

Wilkins Southworth

COVID 19 FINANCIAL REVIEW AS AT 19 APRIL 2020

This is my third Covid 19 Financial Review and it should be read after reading my first and second Financial Reviews which were as at 21 March and 26 March 2020. Today's content is as of 19 April and incorporates HM Revenue & Customs' fifth version of the Coronavirus Job Retention Scheme which was released on the evening of Friday 17 April. This release is just 48 hours after the release of version 4. HM Revenue & Customs' calculate that there will be approximately 9 million furloughed employees.

Please remember

TURNOVER is vanity

PROFIT is sanity

But CASH IS KING

Preserve cash at all costs as we don't know how long this will go on for,

Remember an accountant is not there just for the good times. We are still coming in to the office every day and will do as long as we are allowed.

We WILL NOT charge you for any Covid 19 telephone advice.

1. Coronavirus Job Retention Scheme (CJRS)

- a) It is worth repeating part of my Covid 19 Financial Review as at 26 March 2020 as follows: -
- The Government will pay the lower of 80% of the cost to the employer of employing that member of staff or £2,500 per month.
 - The cost of employing that staff member includes employer's national insurance and the minimum payment due under Auto Enrolment. The monthly recoverable sum is: -

| | |
|------------------------------------|-----------------|
| | £ |
| Gross monthly salary x 80% | A |
| Employer's national insurance on A | B |
| Minimum Auto Enrolment on A | <u>C</u> |
| | <u>D</u> |

Where A cannot be more than £2,500 per employee per month.

- b) Contracted elements can be included in Gross Monthly Salary but non contracted elements can't eg if the employment contract states that the employee is contracted to work 8 hours overtime a month then that is included in the Gross Monthly Salary.
- c) As April is the first month of the new tax year then those employer's that are eligible can claim a £4,000 Employment Allowance. However, the employer must fully utilise this claim first before it can claim a Grant of the Employer's National Insurance (figure B above).

- d) Payroll is calculated in the normal way and submitted the normal way. The CJRS claim is completely separate and is calculated as above.
- e) The scheme will now run for four months from 1 March 2020 to 30 June 2020.
- f) To claim the relief the employee must have been included in an RTI payroll submission to HMRC by 19 March 2020. Therefore practically speaking as an employer only makes an RTI submission when the employee is paid then in effect a monthly paid employee who is paid at the end of each month must have been employed as at 28 February 2020 (despite this year being a leap year).
It would however, benefit employees who are paid weekly who joined an employer and were paid between 28 February and 19 March.
- g) Company directors can claim under this scheme, as long as they meet the rules.
- h) The portal opens today and HMRC say they can accommodate 450,000 claims an hour.
- i) The payments should be made within six days.
- j) The employer must calculate its own CJRS claim.
- k) The employer needs to manually input the following data for each employee: -
 - Employer PAYE scheme reference number
 - The number of employees being furloughed
 - Full name and NI number for each employer
 - The claim period start and end date
 - Amount claimed
 - Bank and contact details
 - Self-Assessment UTR, Corporation Tax UTR, Company Registration Number or Employer Name (as appropriate).
- l) HMRC have explained that they will audit these claims and they will prosecute any fraudulent claims.

2. Self-Employment Income Support Scheme

- a) As yet this has not been extended so it currently expires on 31 May. However, on the basis that it mirrored CJRS then I wouldn't be surprised to see this being extended by one month to 30 June.
- b) I explained in my emails as at 21 March and 26 March that as HM Revenue & Customs have stated that they will contact the taxpayer then this means that more scams will appear. HMRC have stated they they will commence contacting the taxpayer around the middle of May therefore its very important that you are wary of being contacted by scammers. Please contact us if you are at all worried about correspondence received on this point.

- c) In my Covid 19 Financial Review as at 26 March I explained that this is based on your 'Profits'. HMRC have now confirmed that 'Profits' are defined as follows: -
- Profits are the taxable profits as per your tax return ie after claiming capital allowances.
 - Losses brought forward as at 5 April 2016 won't be deducted from subsequent year's profit for these purposes.
 - In year losses eg 2016/17, 2017/18 and 2018/19 will be deducted from other year's profits when working out the average profits.

3. Time To Pay (TTP)

HMRC have changed the COVID 19 dedicated helpline telephone number to : -

0800 024 1222

Please note that the above Aide-Memoire is intended as guidance only. This information is based on information as at 19 April 2020. The situation is continually changing therefore if you need help regarding any of the above, please contact us immediately. You should not rely on the above as advice.

If you would like us to help you please contact Chris Wilkins FCCA, Wilkins Southworth.

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