



Newsletter

October 2020

Foreword

We are pleased to say our office is now open, on a reduced staffing level, from Monday to Thursday 9.00 am to 5.15pm each day, subject to any local lockdown rule changes. Should you wish to visit please call ahead, wherever possible, to book an appointment.

When we entered lockdown back in March of this year many of us thought that life would be back to normal well before the Autumn. Instead, we continue to live under severe restrictions that impact on our daily life with the possibility of further restriction being imposed at any time.

The Government originally provided a raft of assistance, which, on the face of it was very simple, but in reality was far more complicated than we could have imagined.

It is now clear that continued restrictions will last well into next year, and the Government has announced further measures to help minimise the impact on the wellbeing of the economy, businesses and individuals. Once again although simple in principle the details appear to be far from it.

Below is a summary of the new and extended schemes available, together with some additional topical points arising due to Brexit changes.

We will continue to assist & advise on all these matters as & when needed, please continue to contact us to discuss your individual needs & we will be very pleased to help in any way we can.

Job Support Schemes

The current government scheme, the Furlough Scheme, comes to an end on 31 October. The last day for making claims is 30 November 2020.

The new arrangement, called the Job Support Scheme (JSS), commences on 1 November 2020 & will end on 30 April 2021. The rules on participation are: -

- Employees will need to work a minimum of 33% of their usual hours (this will be reconsidered by the government after 3 months)
- For every hour not worked, the employer & the government will each pay one third of the employees usual pay
- Employees on redundancy notice are not eligible

- The government contribution will be capped at £697.92 per month & will not cover employers NI or pension contributions
- Employees must be on an employers PAYE payroll on or before 23 September 2020.
- Employers must have a UK bank account & a UK PAYE scheme.
- All small & medium sized businesses will be eligible
- As with the previous scheme employment law must continue to be observed & staff must be paid at least the national minimum wage.

Employees can receive at least 77% of their pay, where the government contribution has not been capped.

Where coronavirus measures have forced firms to shut by law through local lockdowns the scheme has been expanded to provide additional support. Please contact us if you are affected by this.

Where you have asked us to deal with these claims on your behalf our fees will continue at the rate of £20 per person per claim where clients provide us with the correct information to process the payroll. We will provide a template to assist in this respect. Where clients do not provide this information & for employee claims on weekly/4 weekly payrolls the fee will rise to £30 per person per month.

Jobs Retention Bonus

This bonus, which was announced in July, will provide a one-off payment of £1000 to UK employers for every furloughed employee who remains continuously employed through to 31 January 2021 & who earns at least £520 per month on average between 1 November 2020 & 31 January 2021. You do not have to pay this bonus to your employee but it is taxable in your accounts. The bonus can be claimed between 15 February & 31 March next year.

Currently we are unsure of the claim procedure & cannot therefore determine our fee for handling this for clients. However, on the basis the work will be similar to the furlough claims our expectation is that it will be £20 per employee claim.



Government support for Bank Loans

The Chancellor announced on 24th September that more flexibility will be given on repaying a Bounce Back loan. The length of the loan was originally 6 years, but this has been extended to 10 years which is intended to significantly reduce the monthly repayments. Interest-only periods and payment holidays will also be available to businesses if required.

It is also intended to give Coronavirus Business Interruption Loan Scheme lenders the ability to extend the length of loans from a maximum of 6 years to 10 years if it will help businesses to repay the loan.

The deadline for applying for the various loan schemes has been extended to 30th November 2020.

Self Employed Income Support Scheme (SEISS) Extension

The Chancellor recently announced an extension of the scheme from 1 November 2020 to 30 April 2021 and the third grant will be for a maximum amount of £1,875. The amount of the fourth grant is yet to be announced. The basis of calculation is the same as for the two earlier grants, but the focus of the grants under the extension is different, as these are targeted at viable businesses. This is bound to cause some controversy in terms of what is a viable business, as we understand that businesses which are prevented from re-opening by government rules on Covid 19 will not be able to claim. A temporary closure, for example caused by a local lockdown, will not affect the ability to claim the grants.

Eligible claimants, who can be individual sole traders or a member of a partnership, must:

- currently be eligible for the Self-Employment Income Support Scheme (although they do not have to have claimed the previous grants),
- declare that they are currently actively trading and intend to continue to trade, and
- declare that they are impacted by reduced demand due to coronavirus in the qualifying period (the qualifying period for the grant extension is between 1 November and the date of claim).

The conditions will need to be satisfied separately for the third and the fourth grants.

More HMRC guidance is awaited on claiming and applications.

Support measures for Self Employed Taxpayers

Self-assessment taxpayers are now able to pay the following amounts in monthly instalments, up to 12

months:

- the deferred payment on account bill from July 2020
- any outstanding tax owed for the year ended 5 April 2020, and
- the first payment on account for the year ended 5 April 2021.

From 1 October 2020, provided the liability is between £32 and £30,000, self-assessment taxpayers can set up a payment plan (Time To Pay) online without the need to contact HMRC.

They must have no:-

- outstanding tax returns,
- other tax debts, and
- other HMRC payment plans set up.

The payment plan needs to be set up no later than 60 days after the due date of a debt. Customers using self-serve Time to Pay will be required to pay any interest on the tax owed. Interest will be applied to any outstanding balance from 1 February 2021.

Be aware of scams claiming to be from HMRC, offering help to set up payment plans to pay any tax owed.

Import and Export Changes from January 2021

The UK is due to exit the Brexit transition period on 1 January 2021 and for businesses dealing in the importing and exporting of goods there will be significant changes to the way the goods are traded cross-border between the EU and UK from this date onwards.

The EU has announced that Member States will impose full border customs checks and new rules will apply to UK businesses trading in Europe from 1 January 2021.

The implementation of border controls will result in increased administration and is likely to require new skills and more people. In addition, the commercial impacts such as potential delays at borders and increased costs also need to be considered. Due to the complexities of these changes HMRC has introduced a grant to fund the training for people who will require new skills to enable their businesses to comply with these rules from 1 January 2021.



Deferred VAT payments due to coronavirus

For businesses who deferred VAT payments due from 20 March to 30 June 2020, instead of having to pay in full by 31 March 2021 they will now have an option to pay in smaller payments over a longer period to March 2022.

Those who wish to make the payment over the longer period will need to opt-in to the scheme, and more details are to follow on how the scheme will work. Those that can pay their deferred VAT can still do so by 31 March 2021.

New Capital Gains Tax Reporting for Residential Property Disposals – 30 Day Deadline

A reminder that new rules were introduced for UK individuals and trusts disposing of residential property after the 6 April 2020. These disposals must now be reported online to HMRC and any CGT liability arising must be paid within 30 days of the property sale. Where properties are held in joint names or in a partnership, each individual owner will be required to submit a return. This is in addition to reporting the gain on the annual self-assessment return.

Exceptions to these rules apply in the following cases:

- Where the gain is covered by principle private residence (PPR) throughout the period of ownership.
- If losses arise on the disposal of the property.
- If the gain will be sheltered by capital losses crystallised before the disposal has taken place.
- The gain on the disposal is covered completely by the individual's annual exemption.

If you need any assistance with making this online return or calculating the tax due please let us know and we can help you with this.

The Domestic Reverse Charge for VAT Registered Businesses in the Construction Sector

HMRC originally planned for these regulations to come into effect on 1 October 2019, but this was delayed in response to concerns that businesses were not ready to implement the required changes. This is now set to be introduced on 1 March 2021.

The concept of these rules is to reduce the scope of VAT fraud occurring within the construction industry and will mean that the customer who receives supplies of construction services must self-account for the VAT due on these supplies on their VAT return rather than the supplier.

Those businesses operating in this sector should prepare for these changes in the following ways:

- checking whether the reverse charge affects either their sales, purchases or both
- making sure accounting systems and software are updated to deal with the reverse charge
- considering whether the change will have an impact on cashflow

We will be sending more detailed guidance to those affected by this in due course but if you have any questions in the meantime please do not hesitate to contact us.

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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