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You may have seen in the press that the Government has recently announced a number of measures to assist with the financial impact of Covid-19 on both businesses and individuals.

In some cases, details have still to be finalised. However, at H&M, we have drafted a brief guide to the main points which we believe will be of most relevance to our clients and contacts. We hope you find this helpful and, should you wish to discuss any of these schemes in further detail, any other announcements by the Government or any other matter of concern, please do not hesitate to contact your point of contact at H&M.

### **Job Retention scheme**

Under the Coronavirus Job Retention Scheme, all UK employers will be able to access support to continue paying part of their employees' salary for those employees that would otherwise have been laid off during this crisis.

To access the scheme, employers will need to designate employees as 'furloughed workers', notify the employee and submit this information to HMRC on a new online portal being developed.

**Practical note** – employment contracts should be reviewed and legal guidance sought if required, in respect of changing an employee's status to furloughed. Employee approval may be required.

**HMRC will reimburse 80% of 'furloughed workers' wage costs, up to a cap of £2,500 per month. The employer has the choice whether to pay up the remaining 20% shortfall and/or excess wages over £30,000.**

**All UK businesses are eligible** – the scheme will be backdated to 1st March and can include any employees who were in employment on 28th February 2020.

**Please note that, to qualify, the employee must not undertake any work for the business.**

HMRC are working urgently to set up a system for reimbursement.

### **Self-Assessment July Payments on Account deferral scheme**

July 2020 payments on account have been deferred until 31<sup>st</sup> January 2021 – This is currently available to self-employed taxpayers.

**Practical point** – please do note that this is **NOT** a tax saving. It is simply a deferment of the liability for 6 months. The July 2020 payment on account is an advance payment of tax due for income earned between 6<sup>th</sup> April 2019 – 5<sup>th</sup> April 2020. Clients may still wish to make July POAs where possible so as to avoid spending money put aside to cover tax liabilities on income which has already been received.

There is no need to advise HMRC that July POAs are not being made.



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### **VAT payment deferral scheme**

VAT liabilities between 20<sup>th</sup> March 2020 – 30<sup>th</sup> June 2020 will not be due to HMRC until 5<sup>th</sup> April 2021 – This is available to ALL UK businesses and effectively covers the VAT returns for the February, March and April quarter ends.

**Practical point** – please do note that this is **NOT** a tax saving. It is simply a deferment of any VAT liability between 20<sup>th</sup> March 2020 – 30<sup>th</sup> June 2020 until up to 5<sup>th</sup> April 2021. Clients may still wish to make VAT payments where possible so as to avoid spending funds put aside to cover VAT liabilities which will become due further down the line. Whilst it has not yet been made clear, it is currently understood that this scheme does not change the filing date of the VAT returns.

There is no need to advise HMRC that VAT liabilities during this time are not being made. Refunds will be processed by HMRC as normal.

### **PAYE deferral scheme**

All UK businesses unable to meet PAYE liabilities can receive support through HMRC's 'Time to Pay' service

**Practical point** – please do note that this is **NOT** a tax saving. It is a deferment scheme. Arrangements will be agreed with HMRC on a case by case business. Businesses with uncertain cash flow who wish to use this scheme should apply ASAP by calling HMRC's dedicated line 0800 0159 559.

### **Business Rates Support scheme**

A business rates holiday for 2019/20 is currently available to all retail, hospitality and leisure businesses in England.

Cash grants are available for businesses in the same sectors with a rateable value up to £51k.

**There is no procedure to claim the grant or for the business rates holiday.** The local authority will contact eligible premises about the grants and the business rate holiday means they will not collect the 2020/21 business rates.

### **Sick pay support**

Small and medium sized businesses (under 250 employees at the end of February 2020) in the UK will be able to reclaim 2 weeks statutory sick pay per eligible employee who has been off work because of COVID-19.

**Practical point** - Employers should maintain records of staff absences and payments of statutory sick pay, but no GP notes are required.

The repayment mechanism still to be decided by the Government.

### **Business Interruption Loan Scheme**

Hardwick & Morris LLP is a limited liability partnership. Registered in England, Registration No. OC347940  
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Loans of up to £5m will be available to all UK businesses with turnover less than £45m per annum, although other British Business Bank eligibility criteria will apply

The scheme will be delivered through commercial lenders, backed by the government-owned British Business Bank.

The Government will guarantee up to 80% of each loan and will also cover the first 12 months of interest payments.

Applications should be made via your bank or one of the other accredited lenders which are detailed in the link below:

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

### **Statutory Sick Pay for Self-Employed**

Statutory Sick Pay will be available for self-employed individuals staying at home on Government advice, not just if they are infected by coronavirus. This will apply from 13 March 2020.

Application can be made via the contributory Employment and Support Allowance (ESA)

Applying can be complex and there are other eligibility criteria so submitting application as early as possible is recommended. Details on how to apply are detailed below:

<https://www.gov.uk/guidance/new-style-employment-and-support-allowance>

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

We understand that the Government are currently considering what further assistance can be provided to the self-employed. We will provide an update on this area once further announcements are made in the coming days.

### **Further information**

Further information can be found in the following Government links:

[COVID-19: support for businesses](#)

[COVID-19: guidance for employees](#)