,674 applications.

#### **BBLs**

HM Treasury announced that in the first 24 hours following the launch of the UK's Bounce Back Loans Scheme for small businesses on 4 May 2020, 69,500 loans had been approved from more than 130,000 applications, constituting approximately £2 billion in lending.

## **11. Insolvency**

No update to our COVID-19 UK Bulletin – 6 May 2020.

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## **12. International Trade Agreements (private and public)**

No update to our COVID-19 UK Bulletin – 6 May 2020.

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## **13. Lockdown and Public Law Issues**

### **Review of lockdown restrictions**

Under the Health Protection (Coronavirus, Restrictions) (England) Regulations 2020 the Government is required to review the appropriateness of the lockdown restrictions every 21 days. The outcome of the latest review due 7 May 2020 was that there would be no change to the lockdown, but that the prime minister would announce a plan on 10 May. The next review is due by 28 May 2020.

### **Recovery strategy**

In a televised address on 10 May 2020, Prime Minister Boris Johnson outlined the Government's stepwise plan for exiting the lockdown. The document, "Our Plan to Rebuild: The UK Government's COVID-19 recovery strategy", was released on 11 May. The first step, purported to begin 13 May, mainly addresses re-opening workplaces and individual social contact and exercise limits. Further steps, contingent on a reduction in the virus reproduction rate, address reopening of schools, shops, and cultural and sporting events, with the hospitality sector being last to reopen.

### **Virtual Parliament**

On 7 May 2020, the Speaker of the House of Commons authorised remote voting on a temporary basis.

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## **14. M&A and Private Equity**

### **Foreign investment frameworks**

Behind the headlines on ICU beds and R-numbers, a philosophical change is taking place out of the media glare which could fundamentally alter the landscape of international trade and the M&A market for some time. Last week, the Trump Administration redoubled its focus on investments from China. Although the U.S. Department of Commerce, Bureau of Industry and Security is, to some extent, simply

moving forward with long-anticipated efforts to further restrict trade in a large number of sensitive technologies, the new rules also advanced several more recent Trump Administration national security and foreign policy priorities. Primary amongst these is more stringent review of biotechnology mergers in response to COVID-19. Indeed, the pandemic has provided the perfect backdrop for countries around the world to push through revisions of their foreign investment review frameworks, allowing greater flexibility for governments to screen and impede foreign investment in the name of greater economic and social protection during turbulent economic times.

The European Union has been front and centre of this process and was among the first to announce more stringent screenings of foreign direct investments, with the European Commission issuing guidance to its members in March, with the aim of preventing foreign entities from taking over European companies in key sectors related to healthcare and security. The Commission's guidance is issued within the context of the EU FDI Screening Regulation, which will apply fully in all Member States from October 2020. The Regulation empowers Member States to review investments within its scope on the grounds of security or public order, and to take measures to address specific risks. The Regulation applies to all sectors of the economy and is not subject to any thresholds and Members States have proved more than willing to take up the opportunity offered by the guidance and to introduce "emergency" measures as the pandemic has unfolded.

Italy has extended its Golden Powers Regulation governing foreign investments to cover previously excluded sectors, such as finance, credit and insurance, even providing for the Italian government to be able to open a review procedure *ex officio* in case of a missed notification filing. The German government has proposed amendments to its German Foreign Trade and Payments Act, which lower the thresholds for government intervention from the current "actual threat" requirement to only "probable impairment" to German public order or security. Spain has introduced a new temporary requirement that any foreign (non-EU or non-European Free Trade Association) direct investments into a broad range of strategic sectors be approved *ex-ante*. The sectors included are critical physical or virtual infrastructures, critical technology, supply of essential commodities such as energy, and sectors with access to sensitive data such as personal data.

Although currently no changes to the UK regime have been announced, this is an area to watch. The Queen's Speech in December 2019 announced the upcoming National Security and Investment Bill, which will include powers of the Foreign and Commonwealth Office to assess whether a potentially hostile party is seeking significant influence or control over a UK company and in what circumstances it should intervene. The damage to UK companies caused by the lockdown as well as the measures already taken by countries all over the world, could see the UK Government taking a broader and more interventionist approach than it otherwise would have done. As the economic effects of COVID-19 continue to evolve and drive countries toward increased nationalism and protectionism, it is likely increased restrictions on foreign investments will come into play across more countries and affect cross-border investment and, by extension, M&A. In addition to the increased economic burdens being faced by investors, review of foreign investment risks as well as the associated administrative requirements and impact on timetables will become a staple feature when assessing cross-border transactions, at least in the near term.

## 15. Real Estate

### Government measures

Organisations across the Real Estate sector asked Government to expand the business rates holiday scheme to all sectors of the economy (currently available to retail, hospitality and leisure but not to shared office space providers). Altus Group has calculated the cost to the Treasury from the current policy as exceeding £10 billion for the 2020-2021 tax year.

The Government has also just announced its decision to postpone its overhaul/revaluation of business rates to 2022, meaning that over the next two years, they will be based on property valuations from 2015. Given the potentially dramatic dislocation certain sectors will suffer as a result of COVID-19, this is cause for serious concern for many in the industry.

The proposed “Furloughed Space Grant Scheme”, (which we reported on [here](#)), has been rejected by the Government as being too expensive. The British Retail Consortium (BRC) has warned, in a letter signed by the British Property Federation and Revo, of the “imminent collapse of many businesses” if the Government does not supplement its current support schemes.

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## 16. UK Tax

### Capital taxation and tax-exempt heritage assets

HMRC has updated its guidance on capital taxation and tax-exempt heritage assets to add information about temporary changes to the Conditional Exemption Tax Incentive Scheme. HMRC recognises that it may not be possible for owners of properties or assets in the Conditional Exemption Tax Incentive Scheme to meet all their undertakings due to COVID-19. The updated guidance includes explanations on how HMRC deals with cases relating to closing or delaying the opening of a national heritage property, conditionally exempted objects on loan to other organisations that close due to Government advice, objects that can only be seen by appointment, and difficulty in advertising, publicity and producing promotional material. For further details, see [here](#).

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### COVID-19 UK Taskforce Leaders

Gibson Dunn’s lawyers are available to assist with any questions you may have regarding developments related to the COVID-19 outbreak. For additional information, please contact your usual contact or any member of the Firm’s (COVID-19) UK Taskforce:

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