

Wilkins Southworth

COVID 19 FINANCIAL REVIEW AS AT 4 MAY 2020

This is my fifth Covid 19 Financial Review and it should be read after reading the previous Financial Reviews which were as at 21 March, 26 March, 19 April and 27 April 2020. All of these reviews have been posted on our website. Today's content is as of 4 May and incorporates the updated guidance on Bounce Back Loans which was first explained in my email of 27 April.

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. BOUNCE BACK LOANS

This scheme was launched this morning. My Covid 19 Financial Review as at 27 April provided you with the main terms of the scheme but the following are also important: -

- a) Loans will be the lower of £50,000 or 25% of a business' turnover.
- b) The business must not have been in financial difficulty at 31 December 2019.
- c) The business must have been adversely affected by Covid 19.
- d) The business must have been established by 1 March 2020.
- e) The business must be engaged in trading or a commercial activity in the UK.
- f) The business cannot be using the Coronavirus Business Interruption Loan Scheme (CBILS) or other similar scheme unless this loan is refinancing them.
- g) The business is not in bankruptcy, liquidation or is undergoing debt restructuring.
- h) It derives more than 50% of its income from trading activities.
- i) Interest will be fixed at 2.5% with no interest chargeable in the first twelve months.
- j) The loan can be up to six years, early repayment is allowed with no early repayment fees.
- k) No personal guarantees are allowed and no recovery action can be taken over a principal private residence or private vehicle.

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2. SELF-EMPLOYMENT INCOME SUPPORT SCHEME

This too was updated today. The salient points are: -

- a) YOU must make the claim. Your tax advisor can't do this for you.
- b) When YOU make the claim, YOU will need the following information:
 - Self Assessment UTR (Unique Tax Reference number). This is shown at the top of your tax return.
 - National Insurance number.
 - Bank account number and sort code.
 - Government Gateway user ID and password.

It is very likely that a lot of taxpayers will not have set up their Government Gateway user ID and password. Therefore it is very important that this is done as soon as possible to avoid any delays in receiving these monies.

- c) Once you have submitted your claim, you will be told straight away if your grant is approved. You should receive your money within 6 working days.

3. GRANTS FOR SMALL BUSINESSES IN SHARED SPACES

The government has pledged a further £617 million in grants to small businesses that pay Council Tax rather than Business Rates. This will cover businesses in shared spaces, market traders, small charity properties etc. This is because many small businesses do not pay Business Rates as they hadn't been assigned a rateable value.

4. VAT ON PERSONAL PROTECTIVE EQUIPMENT (PPE)

With effect from 1 May, Zero rate VAT will be levied on PPE purchased by Businesses, Individuals, Charities and Care Homes to protect against Covid 19. This measure will continue for three months.

The objective is to relieve the burden of VAT for all non VAT registered entities. This covers disposable gloves, disposable plastic aprons, surgical masks, eye and face protection.

This Aide-Memoire is intended as guidance only. This information is based on information as at 4 May 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.

You can contact us at:

Wilkins Southworth
Chartered Certified Accountants
Registered Auditors
10-12 Barnes High Street
Barnes
London SW13 9LW

Phone: 020 8878 3949

Email: cw@wilkinssouthworth.co.uk