

Note for Clients

Subject : Government Release relating to the COVID-19 Virus.

Personal Tax - Self-Assessment Tax Deferral

The self-assessment payments due on 31 July are being deferred until 31 January 2021.

This is available to all taxpayers, please however be aware that the tax due in January 2021 will be significantly higher as a result.

Business Clients

VAT Deferral

All VAT registered traders are automatically eligible for the deferral of VAT liabilities arising in the period from now until the end of June 2020. The VAT is not being forgiven, it is being deferred but payment does not have to be made until the end of the 2020\21 tax year ie 5 April 2021.

Should you wish to take advantage of this deferral, we recommend that any direct debit that has been set up be cancelled prior to filing the VAT return in question and then reinstated subsequently. Otherwise there is a risk of the payment being taken in any event. VAT returns still need to be filed on time.

Assistance with employee costs

If there is insufficient work for employees such that they would be at risk of being laid off, then there is a facility to treat them as furloughed with 80% of the employee costs comprising gross pay, employers NIC and any employers pension contributions being met by the Government up to a maximum of £2,500 per employee. This effectively covers 80% of salaries up to about £33,000 per year depending on the level of employer pension contributions.

Precise rules and regulations have not yet been published but it seems likely that this will only apply to employees who would otherwise be laid off and they should not be doing work for the company. It can apply to Company Directors, but the whole business does effectively have to be at a complete standstill for this to apply.

Loans

Much has been made of the loans being offered which are guaranteed by the Government, these will still need to be applied for through the banks and it remains to be seen whether this proves to be practical. Details of accounts to date will be required together with a business plan setting out the use of the funds. Having said that, it seems unlikely that anyone will be able to predict with any absolute certainty exactly what is going to be happening in the current situation.

Business Rates Relief and Grants

There are generous grants and relief available for businesses in the retail, hospitality and leisure sectors. These will be accessed through the local authority. If there is a small business which is not eligible for the generous relief, but is eligible for small business rates relief, there is a potential for a one of grant of £10,000. Again, this will be applied for through the local authority.

Precise rules and reliefs will vary as more information becomes available. We will provide an update as soon as we have further information.

25 March 2020