

Covid-19

Gall Robertson CA Update 24 March 2020

At the time of writing this is current information relating to the Job Retention Support and VAT deferral scheme.

The Job Retention support is raising lots of questions and we are happy to advise on this if you wish to call.

Job Retention Support and VAT deferral scheme

Two useful sites are as follows:

<https://www.gov.uk/government/publications/guidance-to-employers-and-businesses-about-covid-19/covid-19-support-for-businesses>

<https://findbusinesssupport.gov.scot/coronavirus-advice>

Coronavirus Job Retention Scheme

<https://www.businesssupport.gov.uk/coronavirus-job-retention-scheme/>

A new Coronavirus Job Retention Scheme will be set up to help pay people's wages. Employers will be able to contact HMRC for a grant to cover most of the wages of their workforce who remain on payroll, but are temporarily not working during the Coronavirus outbreak.

Any employer in the country, small or large, charitable or non-profit, will be eligible for the scheme.

The Scheme

The aim of the scheme is to protect jobs and avoid redundancies arising as a result of the crisis.

Details so far include:

The Government will pay up to 80% of workers' pay, up to a maximum of £2,500 a month; Employers can contact HMRC to obtain a grant to subsidise pay for workers who are not working due to Coronavirus, although further definition of this is yet to be released; The scheme is stated to cover all workers paid through PAYE, so potentially not just employees; and

The scheme will cover the cost of wages backdated to 1st March 2020 and for at least three months going forward. In addition, no limit has been placed on the amount of money available.

The Chancellor confirmed that the scheme applies across the whole of the UK, including Scotland.

The measures have been widely welcomed - although the government is being pressured to consider further intervention to help self-employed people however we have written more on Self-Employed later in this document.

What employers need to do

Employers will need to designate affected employees as furloughed workers, and notify their employees of this change.

They must note that changing the status of employees remains subject to existing employment law and, depending on the employment contract, may be subject to negotiation.

They will then need to submit information to HMRC about the employees that have been furloughed and their earnings through a new online portal. HMRC will set out further details on the information required in the coming days.

When can I as an employer access it?

HMRC are working urgently to set up a system for reimbursement. It is expected that the payment of grants will be made within weeks and hopefully by the end of April.

Support for businesses through deferring VAT and Income Tax payments

<https://www.gov.uk/government/publications/guidance-to-employers-and-businesses-about-covid-19/covid-19-support-for-businesses#support-for-businesses-through-deferring-vat-and-income-tax-payments>

The Government will support businesses by deferring Valued Added Tax (VAT) payments for 3 months. If you are self-employed, Income Tax payments due in July 2020 under the Self-Assessment system will be deferred to January 2021.

VAT

For VAT, the deferral will apply from 20 March 2020 until 30 June 2020.

Eligibility

All UK businesses are eligible.

How to access the scheme

This is an automatic offer with no applications required. Businesses will not need to make a VAT payment during this period. Taxpayers will be given until the end of the 2020 to 2021 tax year to pay any liabilities that have accumulated during the deferral period. VAT refunds and reclaims will be paid by the government as normal.

Income Tax

For Income Tax Self-Assessment, payments due on the 31 July 2020 will be deferred until the 31 January 2021.

Eligibility

If you are self-employed you are eligible.

How to access the scheme

This is an automatic offer with no applications required.

No penalties or interest for late payment will be charged in the deferral period.

Tax Time to Pay

HMRC have also scaled up their Time to Pay offer to all firms and individuals who are in temporary financial distress as a result of Covid-19 and have outstanding tax liabilities.

<https://www.gov.uk/government/publications/guidance-to-employers-and-businesses-about-covid-19/covid-19-support-for-businesses#support-for-businesses-paying-tax-time-to-pay-service>

Self Employed

Useful information for individuals impacted is attached:

<https://www.gov.uk/government/publications/support-for-those-affected-by-covid-19/support-for-those-affected-by-covid-19>

If you are self employed and fall into one of the following categories:

- You are self isolating because you have Coronavirus. The chancellor has announced that the “self-employed can now access in full universal credit at a rate equivalent to statutory sick pay for employees”. The Government has promised that if you are sick or if you have been advised to self-isolate, you will be able to claim Employment and Support Allowance (ESA) from day one instead of day eight. Mr Sunak has said that he is raising the payments for Universal Credit so that the self-employed receive the same amount as someone on statutory sick pay, or £94.25 a week. You can make a claim for new style Employment and Support Allowance on the Government's website. You'll need to fill in a NSESAF1 claim form to apply for "New Style" ESA.
- You have had a letter from the government advising you to stay at home for 12 weeks as you are in the high risk category. There is no guidance currently on this – but you will be eligible for universal credit – it is unclear whether this will be at the statutory sick pay level.
- You have closed on public health advice – you are entitled to universal credit and should apply on line.
- Your income has significantly reduced but you are still working where possible – you are entitled to make a claim under universal credit and the minimum income floor has been temporarily suspended.

<https://www.understandinguniversalcredit.gov.uk/coronavirus/>

Business Rates

<https://www.mygov.scot/non-domestic-rates-coronavirus/>

Cash Grants

<https://www.businesssupport.gov.uk/cash-grant-for-retail-hospitality-and-leisure/>

Coronavirus Business Interruption Loan Scheme (CBILS)

The Loan Scheme is now available through participating lenders.

<https://www.british-business-bank.co.uk/ourpartners/coronavirus-business-interruption-loan-scheme-cbils/>