

## Coronavirus Response - Financial Support Update – 23<sup>rd</sup> March 2020

### 1) VAT Deferral

Businesses will not need to pay any VAT from 20<sup>th</sup> March 2020 to 30<sup>th</sup> June 2020, and, will be given until 5<sup>th</sup> April 2021 to pay any liabilities. If a VAT refund is due these will still be repaid as usual. This will be automatically applied by HMRC so there is no need to apply.

The June quarter end would (at this stage) be due as normal by 7<sup>th</sup> August but there is speculation this would be extended.

### 2) Income Tax Deferral

The self-assessment payment on accounts due on 31<sup>st</sup> July 2020 will no longer need to be paid by the self-employed. This will however result in larger balancing payments being required on 31<sup>st</sup> January 2021.

### 3) Self-Employed / SSP

As self-employed workers cannot claim SSP, temporary measures have been introduced to enable them to claim Universal Credits, at the same rate as SSP for employees. However, this is only £94.25 per week so negligible compared to the amounts claimed by 'furloughed workers'. For example, a furloughed worker on a salary of £37,500 will be paid £2,500 per month, whereas a self-employed person with annual income (on average) of £37,500 will be only able to claim £408 per month!

### 4) Job Retention Scheme – Furloughed Workers

To encourage companies not to make staff redundant, HMRC will cover 80% of a worker's salary while they are furloughed (not working), up to a maximum of £2,500 per month. This will run for at least 3 months, backdated to 1<sup>st</sup> March 2020. It will be at the discretion of the company if they choose to pay the employee the remaining 20% but the reality in most cases is that they will be unable to do so.

If you are able to continue trading and employing staff as normal then nothing will change unless your staff has to self-isolate. In this case you will have to pay them sick pay for the length of time that they are isolated for.

- If you pay SSP only then the rate you need to pay is £94.25 per week until 6<sup>th</sup> April when it will increase to £95.85 per week. Staff are only eligible to receive SSP if they earn over £118 per week.
- For illnesses that are coronavirus related there will be no waiting days and SSP is payable from day 1 rather than day 4.
- If staff are not eligible for SSP then we will give you a SSP1 form to give to your employee. If you are not sure then send your payroll provider the staff name and the dates that they have gone sick from and they will check their employee record.
- If your contract states that you pay over Statutory Sick Pay (SSP) then please let us know when your staff are off regardless.
- Employers who had under 250 members of staff as of 28<sup>th</sup> February 2020 are able to claim 2 weeks SSP per employee from the government for any Coronavirus related illness. This is for

any staff member that have been off sick from 13<sup>th</sup> March 2020 onwards with a Coronavirus related reason and is eligible for SSP.

- Directors who are paid over £118 per week (£512 a month or £6,136 a year) are also eligible for SSP and the 2 weeks SSP reclaim.
- We are still waiting for guidance on how this will be reclaimed.

If you are unable to continue employing staff and was considering laying off staff the government has now launched the Coronavirus Job Retention Scheme:

- All businesses are eligible for this scheme
- All employees on a PAYE scheme on 28<sup>th</sup> February 2020 are eligible
- You must inform your employee that they are now a 'Furloughed Worker' (changing the status of employees remains subject to existing employment law and depending on the employment contract, may be subject to negotiation. In the first instance speak to your employees, if you need individual advice regarding an employee speak to ACAS or a HR adviser who will be able to inform you regarding Employment Law.)
- HMRC will reimburse 80% of furloughed wage costs, up to a cap of £2,500 per month.
- This scheme will cover the cost of furloughed wages backdated to 1<sup>st</sup> March 2020
- HMRC are still setting up this scheme, we have yet to find out how to access this and how it is claimed. This payment is likely not to be in place until end of April, if you need support before this date you may be eligible for a Coronavirus Business Interruption Loan. Full eligibility criteria will be published when the scheme goes live w/c 23<sup>rd</sup> March 2020.