

A message to our clients regarding Coronavirus (covid-19)

We are confident that the plans we have put in place will enable us to maintain our high level of service for clients

The following pages provide as much information as we could possibly gather at this stage.

We hope that you will find the contents helpful in understanding the schemes available from the government.

We will endeavour to keep our updates coming on a weekly basis and elaborate more on the topics as and when the information is made available to us.

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Source- HMRC and Other Related Articles

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Coronavirus business rates update

UPDATE, 26 March - Further guidance from the Ministry of Housing, Communities and Local Government clarified the criteria for a separate 100% Nursery Discount for business rates announced on 18 March after objections from the industry that it had been left out of the holiday available to retail, hospitality and leisure businesses. Businesses will be entitled to the relief if they occupy premises listed on Ofsted's Early Years Register.

Estate agents, lettings agencies and bingo halls that closed as a result of Covid-19 measures to restrict the spread of the virus will also be exempted from business rates in 2020-21, the Treasury announced on Wednesday.

These concessions announced by the Treasury apply to England only. The Scottish and Welsh governments issued their own guidance this week on how the grant award schemes will operate within their jurisdictions.

The Scottish guidance differs from England in the following ways:

- The threshold for £25,000 grants for small business is £18,000 rather than £15,000.
- All non-domestic properties in Scotland will get 1.6% rates relief, applied automatically.
- Retail, hospitality and leisure businesses will get 100% rates relief, as in England, also applied automatically.

Guidance from the Welsh government sets the threshold for the £25,000 grant payment for retail, leisure and hospitality businesses is £12,001 – lower than in England or Scotland.

Businesses in Wales can also access loan and equity funding via the Development Bank of Wales.

The small business grants announced at the time of the Budget were originally set at £3,000 for those entitled to the small business rates relief (SBRR). But less than a week later, on 17 March, the Chancellor announced a business rates holiday for all businesses in England for 2020-21. Alongside which was increased grants for £10,000, plus another £15,000 on top for retail, hospitality and leisure businesses in properties with rateable values between £15,000 and £51,000.

After 13 days of questioning on how firms could claim the grants, the Department of Business, Energy and Industrial Strategy (BEIS) issued guidance to local authorities on Tuesday explaining the criteria and conditions around the grant schemes.

All that needs to happen now is for local authorities to set up administration systems with the relevant data fields to satisfy BEIS oversight requirements and contact eligible businesses...

A 12-page grant funding schemes PDF introduces two new acronym-heavy schemes empowering local authorities to dispense grants to businesses under the following criteria:

- **Small Business Grant Fund (SBGF)** – £10,000 available to those eligible for the small business rate relief scheme or rural rate relief scheme– essentially firms occupying properties with a rateable value of less than £15,000.
- **Retail, Hospitality and Leisure Grant (RHLG)** – enhanced grant created for businesses that qualified for the Expanded Retail Discount announced all the way back in late January. Retail, hospitality and leisure businesses with a rateable value of up to £15,000 will get a grant of £10,000, while those with property valuations between £15,000 and £51,000 will be eligible for £25,000.

Some of the key conditions affecting both schemes include:

- Effective from 11 March 2020. Businesses that were dissolved before that date will not be eligible
- Only available for companies in England
- Premises occupied for personal uses will be excluded, along with car parks and parking spaces
- Local authorities can choose to withhold or award grants where they feel their valuations for a property were inaccurate on 11 March 2020. “This is entirely at the discretion of the local authority and only intended to prevent manifest errors,” the BEIS advised.

Nor will the small business grants be available for home-workers who do not pay business rates.

HMRC answers VAT payment deferral questions

HMRC emphasised that the VAT payment deferral will operate automatically, but those who pay by direct debit will need to temporarily cancel their mandates.

While businesses will not have to apply for the deferral announced last Friday, organisations which usually pay their VAT liabilities by direct debit will need to cancel their mandate with their bank if they are not able to pay, HMRC advised. “Please do this in sufficient time.”

The corona virus deferral will apply to all VAT payments due between 20 March and 30 June, with an option to defer payments up until 31 March 2021. Annual payments and payments on account due between 20 March and end June can also be deferred.

Interest will not be due if the payment has been deferred as a result of this announcement, HMRC said: “HMRC will be inhibiting all default surcharges and interest will not be accrued on amounts deferred as a result of this announcement.”

In answer to a question about penalties, HMRC said that while surcharges would be “inhibited” during the deferral period, **“Businesses need to continue to render their VAT return on time.”**

HMRC will be publishing further guidance on the announcement in due course. For any further updates, keep an eye on the [Businesssupport.gov.uk VAT Deferral](https://www.businesssupport.gov.uk/vat-deferral) page.

What about corporation tax?

Clients have also been speculating during the past week whether the government would extend the tax payment deferrals to corporation tax. In answer to these queries, HMRC replied: **“CT payments must be paid in line with existing rules.** For businesses who are struggling to pay their tax bill on time, HMRC is also delivering an enhanced Time to Pay offer to fit the specific impacts of COVID-19.

“Time to Pay is available to all businesses and individuals who are in temporary financial distress as a result of COVID-19 and are unable to pay their tax on time or have existing liabilities. HMRC has set up a dedicated helpline to enable those eligible to get practical help and advice which can be reached by calling 0800 0159 559.”

HMRC provide Furlough Scheme details

HMRC have published more information on how employers can claim for furloughed employees.

The good news is that the process appears to be pretty straightforward and the application and payment process is not dependent on payroll software having to make any additional changes.

This means that employers can make their claims (backdated if appropriate to 1 March 2020) for any minimum 3 weeks period without waiting for software updates.

Payments will be made directly into employers' bank accounts and so again, there should be no undue delay from any third party (obviously HMRC will be under a massive amount of strain because of the anticipated volume of applications).

The less good news is that employers won't be able to apply until HMRC have made the online portal available, which will be sometime before the end of April.

But that still means you can get the information together in preparation.

I'm not going to replicate the document here, because it needs to be read in full, but some of the key points are:

1. This relates to employed people (whether on salaries or variable/zero hour contracts);
2. For variable hour workers the calculation is the higher of either the same month's earning from the previous year, or the average monthly earnings from the 2019-20 tax year (average monthly earnings for the employed period for employees who have worked less than a year)
3. National Minimum Wage does not apply to furloughed earnings, but any earnings for hours actually worked (including training) must be paid at least at NMW/NLW rates;
4. A 2 week break for new mothers (4 weeks if they work in a factory/workshop) is mandatory. Normal SMP provisions also apply, should mothers continue to want to have a longer break;
5. Automatic Enrolment still applies (with contributions and calculations based on the payments made - so no difference in the calculation method there);
6. National Insurance liabilities apply for employers on the paid amount;
7. Employers can top up from the 80% level;
8. Employees made redundant since 28 February 2020 who are re-employed can be claimed for;
9. Any redundancies at the end of this scheme will still have the same statutory obligations attached (i.e. these individuals are still treated as being employed while they are furloughed).

Much more comprehensive information from HMRC is available at

<https://www.gov.uk/guidance/claim-for-wage-costs-through-the-coronavirus-job-retention-scheme#claim>

Help announced for coronavirus-hit self employed

Self-employed and freelance workers finally received news of the government's coronavirus support package on Thursday evening, but the Chancellor's much-mooted bailout is set to make them wait until the beginning of June for the pay out.

Telling self-employed workers: “I know that many self-employed people are deeply anxious about the support available for them... To you, I say this: You have not been forgotten. We will not let you behind. We are all in this together,” said Sunak.

Sunak’s biggest lifeline to struggling self-employed was a new self-employed income support scheme that treats these workers with the same parity as furloughed employees, under the coronavirus jobs retention scheme.

The new scheme will pay those “who make the majority of their income from self employment” **80% of average monthly profits for the last three years up to a maximum of £2,500.**

Sunak confirmed that the scheme will be open for “at least three months” but as he has done with other COVID-19 measures, he has the option to extend it if necessary.

The scheme will have an earnings cap of £50,000 and cover 95% of self-employed workers, the Chancellor said.

In order for self employed workers to qualify for this scheme, Sunak said they must have filed a 2018/19 SA return. The government added this condition to minimise fraud, but the Chancellor admitted that they’re designing these schemes at pace and “shouldn’t let perfect be the enemy of good”.

People who started trading in 2019/20 would need to “look at the extra support in the welfare system”, Sunak advised.

The Chancellor added that anyone who missed the 31 January SA deadline had four weeks from today (27.03.2020) to submit their tax return in order to meet scheme’s requirements.

Little joy for one-director companies

The question everybody was raising during the week as whether directors of one-person limited companies would be able to claim self-employed income support.

The last paragraph in [the self employed scheme guidance](#) from HMRC did offer a semblance of hope for directors: "If you're a director of your own company and paid through PAYE you may be able to get support using the Job Retention Scheme (JRS)."

But it is widely thought that personal services companies (PSCs) will get little joy from the self-employed packaged announced.

"Even if they can qualify for the JRS, they would only get money up to 80% of their salary. Many PSCs pay their owner a very small salary and the rest as dividends - the dividends will not count for support."

More waiting to come

Self-employed workers have received some clarity from today's announcement, but they still have a little more waiting to do. First HMRC will contact the self employed directly and ask they apply through an online portal, which isn't available yet, and then these grants don't kick in until June.

The pay outs will then be backdated to 1 March.

Since June is over two months away, self-employed people unable to work will instead have to bridge the gap through accessing the [business interruption loans](#) or claiming universal credit in full.