

Covid-19 - Latest Updates: 30 March 2020

Government Support for Businesses and the Self Employed

This bulletin provides an update as at the morning of 30 March 2020. Our previous bulletin, which provides detail on previously announced measures, can be accessed here: <http://www.verfides.com/covid-19-government-support-for-businesses-latest-updates-23-march-2020/>

Payment on account of income tax due 31 July 2020 deferred for ALL taxpayers (new measure)

The second payment on account of income tax for 2019-20, which would have been due on 31 July 2020, has been deferred for all taxpayers.

Taxpayers ordinarily make two payments on account of their liability to income tax (and class 4 NICs, if they are self employed). The payments are due on 31 January during the tax year and 31 July after it ends. Each payment is 50% of the balancing payment that was due for the previous tax year.

All taxpayers are required to make these payments unless their balancing payment for the previous year was less than £1,000 or more than 80% of their income tax liability was deducted from payments at source.

The deferral means that every taxpayer with a payment due on 31 July 2020 will NOT be required to make it by that date. Instead, they will be required to settle the remaining liability for 2019-20 on the normal due date for the balancing payment – i.e. 31 January 2021 – giving them an extra 6 months to pay.

This measure will benefit not only the self employed, but all individuals who make payments on account – including those with income from dividends and interest.

Coronavirus Job Retention Scheme (further information)

It is now clear from the Government's latest guidance that its support for businesses under the Coronavirus Job Retention Scheme will include (in addition to 80% of salary or £2,500, whichever is lower, per employee/per month):

- The associated National Insurance Contributions of the employer; and
- The minimum auto enrolment pension contribution on that wage.

Further guidance on calculating these amounts will be issued as the scheme becomes live.

The scheme covers staff who are not required to work / no longer required in the business due to the pandemic if the business keeps them on the payroll (“furloughed” employees). It also covers any employees made redundant after 28 February 2020 provided they are rehired. It does not cover other employees hired after 28 February 2020. The scheme is open to all employers whose PAYE scheme was already open and running on 28 February 2020.

Employees must be informed if they are being furloughed and they cannot work for the business during the furlough period.

The scheme is backdated as early as 1 March 2020, where applicable, and is open for at least 3 months from that date. The Government has committed to extending this period, if necessary.

This scheme will operate as a claim-for-refund system. The government hopes to have the claim system up and running by the end of April. Amounts claimed will be treated as income of the business for its own tax purposes.

We can assist clients with all aspects of this scheme, including HR aspects.

Support for the self-employed (new measure)

Similar support for the self-employed (80% of profits capped at £2,500 per month) was announced on 26 March 2020. Further details of this scheme include:

- The scheme will be open to those with a trading profit of less than £50,000 in 2018-19 or an average trading profit of less than £50,000 from 2016-17, 2017-18 and 2018-19.
- Profits will be averaged over three years to find the monthly average that can be claimed;
- To qualify, more than half of their income in these periods must come from self-employment.
- Only those who are already in self-employment and meet the above conditions will be eligible to apply.
- HMRC will identify eligible taxpayers and contact them directly with guidance on how to apply.

This will be covered in a specific briefing when further details are released.

Summary of all Business Support Measures Available

The full package of measures now available is as follows. Please note that additional information has been provided on most measures, including the Business Interruption Loan Scheme as referenced above. Rather than reproduce all detail here, we direct you to the Government website at: <https://www.businesssupport.gov.uk/coronavirus-business-support/> which has the latest available information on each measure.

Summary of measures as at 30 March 2020:

- Business Interruption Loan Scheme
- Business rates holiday for retail, hospitality and leisure
- Cash Grant of £25,000 for retail, hospitality and leisure
- Small business grant of £10,000 for the smallest businesses paying little or no business rates
- Statutory Sick Pay rebate
- Time to Pay scheme for business taxes
- Covid-19 Corporate Financing Facility for larger businesses
- VAT deferral
- Self-Employed income tax deferral
- Coronavirus Job Retention Scheme
- Support for self-employed earning less than £50k
- 31 July 2020 payment on account of income tax deferred for all taxpayers



Further Developments and Assistance

This remains a fast-moving situation and further announcements may be made at any time. The Chancellor has made it clear that these measures may be supplemented at short notice dependent on developments.

Verfides will endeavour to keep all clients updated as soon as further information becomes available or additional measures are announced. In the meantime, please speak to your usual Verfides contact for further assistance, or email or call the Tax Team: tax_team@verfides.com; call +44 20 7930 7111.

London, 30 March 2020.