

COVID-19 Update

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HAWSONS CHARTERED ACCOUNTANTS



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Introduction



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Hawsons understand that this is a difficult time for businesses and households. We hope that the information we have provided in this newsletter will be helpful to you.

If you are a business owner or an employee and are unsure what to do next, please get in contact with your usual Hawsons contact who can point you in the right direction. If you are not a client of Hawsons please fill out this short [contact form](#) and we will be in touch shortly.

We want to assure all of our clients that Hawsons will be here to support them through this difficult time. We hope you find the information contained in this newsletter to be of use.

Please stay safe. From everyone at Hawsons

Self-Employment Income Support Scheme

On 26 March the Chancellor announced his plans to support the self-employed during the COVID-19 pandemic. In some ways it is very similar to the previously announced Job Retention Scheme. The Self-Employment Income Support Scheme allows self-employed workers to claim a taxable grant worth 80% of their trading profits up to a maximum of £2,500 per month for the next three months.

Who can apply for the scheme?

You can apply if you are a member of a partnership or self-employed and:

Your Income Tax Self-Assessment tax return has been submitted for the 2018-19 tax year

You have traded in the 2019-20 tax year

You would be trading if it were not for the interruption of COVID-19

You have plans to trade in the 2020-21 tax year

You have lost trading/partnership profits due to the COVID-19 pandemic

Additionally, your trading profits must be less than £50,000 and you must earn more than half your income through self-employment. This is determined by at least one of the following conditions being true:

“having trading profits/partnership trading profits in 2018-19 of less than £50,000 and these profits constitute more than half of your total taxable income”

“having average trading profits in 2016-17, 2017-18 and 2018-19 of less than £50,000 and these profits constitute more than half of your average taxable income in the same period”

HMRC will use the data from your 2016/17, 2017/18, and 2018/19 Income Tax Self-Assessment tax return. **Therefore, if you have not submitted your 2018/19 Income Tax Self-Assessment tax return yet you will need to do so by 23 April 2020 or you will be ineligible for the scheme.** To calculate your monthly amount HMRC will total your total trading profit for the last three tax years and divide by three.

How to apply

The Scheme is not open yet, HMRC will contact you in due course if you are eligible for the scheme.

For more information visit the government website:

<https://www.gov.uk/guidance/claim-a-grant-through-the-coronavirus-covid-19-self-employment-income-support-scheme>

COVID-19 Government Funding Update

Please note that current guidance is changing all the time but the following is an up to date summary as at 23 March 2020 of current schemes in place to assist with business interruption resulting from the Coronavirus outbreak.

Coronavirus Job Retention Scheme

The Coronavirus job retention scheme covers any employees in any business, charity, or non-for-profit organisation. This scheme covers any employees who are now unable to work due to COVID-19 (but have been retained), this scheme covers up to 80% of your monthly salary of up to £2,500 per month.

You will be able to backdate and claim from 1 March 2020. The government has said that there will be no limit on funding for this scheme which will be open for an initial period of 3 months but will be extended if needed.

Income Tax and Deferred VAT Payments

HMRC have updated their guidance to confirm that all individuals in Self Assessment, not just the self-employed, will now be eligible to defer their July 2020 payments on accounts until January 2021.

The Chancellor has announced that VAT payments can be deferred for the next 3 months. All VAT-registered UK businesses are eligible for the deferral.

Statutory Sick Pay

The government has announced that SMEs (fewer than 250 employees) will be able to reclaim their Statutory Sick Pay (SSP) paid for employees that have been off work due to COVID-19 (or are self-isolating). This reimbursement will cover up to 2 weeks SSP for each eligible employee who has not attended work due to COVID-19. The current rate of SSP is £94.25.

It is vitally important you keep accurate records of SSP payments and staff absences. If evidence is needed by the employer you will be able to get an isolation note from [NHS 111 online](#). Furthermore, if someone in your home has had the symptoms you should be able to get a note from the [NHS website](#).

Rate Relief for Leisure, Hospitality and Retail Businesses

The government has introduced a business rates holiday for leisure, hospitality and retail businesses for the 2020/21 tax year. There is no limit to rateable values on this scheme and any businesses that have been temporarily closed as a result of COVID-19 will be treated as occupied for the purposes of this relief.

In addition, the government will support small businesses through the Small Business Grant Scheme for businesses that already pay either very small or no business rates. The government will provide a one-off grant of £10,000 to eligible small businesses across the country to help with on-going business costs.

Grants for Leisure, Hospitality and Retail Businesses

Again, this scheme is available for any business in the leisure, hospitality and retail sectors and you could receive a grant of up to £25,000 if you have a rateable value between £15,000 – £51,000. If your business has a rateable value of less than £15,000 you will be eligible for a grant of up to £10,000.

Coronavirus Business Interruption Loan Scheme

This new scheme was launched on 23 March and is aimed at supporting small and medium sized businesses with turnover up to £45 million. Lenders will receive an 80% backed guarantee from the government on each loan. This should provide confidence to lenders providing loans to SMEs. The scheme will support loans of up to £5 million in value. The government will also cover the interest payments for the first 12 months.

Time to Pay (TTP)

TTP has been available to businesses for over a decade, but HM Treasury has announced a stepping up of resource and a specific COVID-19 helpline that businesses can call. TTP allows a business to defer current (as opposed to prospective) tax debts (principally corporation / income tax, payroll taxes and VAT – but theoretically any other tax or duty) by converting settlement to instalments over a 3-12 month period. As part of the process, directors are expected to provide written confirmation that the instalment will be made on time.

Businesses with a Customer Compliance Manager should discuss this with them in the first instance. All others are encouraged to contact HMRC's helpline on 0800 0159 559. The process can take less than an hour in a simple situation where the amount to be deferred is less than £750K. Agreement for deferral of larger sums will take longer.

Coronavirus Guidance Update for Charities

At this moment in time many charities will be understandably concerned about what the COVID-19 outbreak means for them. The government want to assure charities that they will be as flexible and pragmatic as possible during the coronavirus outbreak. They will also advise trustees to consider what their decisions will mean for the charity on a long term basis.

Annual General Meeting (AGM)

Many charities have asked if they can postpone or cancel their AGM and other key meetings. The government has said that their own health advice may have to lead to the cancelation of important charity meetings and events. Furthermore, the Charity Commission (the CC) have asked that where possible they would like charities to submit their annual reports on time. However, the CC will be understanding if you are unable to do this if your AGM is postponed or cancelled. If you cannot submit your annual report on time you will need to call the CC on 0300 066 9197 open Monday to Friday 9am to 5pm.

Video calling and teleconferencing instead of face to face meetings

Holding face-to-face meetings is becoming more and more difficult. Therefore, holding video calls and teleconferencing is now a preferable option, at least in the short term. In some charity governing documents there is a clause that allow the trustees of the charity to meet virtually. Current advice is to check these documents and meet virtually if possible so you can get any immediate annual reports in on time.

If you do not have this clause in your governing document, you can still decide to have virtual meetings. But, you should record this decision and demonstrate that it is for continuing effective governance of the charity.

Coronavirus Guidance Update for Charities

What do charities need to report to the Charity Commission?

The CC understand that the coronavirus outbreak means that charities will face extremely demanding challenges to get through the pandemic. The primary interest of charities must now be to look after the community your charity serves and the people within them.

In terms of reporting incidents to the Charity Commission it is still the trustees' responsibility to do this. They still advise that you should follow the existing guidelines as to whether anything should be reported. However, the CC have also stated that they want trustees to use their own judgement in deciding on what incidents should and should not be reported to them.

What is the position on restricted and unrestricted funds?

Trustees should consider their short, medium and long term aims when considering their charity's financial position. The reserves of the charity can be used to support it during times of uncertainty, however you should consider any restrictions imposed on the use of these funds. Internally designated restrictions may be able to be re-purposed. However accessing restricted funds should only be done as a last resort and the charity should consider the wider implications of taking such action. The CC are available to provide support before taking any such decisions.



NHS England to Protect Pharmacies

The CEO of NHS England and the NHS chief operating officer have announced that community pharmacies in England will be protected during the COVID-19 pandemic. Guidance on claiming the additional funding will be released in due course. In this announcement they also stated that all pharmacy contractors that need to shut because of issues related to COVID-19 will be reimbursed.

Recording costs

Any healthcare providers are strongly advised to accurately record any costs you may have incurred due to responding to COVID-19 as you will be obligated to report incurred costs each month.

It was also announced that: “To support reimbursement and track expenditure we will in due course be asking all relevant organisations to provide best estimates of expected costs from now until the expected end of the peak outbreak. We will provide further guidance with relevant assumptions in order to support you in making these estimates,”.

Reimbursements for Clinical Commissioning Groups (CCGs)

Based upon the assumption of how other countries have done attempting to tackle the virus. NHS England has predicted that “the NHS will still come under intense pressure” which is why they have decided to take action now. Therefore, for services such as “NHS urgent medicines supply service for patients whose general practice is closed” and “medicines delivery service”. “where required” CCGs will be reimbursed which is why it is so important to keep accurate financial records.

Claire Anderson, Royal Pharmaceutical Society (RPS) English Pharmacy Board chair said “it’s vital that income is protected when contract work has to re-focus on COVID-19 to care for patients. This kind of financial lifeline is important to preserve the future functioning of the community pharmacy network,”.

Source: <https://www.chemistanddruggist.co.uk/news/nhs-england-pharmacy-income-protected-during-covid-19-pandemic?cid=ENL-DAILY-LN-TOPSTORY-2020-0318>

VAT Deferral – Cancel your Direct Debit!

The Chancellor has announced that VAT payments can be deferred for the next 3 months. All VAT-registered UK businesses are eligible for the deferral.

If your business normally pays VAT by direct debit, you will need to cancel your direct debit in order to benefit from the VAT deferral. The Treasury has confirmed that it can not cancel direct debits unilaterally, so unless you cancel it, the money will be deducted automatically following the submission of your VAT return. Please do this well in advance of your normal VAT payment date so HMRC do not attempt to collect the payment.

Businesses will not need to make a VAT payment during the deferral period of 20 March 2020 to 30 June 2020. This will generally mean the deferral of the VAT quarter due for payment on 7 April, 7 May or 7 June 2020, or the monthly payments due on each of these dates. Any outstanding VAT payments accumulated during the deferral period will need to be paid to HMRC by the end of the 2020/21 tax year.

It is important that you remember to set up the direct debit again in due course. Businesses should continue to file their VAT returns as normal by the due dates. The Government will pay VAT refunds and reclaims as usual during this period.



Bank of England Update for Businesses and Households

During this difficult time for businesses and households the Bank of England have put together a list of sites where you can find the latest updates from the Government. The following has been circulated by the bank of England:

We're mindful that many businesses and households are struggling and that circumstances are changing fast and some of you have asked where to find information. This may not be comprehensive but we have tried to collect together the most obvious places where you can check what support is available and how it will be delivered. More information will be available from next Monday on the lending schemes – please check the relevant websites.

Government:

The announcement on the Gov.uk website lists the various measures available and who is administering them <https://www.gov.uk/government/publications/guidance-to-employers-and-businesses-about-covid-19/covid-19-support-for-businesses> – it is comprehensive & updated as they add additional measures.

In particular, you will see that grants and business rate relief measures will be administered via Local Authorities (eg Leeds LA are signposting people to the LEP for triage to increase support across multiple issues: <https://www.the-lep.com/business-support/covid-19-support-for-businesses/>). The 'business interruption' loan scheme (up to £5m loans) will launch next week and will be delivered through the British Business Bank and lenders.

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

Bank of England Update for Businesses and Households

Two schemes involving the Bank of England:

The measures on 11th March included a term funding scheme aimed at SMEs delivered via the banks: <https://www.bankofengland.co.uk/news/2020/march/boe-measures-to-respond-to-the-economic-shock-from-covid-19>. Ask your bank about support.

* Another scheme for larger firms via the Bank of England <https://www.bankofengland.co.uk/news/2020/march/hmt-and-boe-launch-a-covid-corporate-financing-facility> and for which there is a market notice explaining some of the detail of how the facility will work: <https://www.bankofengland.co.uk/markets/market-notices/2020/ccff-market-notice-march-2020>. Application forms and pricing will be added to the Bank of England's website on Monday 23rd.

* the Bank will publish a dedicated webpage for corporates seeking to use the CCFF as soon as possible.

The Association of British Insurers have issued a statement on business insurance cover here<<https://www.abi.org.uk/news/news-articles/2020/03/statement-on-business-insurance-and-coronavirus/>> and have a COVID-19 Q&A here<<https://www.abi.org.uk/products-and-issues/topics-and-issues/coronavirus-ga/>> which includes business insurance, trade credit, income protection and pensions and investments.

Get in touch...

Hawsons understand that this is a difficult time for everyone. If you are uncertain what to do next, please do get in touch with your usual Hawsons contact who can point you in the right direction. If you are not a Hawsons client please use this [contact form](#) to get in touch with us and we will be pleased to help you.

In the meantime, please do keep up to date with the latest Government announcements concerning businesses [here](#)



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