



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. Employer's NI and minimum automatic enrolment employer pension contributions can also be claimed. 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.** If the worker has a second employment, then each employment can be furloughed separately.

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

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

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

July 2020 payments on account have been deferred until 31<sup>st</sup> January 2021 – HMRC have now confirmed this applies to all taxpayers, not just the self-employed as previously indicated.

**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 between 6<sup>th</sup>



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April 2019 – 5<sup>th</sup> April 2020. Clients may still wish to make July POAs where possible 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.

### **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.



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**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**

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/>

### **Self-Employed Income Support Scheme**

Self-Employed individuals will get 80% of average earnings over past 3 years up to £2,500pm. Those who started self-employment in 3 years to 5<sup>th</sup> April 2019 will be averaged over the tax returns they have filed.

There are several criteria to meet in order to qualify:

- Profits either need to be under £50k in 2018/19 or make up more than half of your income. Or;
- £150k in the three years to 5<sup>th</sup> April 2019 (or average under £50k per year if not self-employed for those 3 years) and make up more than half of your income during that period.
- Self-employment income must make up more than half of your income.
- Anyone who has not filed a 2018/19 tax return has been granted 4 weeks to do so in order to access the scheme.
- Individuals must have traded in the tax year 2019-20
- Individuals must be trading when you apply, or would be except for COVID-19
- Individuals must be intending to continue to trade in the tax year 2020-21, and;
- Individuals must have lost trading/partnership trading profits due to COVID-19

**Practical point - HMRC will contact those who may qualify and invite them to apply.** Support will be based on tax records held by HMRC. Grant will be paid in one lump sum covering three months from 1<sup>st</sup> March to 31<sup>st</sup> May.

Payments to start to be paid in June. Individuals who needs cash before then can apply for the loan help or Universal Credit.



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Individuals who started self-employment in this current tax year will currently not qualify for the scheme. The current advice is to look at other help available (loans/Universal Credit).

**Individuals who operate through a company and take income in the form of a salary plus dividends will not qualify for this scheme. They may be able to access the Job Retention Scheme referred to above in respect of their salary payment.**

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

### **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 \(ESA\)](#).

[Application can also be made for Universal Credit alongside this but eligibility will depend on several factors including savings levels & partners' income.](#)

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/>

### **Further information**

Further information can be found in the following Government links:

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

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