



When business as usual becomes unusual

Session 1: Managing your business through times of crisis

8 April 2020





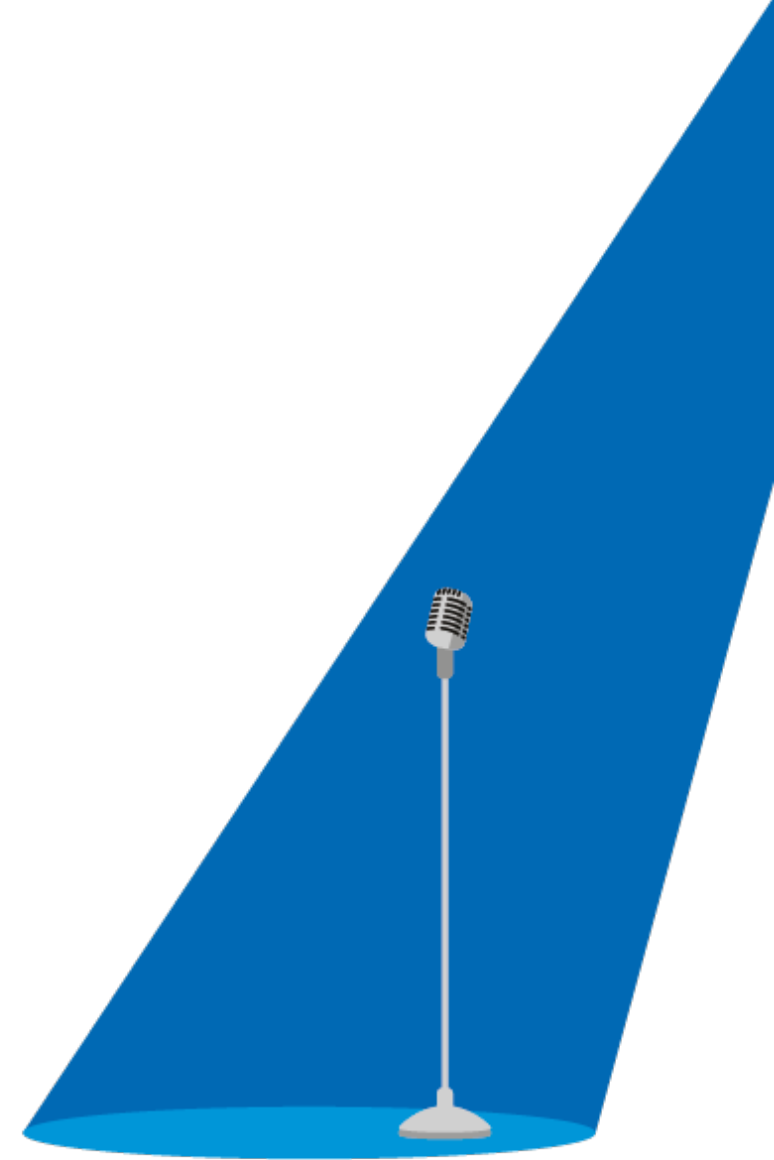
Introduction

Format of the webinar

Asking questions

Further webinars and updates

Reference to materials / webinar playback





Webinar presenters



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Agenda

Introduction

Macro economic position

Local economic position

Liquidity / Cashflow

Tax initiatives

Wrap up and Questions





Macro economic situation

Russell Kelly - Managing Partner





Macro economic position

World position

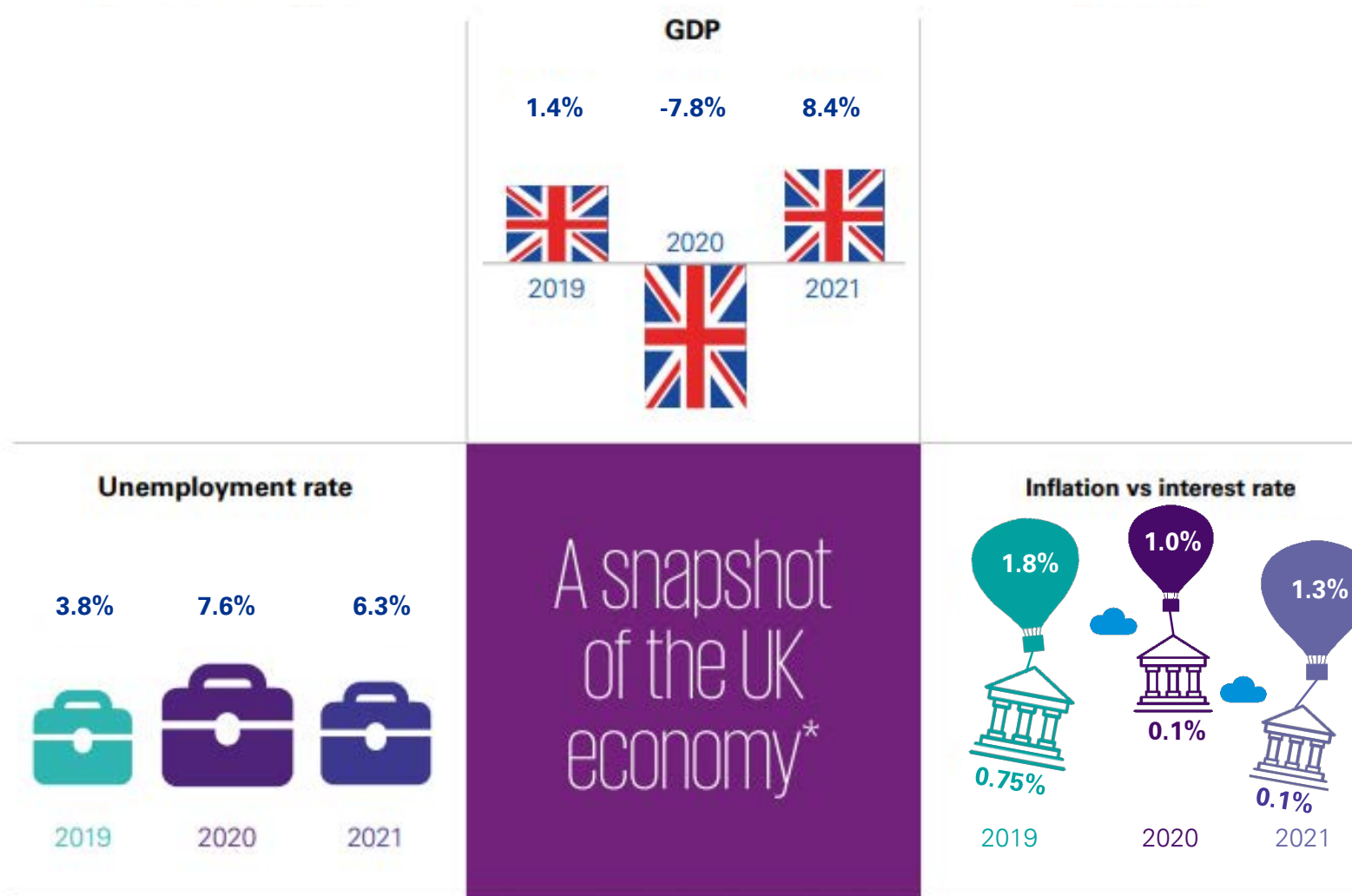
- Wide range of mixed views around length of recession, depth and recovery
- Bandwidth of governments to make a difference
- Prioritisation shift for most businesses to survival mode

UK position

Mixed views, KPMG paper available on our website and key views of this are:

- Main scenario 2020 GDP fall -7.8% and a rebound of 8.4% in 2021
- Inflation to remain low, interest rates remain low

Key UK forecast indicators (7 April 2020*)





Economic situation locally

Russell Kelly - Managing Partner





Local economic position

- **Significant impact across entire economy**
- **Predominantly GDP based on Financial Services and eBusiness. Three key areas:**
 - Insurance sector
 - Private and Corporate Client Administration (CSP)
 - eGaming
- **Key is understanding the profile of underlying clients and their cash position. Risk areas include:**
 - **Leisure sector**
 - **Holders of illiquid assets**
- **“Local” economy**
 - **Significant impact of forced closure**
 - **Ability to mothball and re-ignite**
- **Employee considerations**

Local support measures

- **Wide ranging support programme announced by Government**
- **Very much targeted at the sectors considered to be most at risk**
 - **Hospitality**
 - **Leisure**
 - **Retail**
- **Focus is on the protection of employees and allowing businesses to retain staff for when they eventually reopen**
 - **Wage support measures**
 - **VAT deferral**
 - **Banks have indicated support (more later)**
- **Manx Solidarity Fund**
- **Extensive details available at <http://covid.gov.im>**
- **Total support package valued at c£100m**



Liquidity / cashflow

Catherine Ridge – Senior Manager, Restructuring
Kristan King – Director, Deal Advisory





Liquidity /Cashflow



Cash is king
you can never
do too much
work on liquidity
management

Receipts and
payments
forecast is
the key tool –
**17 weeks is
the new 13**



Key considerations
when **forecasting**

- Revenue
- Expenses
- Assumptions
- Stress testing

Prioritise cash
outgoings
using **Green,**
Amber, Red





Stakeholder management

Shareholders

- Protect equity value
- Develop short term strategy
- Availability of capital



Lenders

- Terms of existing debt
- New debt
- Short term vs long term needs



Regulators

- Ability to comply
- Deadlines for returns
- Tax deferral



Customers

- Communicate regularly
- Innovate in services or operations



Suppliers and employees

- Continuity of supply
- Flexing according to sales activity





Tax measures

Robert Rotherham – Director, Tax





Isle of Man - tax measures to support business

VAT deferral

- VAT payments due 23 March – 30 June 2020 can be deferred to 31 March 2021 (at the latest)
- No late payment interest/ default surcharges
- Returns, refunds and reclaims processed as usual
- Open to all businesses (but be responsible!)

Employers' Class 1 NIC holiday

- 0% rate for March 2020
- Applies to specific sectors: tourist accommodation, catering, entertainment, leisure, travel and tour operators, logistics
- Likely to be extended to April and May

Return filing deadlines

- Individuals, employers and companies – all returns due between 1 April – 5 June now due by 5 June 2020



Other tax issues

**Personal tax
residence**

**Payroll/
permanent
establishment**

**Other tax
issues**

**Company tax
residence**

**Economic
substance**





Wrap up and questions



Dates for your diary

Join us every Wednesday at 10:00 for our webinar:

- 15 April - Liquidity and other considerations in a crisis
- 22 April - Tax update
- 29 April - Managing risk through turbulent times
- 6 May - Financial reporting impacts of COVID-19
- 13 May - Tax update





Thank you





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