

Help sheet for businesses impacted by Covid-19

1. Job Retention Scheme
2. Self-Employment income support scheme
3. VAT, Income and other tax payments
4. Grants and Loans

***Please call us to discuss the latest
government measures and how we can
help you***



Ensuring your financial future

Information as at 16 April 2020

1. Job retention scheme

On 20 March 2020, the Government announced that it will step in and help pay people's wages with the introduction of a 'coronavirus job retention scheme'.

In a bid to encourage employees to 'furlough' staff rather than lay them off, HMRC will provide grants which will cover 80% of the salary of retained furloughed workers, up to a cap of £2,500 per employee per month.

Who can claim?

[UK organisations](#) who started a payroll scheme prior to 19 March 2020 and the [employees](#) must have been notified to HMRC on an RTI submission by this date.

- An employee cannot work for the business for the period they are on furlough i.e. on reduced hours or reduced pay.
- A firm doesn't have to put all staff on furlough.
- For specific circumstance employees [click here](#)
- The minimum length an employee can be Furloughed for is 3 weeks
- Employers should discuss with their staff and make any changes to the employment contract by agreement. When employers are making decisions in relation to the process, including deciding who to offer furlough to, equality and discrimination laws will apply in the usual way.
- To be eligible for the subsidy employers should write to their employee confirming that they have been furloughed and keep a record of this communication. [see example letters](#)

What can be claimed

- You can claim a grant from HMRC to cover the lower of the 80% of the regular salary or the £2,500 per month **AND** the associated Employer national insurance Contributions and minimum automatic enrolment employer pension contributions on behalf of the furloughed employees.
- Employers must pay their employee the lower of 80% of their regular wage or £2,500 per month.
- An employer can choose to top up an employee's salary beyond the 80% but they are not obliged.
- Employers are still responsible and liable for the associated Employers National Insurance contributions and minimum automatic enrolment employer pension contributions on behalf of the furloughed employees
- The national minimum wage doesn't apply to furloughed workers
- For full time and part time salaried employees, the employee's actual salary before tax, as of 19 March should be used to calculate the 80%. Fees, commission and bonuses can be included where they are compulsory, discretionary payments should not be included.
- Where pay varies [click here](#)

What's needed to make claim

- Employers need to discuss with their staff and make changes to the employment contract by agreement
- The portal will open on the 20th April 2020 per HMRC's latest statement.
- Claims can be back dated until 1 March if applicable.
- Once approved HMRC will pay directly into your bank
- You must pay the employee all the grant and no fees can be charged in respect of the grant
- Furloughed workers have the same rights as a normal employee.

Currently, this no direct mechanism for directors who get paid a small salary and dividends to claim anything other than the above on the salary and universal credit

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2. Self Employed income support scheme

Self-employed individuals and members of partnerships can claim a taxable grant worth 80% of the average trading profits from the last three tax years ie 2016/17, 2017/18 and 2018/19. This is subject to a maximum of £2,500 per month for an initial three months. The Government guidance notes that this is only where income has been lost due to COVID-19 but gives no further details of how this will be established.

Who is eligible?

- You must have submitted a self-assessment tax return for 2018/19 which included self-employment income
- You have until the 23 April to submit your 2018/19 tax return if you haven't done so already to be eligible for the scheme
- You have traded in the 2019/20 tax year and are trading when you apply, or would be except for COVID-19
- You intend to carry on trading in tax year 2020/21
- You have lost revenue due to COVID-19
- Your trading profits are [below £50,000](#) and more than half of your total income is from self-employment.

How to apply

- You cannot apply for this scheme yet
- HMRC will send individuals a letter to invite you to apply online where they think you are eligible
- This is currently due to be live from June
- If the application is successful you will receive 3 payments in June

Who doesn't it apply to?

- Directors of limited companies
- Self employed individuals that started in 2019/20

Where the above doesn't apply, the individual will need to claim for universal credit where possible

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3. Tax payments

VAT

- Business can defer any VAT payments which were due between 20 March and 30 June 2020
- All VAT registered business are entitled to claim the deferment
- The deferred payment will need to be paid on or before 31 March 2021
- No interest or penalties will be charged on the deferment
- If you are on direct debit you should cancel this as soon as possible
- VAT returns still need to be submitted
- You do not need to apply for the deferment
- If you are due a VAT refund, HMRC will still process the repayment.

Income Tax

- Payments on account due on 31 July 2020 can be deferred until 31 January 2021
- No interest or penalties will be charged on the deferred amount
- The deferment is optional. If you are still able to pay your second payment on account on 31 July, you should do so
- If a direct debit has been set up to collect the payment, you should cancel this.

Stamp Duty

- HMRC have introduced a temporary electronic service to process stamp duty payments
- Stamp duty needs to be paid electronically (no cheques will be processed)
- An email then needs to be sent to HMRC detailing the transaction, details of what needs to be included and how to pay can be found [here](#)
- HMRC will accept electronic signatures for these forms
- The 30-day deadline remains the same

Time to Pay

- If you have a tax payment becoming due and you are struggling to pay the liability, you may be eligible for support from HMRC's Time to pay service
- If this is due to COVID-19 HMRC have a dedicated helpline: 0800 0159 559

Child Benefit

- Individuals who have made an election to stop receiving child benefit due to the high income charge may wish to revoke the election and restart their claim.
- The benefit may ultimately need to be repaid via a self assessment tax return, however it may ease cash flow worries currently.
- The election can be revoked using the form on [HMRC website](#) or contacting the child benefit office on 0300 200 3100
- The election must be revoked by the person or originally made the claim
- The payments will start the Monday following the receipt of the claim
- If neither partners income is expected to exceed £60,000 the claim can be back dated to the start of the year.

Reclaim statutory sick pay

- Small and medium sized businesses will be able to reclaim statutory sick pay (SSP) for sickness absence due to COVID-19
- The refund will cover 2 weeks SSP per eligible employee who has been off work due to COVID-19
- Employers with less than 250 staff as at 28 February 2020 will be eligible
- Employers will need to keep records but employees will not need to provide a GP note
- No mechanism is currently in place to refund the employers

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Grants and Loans

A number of measures have been brought in to support businesses, these include:

Rates Holiday

- An automatic 12-month business rate holiday for all retail, hospitality, leisure and child nursery businesses in **England** for 2020/21.
- The properties that qualify will need to be used wholly or mainly used in the above sectors
- The scheme is automatic
- For more information on who falls into the above sectors [click here](#).

Small business grant

- small business grant funding of £10,000 for all businesses in receipt of small business rate relief or rural rate relief grants
- Your business must be based in England
- Your business must occupy property
- You were receiving small business rates relief as of 11 March 2020
- Your local authority should write to you if you are eligible for this grant

Cash grants for retail, hospitality and leisure businesses

- Grant funding of £10,000 in England for retail, hospitality and leisure businesses with property with a rateable value up to £15,000
- Grant funding of £25,000 in England for retail, hospitality and leisure businesses with property with a rateable value between £15,000 and £51,000
- Your business must be based in England
- Your business must occupy property
- Your local authority should write to you if you are eligible for this grant.

Applications for grants are now available in most local authorities, [click here](#) to find details.

Please note there is similar grant funding scheme in [Scotland](#), [Wales](#) and [Northern Ireland](#)

Business interruption loan

- The coronavirus business interruption loan scheme is to support small and medium sized enterprises (SME) with cash flow pressures by providing access to bank lending and overdrafts
- The scheme will be delivered through commercial lenders, backed by the government-owned British Business Bank
- There are [40 accredited lenders](#) which are able to offer the scheme, this includes all major banks
- You are able to have access to loans, overdrafts, invoice finance and asset finance of up to £5 million and for up to 6 years
- The government will make a business interruption payment to cover the first 12 months of interest and lender-levied fees
- The government will provide lenders with a guarantee of 80% on each loan
- To be eligible your business must be based in the UK, with turnover no more than £45m per year.

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Extra Information on Job Retention scheme

Who can claim

Any UK organisation with employees can apply, including:

- businesses
- charities
- recruitment agencies (agency workers paid through PAYE)
- public authorities

You must have created and started a PAYE payroll scheme on or before 28 February 2020 and have a UK bank account.

Where a company is being taken under the management of an administrator, the administrator will be able to access the Job Retention Scheme.

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Employees you can claim for

Furloughed employees must have been on your PAYE payroll on 28 February 2020, and can be on any type of contract, including:

- full-time employees
- part-time employees
- employees on agency contracts
- employees on flexible or zero-hour contracts

The scheme also covers employees who were made redundant since 28 February 2020, if they are rehired by their employer.

To be eligible for the subsidy, when on furlough, an employee can not undertake work for or on behalf of the organisation. This includes providing services or generating revenue. While on furlough, the employee's wage will be subject to usual income tax and other deductions.

This scheme is only for employees on agency contracts who are not working.

If an employee is working, but on reduced hours, or for reduced pay, they will not be eligible for this scheme and you will have to continue paying the employee through your payroll and pay their salary subject to the terms of the employment contract you agreed.

Employees who have not been notified to HMRC via an RTI Submission by 19th March cannot be furloughed or claimed for in accordance with this scheme.

You do not need to place all your employees on furlough. However, those employees who you do place on furlough cannot undertake work for you.

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Specific circumstance employees

If your employee is on unpaid leave

If an employee started unpaid leave after 28 February 2020, you can put them on furlough instead. If you put them on furlough then you should pay them at least 80% of their regular wages, up to the monthly cap of £2500.

If an employee went on unpaid leave on or before 28 February, you cannot furlough them until the date on which it was agreed they would return from unpaid leave

If your employee is self-isolating or on sick leave

- If your employee is on sick leave or self-isolating as a result of Coronavirus, they'll be able to get Statutory Sick Pay, subject to other eligibility conditions applying. The Coronavirus Job Retention Scheme is not intended for short-term absences from work due to sickness, and there is a 3 week minimum furlough period.
- Short term illness/ self-isolation should not be a consideration in deciding whether to furlough an employee. If, however, employers want to furlough employees for business reasons and they are currently off sick, they are eligible to do so, as with other employees. In these cases, the employee should no longer receive sick pay and would be classified as a furloughed employee.
- Employers are also entitled to furlough employees who are being shielded or off on long-term sick leave. It is up to employers to decide whether to furlough these employees. You can claim back from both the Coronavirus Job Retention Scheme and the SSP rebate scheme for the same employee but not for the same period of time. When an employee is on furlough, you can only reclaim expenditure through the Coronavirus Job Retention Scheme, and not the SSP rebate scheme. If a non-furloughed employee becomes ill, needs to self-isolate or be shielded, then you might qualify for the SSP rebate scheme, enabling you to claim up to two weeks of SSP per employee..

If your employee has more than one job

- If your employee has more than one employer they can be furloughed for each job. Each job is separate, and the cap applies to each employer individually.

If your employee does volunteer work or training

- A furloughed employee can take part in volunteer work or training, as long as it does not provide services to or generate revenue for, or on behalf of your organisation.
- However, if workers are required to for example, complete online training courses whilst they are furloughed, then they must be paid at least the NLW/NMW for the time spent training, even if this is more than the 80% of their wage that will be subsidised.

If your employee is on Maternity Leave, contractual adoption pay, paternity pay or shared parental pay

The normal rules for maternity and other forms of parental leave and pay apply.

You can claim through the scheme for enhanced (earnings related) contractual pay for employees

who qualify for either:

- maternity pay
- adoption pay
- paternity pay
- shared parental pay

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Employees whose pay varies

- If the employee has been employed (or engaged by an employment business) for a full twelve months prior to the claim, you can claim for the higher of either:
 - the same month's earning from the previous year
 - average monthly earnings from the 2019-20 tax year
- If the employee has been employed for less than a year, you can claim for an average of their monthly earnings since they started work.
- Once you've worked out how much of an employee's salary you can claim for, you must then work out the amount of Employer National Insurance Contributions and minimum automatic enrolment employer pension contributions you are entitled to claim.

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Example Letters

Drafts provided by [ACCA](#)

Letter 1

Dear xxx

As discussed, and [agreed/under terms of your contract] to keep our business running we are placing a number of members of our team into the government backed Coronavirus Job Retention Scheme. This will allow us to keep you on the payroll and as a business we receive a grant of 80% of workers' wages up to £2,500 a month. We will be paying a salary of £xxxx

The date you will be placed under the scheme is xxx and it will be reviewed with you at xxx. We will keep in contact during the period by [insert method].

During this period you will stay employed but a condition of the scheme is that you must not undertake work for our business.

Letter 2

Employee Name

Employee address

Re: Notice of Furlough

Dear [employee name],

We regret to inform you that because of the current level of work available as a result of COVID-19, we have opted to place you on furlough (temporary layoff) during the next [number] weeks. You are not authorised to work during the furlough without advance written authorisation from your [manager, supervisor, or director].

The furlough will begin on [date]. We are hopeful that we will be able to restore you to your prior position with our company on or around [date]. However, it is important to note that we reserve the right to change this date based on our business needs.

During this period:

1. You will retain your seniority with the company.
2. You may be eligible for unemployment benefits during this time.
3. [Remove if not applicable] If you have available holidays time that you would like to use during this time, you are welcome to use such time, but are not required to do so. If you would like to use some or all of your available holidays during this time, contact [insert name].
4. It is important to us that your transition into furlough and back to work goes as smoothly as possible.

Therefore, if you have any questions or concerns regarding these transitions, contact [insert name].

We very much appreciate your contributions to the organisation this year. We wish you all the best during

this unprecedented time and are looking forward to your return to work following this furlough period.

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More information for self employment income support scheme

How to determine £50,000 and more than half of total income

- Your self-employed trading profits must also be less than £50,000 and more than half of your income come from self-employment. This is determined by at least one of the following conditions being true:
 - having trading profits/partnership trading profits in 2018-19 of less than £50,000 and these profits constitute more than half of your total taxable income
 - having average trading profits in 2016-17, 2017-18, and 2018-19 of less than £50,000 and these profits constitute more than half of your average taxable income in the same period
- If you started trading between 2016-19, HMRC will only use those years for which you filed a Self-Assessment tax return.

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Applications for Grants

Although the local authority will write to you if they think you are eligible for the grant, below we have set out the local authorities application websites:

[Stoke on Trent](#)

[Newcastle Under Lyme](#)

[Stafford](#)

[Staffordshire Moorlands](#)

[Cheshire East](#)

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