



## Coronavirus Update

24 March 2020



Stewart Martin

As each day goes by the effect of the Coronavirus on our daily lives increases, not only from a financial point of view but also a

social one as well. There are numerous articles being issued on what assistance is being offered by the Government, who, have evoked a war time response to the economic and physical health of the country.

Although not all details are clear, we have distilled the key information from HMRC guidance, news articles and any other relevant source to summarise the help available to all businesses affected.

Over the next few days and weeks, we will continue to issue our personal take on the financial assistance and how to obtain this.

We are also available by landline/mobile/email/video and most other forms of electronic communication, should you wish to discuss any of these items with us, please do remember to get in touch!

### ECFS

Many of you will know that we set up a financial services company, EC Financial Services Ltd, some time ago to assist our clients with the planning and management of their investments, insurances and pensions.

The firm continues to operate having de-camped from the office and are now

all working from home. They may be contacted through the normal telephone number (01245 294900) or by email. We know many of their clients have already been spoken to by them but please feel free to pick up the phone or email should you need any financial advice regardless of whether you are a client or not.

Lastly but not least, David Carr, the founder of the firm (also son of the founder of Edmund Carr) is retiring on 31 March 2020 after many years' loyal service. Despite these troubled times our thanks go to him and his family and we wish him a very happy, healthy retirement. Here's to you David – that celebration drink will have to wait a few more weeks yet!

### Coronavirus Job Retention Scheme

Under this scheme all UK employers\* will be able to claim support for paying part of their employees' salary for those employees that would otherwise have been laid off during this crisis. It is a means of keeping staff on the payroll without them being required to work. This is different to staff being laid off without pay or made redundant & is called "furloughing". These employees must not work for the employer during the furlough period & it is hoped they will then return to their job once the crisis is over.

The employer must consult with the employee & the employee must agree to the procedure. Contracts of employment & employment law require consideration.

We recommend:-

- Employees are selected for

furloughing in a fair way

- Written consent from the employee is obtained
- Clear instructions are given to ensure that no work is carried out by the employees selected

The scheme is a grant which employers do not have to pay back. It is running on a three month basis for the time being and may be extended. The current details for reimbursement are as follows:

- HMRC will pay 80% of furloughed workers wages, up to a cap of £2,500 per month.
- HMRC are setting up a new online portal for reimbursement.
- The pay will be backdated to wages payable from 1 March 2020.

Employers can pay a reduced salary to 80% but can also supplement this & pay up to the normal salary if they so wish. It is currently unclear as to the items of pay to be included in the 80% claim. All we know is that the cap is £2,500. Once detailed guidance is given we will be in touch.

(\*It has been suggested that businesses with healthy balance sheets may not be able to claim. In our view that would be a very difficult judgement for HMRC to make, especially in current circumstances & think it unlikely. However, if we are proved wrong we will let you know immediately).

### Coronavirus Business Interruption Loan

The temporary Coronavirus Business Interruption Loan Scheme will support SMEs with access to loans, overdrafts, invoice finance and asset finance of up to £5 million and for up to 6 years.

If you think this information might be useful to a friend or colleague, please pass it on.

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The government will also make a Business Interruption Payment to cover the first 12 months of interest payments and any lender-levied fees.

The government will provide lenders with a guarantee of 80% on each loan (subject to pre-lender cap on claims). There are 40 accredited lenders able to offer the scheme, including all the major banks and the scheme is now open for applications.

For further details on the criteria to qualify for the loan visit the British Business Bank website. We advise that you contact your bank directly to seek further advice on the ability to qualify for a loan.

### **Cash Grants**

The government will provide additional Small Business Grant Scheme funding for local authorities to support small businesses that already pay little or no business rates. This will provide a one-off grant of £10,000 to eligible businesses to help meet their ongoing business costs. Your business must occupy a property.

You do not need to do anything. Your local authority will write to you if you are eligible for this grant.

### **Cash grants for retail, hospitality and leisure businesses**

The Retail and Hospitality Grant Scheme provides businesses in the retail, hospitality and leisure sectors with a cash grant of up to £25,000 per property. The cash grant available will be based on business property's rateable value.

If this is £15,000 or less the available cash grant will be £10,000 however if the property has a rateable value of

between £15,000 and £51,000 the business will receive a grant of £25,000.

The properties must be wholly or mainly being used:

- ◇ as shops, restaurants, cafes, drinking establishments, cinemas, live music venues, for assembly and leisure or as hotels, guest & boarding premises and self-catering accommodation

Again, as with the cash grant you do not need to do anything. Your local authority will write to you if you are eligible for this grant.

### **Income tax payment deferral**

Income Tax Self-Assessment payments due on the 31 July 2020 will be deferred until the 31 January 2021. This is an automatic offer with no applications required. No penalties or interest for late payment will be charged in the deferral period.

Eligibility is limited to the self-employed i.e. the deferral does not apply to those that are in self assessment but are not self-employed. Clarification from HMRC is currently being sought on this but our current understanding is that the deferral applies to any taxpayer who was self-employed in the 2018/19 tax year on which the payment on account is based.

### **Time to pay arrangements**

HMRC have scaled up their 'Time to Pay' offer to all businesses and self employed people who are in temporary financial distress as a result of Covid-19 and have outstanding tax liabilities. These arrangements are agreed on a case-by-case basis and are tailored to individual circumstances and liabilities. If you have missed a tax payment or you might miss your next payment due

to COVID-19, please call HMRC's dedicated helpline: 0800 0159 559.

### **VAT payment deferrals**

The Chancellor has announced that in a further bid to support businesses during the COVID-19 pandemic, the Government will allow businesses to defer paying their VAT for 3 months. As it stands, HMRC have said that payments due between 20 March and 30 June 2020 can be deferred.

Please be aware that VAT returns **must still be filed**, by the usual filing deadline, to avoid a penalty.

There is no requirement to apply for this deferral, it will be applied automatically. You will be given until the end of the financial year 20/21 to pay any liabilities accrued during the deferral period. There will be no interest or penalties occurring if you decide to defer. There is currently limited guidance on what to do if you are set up to pay VAT by direct debit, but it would appear that VAT payers must stop the direct debit via their Government Gateway, as HMRC don't have the power to implement this. We suggest you try not to wait until the last minute to make the cancellation, as it may not be implemented, and the payment may be taken. We expect further guidance on this shortly.

You can continue to pay the VAT in the normal way if you wish. VAT refunds will be processed as normal by HMRC.

It should be mentioned that foreign businesses with UK VAT registrations are excluded.



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**SSP**

From 13 March, employers can pay up to two weeks SSP from day one of absence, in respect of employees who are away from work due to COVID-19. All other sickness absence will still have to adhere to the three waiting days before SSP kicks in.

The weekly SSP rate is currently £94.25. From the new tax year this increases to £95.85

To be eligible for the reclaim, the employer must have had fewer than 250 employees on 28 February.

Employers will need to keep a record of why the employee was absent, and SSP payments made.

Employees do not need to provide a fit note, but employees can request an isolation note from NHS 111 online.

Employees who live with somebody with symptoms of the virus, can request a note from the NHS website.

The government are yet to announce how these payments can be reclaimed, but as soon as we have more information, we will pass it on to you.

**Business rates holiday for retail, hospitality and leisure businesses**

The 100% discount for business rates for retail, hospitality and leisure businesses in England for the 2020 to 2021 tax year is being implemented by

updating the retail discount announced in the Budget on 11 March 2020. It will now be known as the Expanded Retail Discount.

**What businesses can get the 100% relief?**

The eligibility criteria are that the business is based in England and is in the retail, hospitality and/or leisure sector.

**What properties will benefit?**

The guidance uses the term “occupied hereditaments” that are wholly or mainly being used:

- \* as shops, restaurants, cafes, drinking establishments, cinemas and live music venues
- \* for assembly and leisure
- \* as hotels, guest & boarding premises and self-catering accommodation

**Where is the detailed guidance on which properties qualify?**

This can be found in the [expanded retail discount guidance](#) for local authorities, which can be accessed via the COVID - 19 business section on gov.uk.

**How will the relief be given?**

There is no action businesses need to take. The relief should be applied to the next council tax bill in April 2020. However, local authorities may have to reissue bills automatically to exclude the business rate charge; the guidance states this will be done as soon as possible.

**Tax investigation service**

Our tax investigation service is an annual service running from 1 April to 31 March which clients can opt to subscribe to. Renewal letters and invitations have been sent out by post for the year commencing 1 April 2020. For existing clients who subscribe to this service we would remind you that the completed response slip should be returned together with the payment of the fee on or before 31 March 2020 otherwise cover will lapse. For any clients who wish to take up this service for the first time the service will commence from 1 April 2020 or from receipt of payment of the relevant fee if later. If you have not received details in the post then please contact [pdrain@edmundcarr.com](mailto:pdrain@edmundcarr.com) and Patricia Drain will be able to supply the necessary form and details of how to pay.

**Disclaimer**

This newsletter is intended to give general guidance only and no liability can be accepted for any action taken based on the information given.

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