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CHARTERED ACCOUNTANTS & CHARTERED TAX ADVISERS

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CORONAVIRUS SUPPORT SCHEMES

An awful lot has changed in the last fortnight as the coronavirus epidemic in the UK continues to adversely affect many individuals and businesses. As a consequence, the Government has announced a raft of emergency measures to try and keep the UK economy afloat.

These cater for employees, more than five million people who are registered as self-employed and almost six million private-sector businesses. The questions many business owners have already raised range from which scheme is open to me to how do I access it? The following information is accurate as of 2 April 2020 and may be subject to future change.

Coronavirus job retention scheme

This is a temporary scheme open to all UK employers for at least three months, starting from 1 March 2020. It is designed to support employers whose operations have been severely affected by the coronavirus (COVID-19).

The scheme intends to protect jobs by offering employers the opportunity to furlough employees, or in other words, give them a leave of absence.

During a 'furlough' period, which must last at least three weeks, the furloughed employees must not undertake work or provide services for their employer. Employers can then claim for 80% of furloughed employees' usual monthly wage costs, up to £2,500 a month. The associated employer national insurance contributions and minimum workplace pension contributions (3%) on that wage can also be claimed.

The scheme is open to all UK employers that had created and started a PAYE payroll scheme on 28 February 2020 or earlier. The online service which will be used to make this claim is not yet available, although HMRC expects it to be up and running by the end of this month.

More details on eligibility and how much can be claimed to cover wages for furloughed employees can be found on HMRC's website.

Self-employed income support

This scheme will provide a taxable grant worth 80% of a self-employed individual or partner in a partnership's trading profits for an initial three months.

It is based on trading profits of less than £50,000 in 2018/19, or average trading profits of less than £50,000 between 2016 and 2019.

Sole traders or partners can claim up to £2,500 a month for three months and HMRC will pay the grant as a lump sum directly into their bank account.

As the scheme is based on Tax Returns, HMRC already has the information it needs to determine if a sole trader or partner is eligible for the grant. HMRC have stated that they will contact the individual directly and then invite them to submit a claim through the gov.uk website.

If you fall into this bracket and have lost income as a result of COVID-19, more information can be found on gov.uk.

Deferred tax payments and obligations

Payments on account

Anyone who has to send in a Tax Return for 2019/20 through self-assessment and pay Income Tax can defer the second payment on account for 2019/20. In a normal year, these would be due before 31 July 2020 but can now be deferred until midnight on 31 January 2021.

VAT payments

VAT-registered businesses that have been affected by COVID-19 have the option to defer any VAT payments due between 20 March and 30 June 2020. HMRC does not need to be notified of the deferral. If you pay by direct debit, you will need to put a stop on the direct debit payment from the business's bank account.

This is only a deferral, however, and any payment deferred during this period of uncertainty will need to be paid by 31 March 2021.

Companies House

Around 4.3 million businesses in the UK can apply to Companies House for a three-month extension to file their accounts. Companies that apply and cite coronavirus-related disruption will automatically be granted the three-month extension. Applications can be made online and should take around 15 minutes to complete.

Finally, a word of warning – the Coronavirus has also sparked an outbreak in the number of scam emails/text messages/phone calls which fraudsters are using to try to take advantage of the current situation. We would advise you to be extra vigilant when responding to such communications and never disclose personal information or bank details unless you are completely sure who you are communicating with. HMRC will never contact you via email or text message asking you to disclose such information or notifying you of a tax refund due etc. so if you receive such communications, they are almost certainly fake. Any such suspicious emails can be forwarded to HMRC at phishing@hmrc.gov.uk or text messages sent to 60599.

The above is for general guidance only and no action should be taken without obtaining specific advice.

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