

COVID-19 – KEEPING UP WITH THE TAX

A lot of the focus of the Mercia tax team in April has been in creating (and constantly updating!) the new **COVID-19 Technical Resources Package**. While this has been challenging due to regular Government updates and changes, we are really proud of the end result and have already had some great feedback from accountants that are using it to advise their clients.

Just this week we've added commentary on the new Bounce Back Loan Scheme, amendments to the Statutory Residence Test, changes in the calculation of Statutory Maternity Pay and so much more. Next week we'll see some really interesting "Frequently Asked Questions" answered and published.

Below is a summary of the current key tax issues and measures, along with links to further guidance. For members and those with access, we'd strongly recommend routinely referring back to the **COVID-19 Technical Resources Package** for the latest position as it does change so frequently.

We hope that you and your clients find this helpful.

Coronavirus Job Retention Scheme (CJRS)

This is a temporary scheme open to all UK employers from 1 March 2020 and until at least the end of June 2020. The legal framework for the scheme is set out in a **Treasury Direction** dated 15 April 2020 under powers conferred under the Coronavirus Act 2020.

The purpose of the Scheme is to encourage employers who cannot pay staff wages to not make redundancies. Instead they can keep the employee on the payroll, place them on temporary leave ('furlough') and claim a Government grant to cover part of the wage cost.

Employers can use a portal to claim for 80% of furloughed employees' usual monthly wage costs, up to £2,500 a month, plus the associated employers' NIC and minimum automatic enrolment employer pension contributions on that subsidised wage.

It is the employer's responsibility to calculate the amount of grant due.



Sounds straightforward? As all those that have tried to make a claim will know, the devil is in the detail!

We'd strongly recommend the webinar "**COVID-19 – Tax Advice for Individuals, Employees and Businesses**" where the following questions and more will be answered:

- How do I determine whether an employee is fixed rate or variable and what is a regular salary?
- What about furloughing directors?
- How do I claim employers' NIC on an employee for whom salary is topped up?
- How does the CJRS interact with the Employment Allowance?
- How does the CJRS interact with auto-enrolment?
- What about SMP and CJRS?
- And crucially, what happens when we or a client inevitably make a mistake?

Alternatively, the latest government guidance can be viewed on [this page](#) and others that it links on to.

This is a topic not only relevant to those working in payroll teams. The CJRS will be a valuable source of funds to a number of business and so will be relevant for all COVID-19 business advisory discussions.

For those producing accounts (or auditing financial statements) it will be necessary to look at how the grant income is recognised, alongside possible liabilities if there is a risk that amounts will have to be repaid to HMRC in the future.

Statutory Sick Pay

The Government will allow SME employers to reclaim Statutory Sick Pay (SSP) paid for sickness absence due to COVID-19 to cover up to 2 weeks' SSP per eligible employee who has been off work because of COVID-19.

Employers must have a PAYE payroll scheme that was created and started on or before 28 February 2020 and have fewer than 250 employees on 28 February 2020.

See the Government guidance [here](#).



Self-employment Income Support Scheme

This scheme will allow certain self-employed individuals to claim a taxable grant worth 80% of trading profits up to a maximum of £2,500 per month for 3 months.

HMRC will contact relevant businesses if they are eligible for the scheme and invite them to apply online. HMRC will aim to contact businesses by mid May 2020 and will make payments by early June 2020.

See the Government guidance [here](#).

Amended VAT payment deadlines

VAT-registered businesses which have a VAT payment due between 20 March 2020 and 30 June 2020 have the option to defer the payment until any time before 1 April 2021. This does not cover VAT MOSS payments or import VAT, although registered importers are able to make a separate application to defer duty and import VAT payments.

HMRC will not charge interest or penalties on any amount deferred but businesses will still need to submit VAT returns on time.

Businesses do not need to tell HMRC that they are deferring VAT payment. They may however need to contact their bank to modify any existing direct debit arrangements.

See the Government guidance [here](#).

Payments on Account

For self-assessment generally, payments due on the 31 July 2020 may be deferred until 31 January 2021. This is an automatic offer with no applications required and no penalties or interest for late payment will be charged.

See the Government guidance [here](#).

Business rates – support and grants available

Rates holidays and grants are available for certain businesses. For more information, see the [Government guidance](#).

Business Loan Schemes

For those businesses waiting for grants (or where grants are insufficient), the Government have announced the following loan schemes:

- Coronavirus Business Interruption Loan Scheme – one for SMEs and one for larger businesses
- The Future Fund
- Bounce Back Loan Scheme

All have slightly different terms and eligibility rules. For more information, see the [Government guidance](#).

COVID-19 Technical Resource Package

Our package has been designed to help you keep up to speed with the latest business and individual impacts of COVID-19 related announcements and legislative changes. Access a range of resources including podcasts, videos, blogs and much more.

Ready to order or need further information?

Contact our team now on sales@mercia-group.com or 0330 058 7141

This new resource is **FREE** to Mercia members and can be accessed by **logging into your account** and clicking on the COVID-19 link within the 'My packages' area of 'My Account'.

