

Wilkins Southworth

COVID 19 FINANCIAL REVIEW AS AT 21 MARCH 2020

I have prepared a brief summary of the financial assistance available to our clients. It is not comprehensive but hopefully it will give you a starting point to keep you going. The content is as of Saturday 21 March. As all of this is very new, we haven't got all the details, but this is a starting point.

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.

The measures are: -

1. JOB RETENTION SCHEME

80% of an employee's salary will be paid for three months from 1 March 2020. The Chancellor has already stated that this may be extended beyond three months. The employer needs to decide which employees will be 'Furloughed'. You need to notify the employee in writing. Their salary will probably be based on their February payroll. The salary will be up to £2,500 per month.

2. VAT

- a) You don't have to pay any VAT liability that falls due to be paid between 20 March and 30 June 2020.
- b) The VAT liability must be paid by 31 March 2021 at the latest.
- c) You must still file the VAT return by the due date.

3. TIME TO PAY (TTP)

TTP can enable businesses adversely affected by COVID-19 to defer payments of VAT, income tax and PAYE liabilities, over several months.

HMRC will discuss the length of time required to pay on a case by case basis, but we understand that this is usually between 3-12 months.

Typically, HMRC will allow one month's PAYE bill to be deferred, but those most severely affected businesses may be able to defer payments in full to a later point in the year.

It is important that businesses proactively approach HMRC with any concerns as early as possible.

Businesses should be prepared to explain:

- The reasons payments cannot be made (e.g. to pay salary costs)
- How the business is managing this process and attempting to raise funds for outstanding payments (e.g. chasing debtors, seeking loans, negotiating with creditors)
- How much of the liability (if any) can be paid immediately, plus an anticipated payment plan

If you have missed a tax payment or you might miss your next payment due to COVID-19, please call HMRC's dedicated helpline: 0800 0159 559.

4. STATUTORY SICK PAY

HMRC will refund SSP for two weeks even if you are Self-Isolation. You do not need to have contracted the virus. This applies to all firms up to 249 employees. The employer can claim £94.25 p.w for each employee. Available from 13 March and claimable from day 1. Directors can also claim this (if they earn more than £118 p.w).

5. SELF-EMPLOYED

If you are self-employed and receiving Universal Credit (UC) and you have COVID-19 or are advised to self-isolate, the requirements of the Minimum Income Floor will be temporarily relaxed. This change took effect on 13 March and will last for the duration of the outbreak, to ensure that self-employed UC claimants will receive support.

If you need to claim Universal Credit but have COVID-19 or are self-isolating, you will now be able to claim and to access advance payments upfront without needing to attend a Jobcentre Plus. Please visit <https://www.gov.uk/universal-credit-for-more-information>.

If you are eligible for new style Employment and Support Allowance, it will now be payable from day 1 of sickness, rather than day 8, if you have COVID-19 or are advised to self-isolate.

If you think you may need financial support from your Local Authority in England, you may be entitled to support from the £500 million Hardship Fund:

- most of this funding will be used to provide more Council Tax relief, either through existing Local Council Tax Support schemes, or through similar measures.
- the Ministry for Housing, Communities and Local Government (MHCLG) will set out more detail on this funding, including allocations, shortly
- if you have any questions, please contact your Local Authority

6. INCOME TAX

Self-employed people don't have to pay their income tax liability which is ordinarily due on 31 July 2020 until 31 January 2021.

7. LANDLORDS

If you are experiencing financial difficulties meeting your mortgage repayments because of COVID-19, you may be entitled to a mortgage or rental holiday for 3 months. This includes if you are a landlord whose tenants are experiencing financial difficulties because of COVID-19. If you are a tenant experiencing financial difficulties because of COVID-19, the government will ensure you do not face the threat of eviction for at least 3 months:

- the government has agreed with mortgage lenders that they will offer repayment holidays of 3 months to households in financial difficulty due to COVID-19
- this will also apply to landlords whose tenants are experiencing financial difficulties because of COVID-19
- the offer of a payment holiday can be made available to customers who are up to date with payments and not already in arrears
- customers who are concerned about their current financial situation should contact their lender at the earliest possible opportunity to discuss if this is a suitable option for them
- emergency legislation will be taken forward so that landlords will not be able to start proceedings to evict tenants for at least a 3 month period. This applies to private and social renters
- at the end of this period, landlords and tenants will be expected to work together to establish an affordable repayment plan, taking into account tenants' individual circumstances

8. FINANCIAL DIFFICULTIES

If you are experiencing difficulties paying back personal loans or credit card bills as a result of COVID-19, you should read the following information:

- the Financial Conduct Authority (FCA) called on lenders to use flexibility built into their rules to support consumers, taking into account customers' individual circumstances. Many major lenders have already made statements to this effect
- if you are experiencing difficulties paying back loans or credit card bills because of COVID-19, you should talk to your lender
- if you agree a payment holiday with your lender, they should record these in such a way that will not impact on your credit score

<https://www.gov.uk/government/publications/support-for-those-affected-by-covid-19/support-for-those-affected-by-covid-19>

9. BUSINESS RATES

- a) Twelve month holiday for 2020/21 for retail, hospitality and leisure.
- b) Also covers Guest and boarding premises and self-catering accommodation, hotels.

See Ministry of Housing, Communities and Local Government Business rates.

The advice to Local authorities is that “they should determine for themselves whether particular properties not listed are broadly similar in nature to those above and, if so, to consider them eligible for the relief.”

10. RETAIL, HOSPITALITY GRANT SCHEME

Cash grant up to £25,000 for buildings i.e per property and includes Guest and boarding premises and self-catering accommodation.

11. DIRECT BUSINESS GRANTS FOR SMALL BUSINESSES

To support the many small businesses that pay little or no business rates because of Small Business Rate relief (SBRR), the government will provide funding for local authorities in England, who will provide the business grants. This will provide up to £10,000 each to around 700,000 business currently eligible for SBRR or Rural Rate.

Businesses that use premises with a rateable value of up to £51,000 and will therefore pay no business rates for the current year, will receive grants of up to £25,000 from their Local Authority. Businesses should contact their local authority for further details of eligibility and payment arrangements.

12. CORONAVIRUS BUSINESS INTERRUPTION LOAN SCHEME

A new temporary Coronavirus Business Interruption Loan Scheme, delivered by the British Business Bank, will launch this week to support primarily small and medium-sized businesses to access bank lending and overdrafts.

The government will provide lenders with a guarantee of 80% on each loan (subject to a per-lender cap on claims) to give lenders further confidence in continuing to provide finance to SMEs. The government will not charge businesses or banks for this guarantee, and the Scheme will support loans of up to £5 million in value.

Businesses can access the first months of that finance interest free, as government will cover the first months of interest payments.

Eligibility

You are eligible for the scheme if:

1. Your business is UK based, with turnover of no more than £41 million per annum.
2. Your business meets the other British Business Bank eligibility criteria.

How to access the scheme

The full rules of the Scheme and the list of accredited lenders is available on the [British Business Bank website](#). All the major banks will offer the Scheme once it has launched. You should talk to your bank or finance provider (not the British Business Bank) as soon as possible and discuss your business plan with them. This will help your finance provider to act quickly once the Scheme has launched. If you have an existing loan with monthly repayments you may wish to ask for a repayment holiday to help with cash flow.

The scheme will be available from week commencing 23 March.

13. INTRODUCTION OF IR35 OFF PAYROLL RULES DEFFERED

The taxation of consultants engaged by Medium and Large sized private enterprises was set to undergo a fundamental change from 5 April 2020 with the introduction of the IR35 Off Payroll Rules, similar to those introduced for public sector in 2017. These changes have now been deferred for a year and will come into effect from 5 April 2021.

There are a lot of scams around in these worrying times. Please remember that HM Revenue & Customs will never e-mail you and any e-mails that you receive purporting to be from HM Revenue & Customs should immediately be deleted.

Please note that the above Aide-Memoire is intended as guidance only. This information is based on information as at Saturday 21 March 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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