

Covid-19 Update 13A

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Covid-19 Update 13A

Welcome to Covid-19 update 13A. Well come on, we're not going to call it 13 are we!

Post Covid-19 Planning

You're probably flat out dealing with grants, suppliers, customers, employees and rest of the day job and we can't think of a time where there have been so many difficult choices to make. We also have been incredibly busy making sure you are informed, prepared and ready to survive the pandemic in as good a shape as possible, helping with the Government schemes.

What is amazing is that we are seeing so many repurpose or pivot their activities and focus on surviving and indeed prospering post pandemic. Charities for example are getting a great response from their funders, whether its retaining and redirecting funding, or talking about what is going to be needed in the future.

What is important is taking the time to plan for the transition out of lockdown – staff will understandably be concerned about coming back into the workplace so transitioning and working out safe working practices is going to be incredibly important to them, as will be working out what the “New Normal” will look like for you. Very large companies are already informing their staff of their plans for exit – not waiting for HMG's announcement with many intending to be back to 'normal' by or from 1 June.

There's also been some suggestion that hairdressers will be allowed to reopen – under strict conditions, face masks for everyone, no magazines etc! A practical difficulty will be determining from websites how effective those facemasks are.

The indications seem to be that HMG will be seeking a phased return this month, with reduced staffing in the business premises, the rest continuing to work from home where possible, and a reduction in hot desking, and safe distancing measures within the workplace.

With grant measures etc continuing to the end of June, its going to be a careful balance between reducing dependency on those grants and getting paid for work done. This phase will be as critical for cash flow as any.

We are here to help you get your business back on track and to help you prosper post lock down. We cannot guarantee how things will work out, but we do know taking some time now to think about the future may lead to new opportunities and help focus your actions.

The Government's plans for the exit from lockdown may help define your own exit, but also maybe provide a template to your own new 'normal', learning what this lockdown has taught us about our own activities and how we can use technology & greater flexibility to drive down costs & improve efficiency, maybe even identify new income streams.

Talk to us if you want to create your future – remember our success depends on yours!

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The Bounce Back Loan Scheme (BLS) Update

The interest rate is 2.5% after the first 12m.

Covid-19 Job Retention Scheme

The Step by Step guide for employers has been updated for the latest guidance to the scheme. If you are claiming CJRS or intending to do so talk to us about how we can help and make sure you read the guidance as the rules are complicated and the last thing you want to do right now is submit an incorrect claim.

See: https://www.gov.uk/government/publications/coronavirus-job-retention-scheme-step-by-step-guide-for-employers?utm_source=3d563e5a-3904-4ed0-b554-7437735ab9ee&utm_medium=email&utm_campaign=govuk-notifications&utm_content=immediate

HMRC have made some potentially very helpful amendments to their guidance as follows:

- *Check if your employer can use the Coronavirus Job Retention Scheme*
 - *New information has been added on union and non-union representatives, company directors with an annual pay period, and employees who started family-related statutory pay;*
- *Check if you can claim for your employees' wages through the Coronavirus Job Retention Scheme*
 - *The date for the new consolidated PAYE scheme has been updated. Information has also been added on union and non-union representatives, company directors with an annual pay period, TUPE transfers, employees who started family-related statutory pay on or after 25 April 2020 and state aid;*
- *Work out 80% of your employees' wages to claim through the Coronavirus Job Retention Scheme*
 - *The June 2020 daily maximum wage amounts have been added. Confirmation that the calculator cannot be used for employees who have an annual pay period and information for company directors. Also, clarified sections on employees returning from family-related statutory leave, sick leave and the employer National Insurance contributions.*
- *Claim for wages through the Coronavirus Job Retention Scheme*
 - *Updated with information on what to do if one or more employees does not have a National Insurance number*

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Top Up of the Local Business Grant Scheme

Aimed at small businesses with ongoing fixed property-related costs previously outside the scope of the business grant funds scheme, this is an additional 5% uplift to the £12.33 billion funding previously announced for the Small Business Grants Fund (SBGF) and the Retail, Hospitality and Leisure Grants Fund (RHLGF), so up to £617 million. The Government will confirm week commencing 4 May the exact amount for each local authority.

HMG is asking local authorities to prioritise businesses in shared spaces, regular market traders, and small charity properties that would meet the criteria for Small Business Rates Relief, and B&Bs that pay council tax rather than business rates. But local authorities may choose to make payments to other businesses based on local economic need. The allocation of funding will be at the discretion of local authorities.

To be eligible:

- businesses must be small
- under 50 employees
- and they must also be able to demonstrate that they have seen a significant drop of income due to Coronavirus restriction measures.

There will be three levels of grant payments. The maximum will be £25,000. There will also be grants of £10,000. Local authorities will have discretion to make payments of any amount under £10,000. It will be for councils to adapt this approach to local circumstances. Further guidance for local authorities will be set out shortly.

See: https://www.gov.uk/government/news/top-up-to-local-business-grant-funds-scheme?utm_source=c711a024-400a-41c6-a2b9-1a103a62ddaa&utm_medium=email&utm_campaign=govuk-notifications&utm_content=immediate

Interaction between BLS and the Coronavirus Business Interruption Loan Scheme (CBILS)

Businesses will be able to borrow up to £50,000 under BLS, capped at 25% of turnover. In order to ensure that businesses have a clear understanding of the support available to them under the loan guarantee schemes, the minimum facility size for term loans and overdrafts under CBILS will increase to £50,001 to avoid any risk of confusion or overlap. Any customer with a CBILS loan or overdraft of £50,000 or less will be able to switch that facility to a BLS loan should they choose to do so over the next few months. This change to the minimum facility size will not apply to asset finance and invoice finance CBILS facilities.

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Coronavirus Business Interruption Loan Scheme (CBILS) Update

7 of the largest lenders to UK SMEs wrote last week an open letter stating a key change to the CBILS application process:

“Following the changes to the scheme announced today lenders will only ask businesses for information and data they might reasonably be able to provide at speed and we will not require the provision of forward-looking financial information or business plans from businesses applying for CBILS-backed lending, relying instead on our own information to assess credit and business viability.

<https://www.ukfinance.org.uk/press/press-releases/uk-finance-issues-joint-statement-behalf-seven-largest-sme-lenders>

So, business owners applying to Barclays, Danske Bank, HSBC, Lloyds Bank, NatWest, Santander and Virgin Money no longer need to prepare a cash flow and business plan when applying to CBILS. This dramatically reduces the efforts required to put an application together.

Despite it now being a simpler process to apply for CBILS financing, a business owner should only consider if taking on debt at this time is the right thing to do. To help make this decision preparing a forecast may still be a very helpful tool to see how the cash position changes under different assumptions and scenarios, and what needs to happen in the future to restore cash flow/debt/profitability.

R&D Tax Credits and CBILS

R&D Tax Credits and CBILS are classed as state aid. Under state aid rules a business is only able to receive one form of state aid for a project.

HMRC have issued the following wording on this:

Are new Government support schemes introduced in response to the Coronavirus, such as CBILs, State aids or subsidies? Will they affect a company’s ability to make a claim under the SME scheme?

The Government has notified CBILS as a State aid under the European Commission’s new Temporary Framework for COVID-19. The measure is a fully notified aid, so the restriction on receipt of other State aid (s1138(1)(a) CTA 2009) potentially applies, if the CBILS relates specifically to the company’s R&D expenditure [on a project] rather than being intended more generally to support the company. This will depend on the facts. We will be monitoring the application of this rule and welcome feedback.

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See: <https://www.tax.org.uk/sites/default/files/200402%20HMRC%20Covid-19%20R%26D%20Update.pdf>

This appears to state that if a CBIL is received by a business to help finance a specific project then that project is not eligible for future R&D tax credits (or at least SME R&D tax credits). It may still be eligible for RDEC.

However, if the CBIL is used for general business purposes (which seems more likely in most cases) then a project receiving R&D tax credits should still be eligible to receive them in the future. It should be noted that HMRC have said they will be monitoring claims as they come which shows the answer is not black and white and further guidance is likely to be produced in due course.

Please talk to us about R&D we have helped several clients with these sorts of claims.

Covid-19 FAQ on What You Can & Can't Do

There are 23 FAQ's, and these can be found:

<https://www.gov.uk/government/publications/coronavirus-outbreak-faqs-what-you-can-and-cant-do/coronavirus-outbreak-faqs-what-you-can-and-cant-do>

Air Transport

Who'd have thought the air industry would have been brought to its knees so quickly. HMG Air is investing £5.7m in passenger services between Great Britain and Northern Ireland to ensure lifeline services are maintained, protecting key air links across the Union which are vital for connecting critical workers and ensuring that those who need to travel at this time can continue to do so.

The package will:

- maintain 2 lifeline passenger services (Derry-Londonderry to London and Belfast to London)
- International Airlines Group (IAG) (Aer Lingus) will maintain the Belfast to London route which would be at risk without financial assistance given low passenger numbers
- Belfast City Airport will provide airport services for the flight to and from London
- increased subsidies to Loganair to continue operating the City of Derry Airport (LDY) to London route
- support for City of Derry Airport to continue to provide airport services for this route

Full details: https://www.gov.uk/government/news/government-to-safeguard-vital-great-britain-northern-ireland-air-links?utm_source=e16ed786-7fe0-4967-934e-d36e6229b23a&utm_medium=email&utm_campaign=govuk-notifications&utm_content=immediate

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PPE Costs

From 1 May 2020, PPE purchased by care homes, businesses, charities and individuals to protect against Covid-19 will be free from VAT for a three-month period.

- a zero-rate of VAT will apply to sales of personal protective equipment (PPE) for Covid-19 from 1 May 2020 until 31 July 2020
- move will save care homes and businesses more than £100 million
- comes after import duty also removed from PPE
- saving more than £100 million for care homes and businesses dealing with the coronavirus outbreak.

See: https://www.gov.uk/government/news/treasury-cut-taxes-to-reduce-ppe-costs?utm_source=5e6cb49d-28fc-44d1-82f0-a3b1bbcbb742&utm_medium=email&utm_campaign=govuk-notifications&utm_content=immediate

BID Funding

Business Improvement Districts (BIDs) will receive £6.1m funding to help cover their day to day costs for the next 3 months. The funding comes on top of the government's package of support for business and workers during the economic emergency.

The money will be paid to local authorities and dispersed to Business Improvement Districts (BIDs). These are local business partnerships that bring developers and communities together to provide local leadership, drive regeneration and deliver projects and additional local services.

Many BIDs are now playing a crucial role during these challenging economic times, offering hands-on support to those businesses affected, including advice services, increased security to protect businesses that have closed, and providing key intelligence to local and central government on the impact of the coronavirus outbreak on their local economies.

Full text: https://www.gov.uk/government/news/6-1-million-funding-boost-to-help-high-streets-and-town-centres-through-pandemic?utm_source=a2f758f0-99ab-478a-8c67-743c985ef94f&utm_medium=email&utm_campaign=govuk-notifications&utm_content=immediate

SEISS Scheme

HMRC has updated their Guidance on the SEISS scheme.

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See: <https://www.gov.uk/guidance/claim-a-grant-through-the-coronavirus-covid-19-self-employment-income-support-scheme>

You can claim if you are a self-employed individual or a member of a partnership and:

- you carry on a trade which has been adversely affected by coronavirus
- you traded in the tax year 2018 to 2019 and submitted your Self-Assessment tax return on or before 23 April 2020 for that year
- you traded in the tax year 2019 to 2020
- you intend to continue to trade in the tax year 2020 to 2021

Your business could be adversely affected by coronavirus, for example if:

you are unable to work because you:

- are shielding
- are self-isolating
- are on sick leave because of coronavirus
- have caring responsibilities because of coronavirus
- you have had to scale down or temporarily stop trading because:
 - your supply chain has been interrupted
 - you have fewer or no customers or clients
 - your staff are unable to come in to work

You should not claim the grant if you are above the state aid limits or operating a trade through a trust.

To work out your eligibility your trading profits reported in your 2018 to 2019 Self-Assessment tax returns must be no more than £50,000 and at least equal to your non-trading income. If you are not eligible based on the 2018 to 2019 Self-Assessment tax return, HMRC will then look at the tax years 2016 to 2017, 2017 to 2018, and 2018 to 2019.

Find out how HMRC will work out your eligibility including if they have to use other years here: <https://www.gov.uk/guidance/how-hmrc-works-out-total-income-and-trading-profits-for-the-self-employment-income-support-scheme>

How different circumstances affect the scheme:

- if your return is late, amended or under enquiry
- if you are a member of a partnership
- if you are on or took parental leave
- if you have loans covered by the loan charge
- if you claim averaging relief
- if you are non-resident or chose the remittance basis
- if you are above the state aid limits

Check these circumstances here: <https://www.gov.uk/guidance/how-different-circumstances-affect-the-self-employment-income-support-scheme>

You will get a taxable grant based on your average trading profit over the 3 tax years:

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- 2016 to 2017
- 2017 to 2018
- 2018 to 2019

HMRC will work out your average trading profit by adding together your total trading profits or losses for the 3 tax years, then divide by 3. The grant will be 80% of your average trading profit, divided by 12 to give a monthly amount. HMRC will then multiply this by 3, and pay up to a maximum of 7,500 directly into your bank account, in one instalment.

Find out how HMRC will work out your average trading profits including if you have not traded for all 3 years here: <https://www.gov.uk/guidance/how-hmrc-works-out-total-income-and-trading-profits-for-the-self-employment-income-support-scheme#3years>

The online claim service is not available yet. HMRC will aim to contact you by mid May 2020 if you are eligible, to invite you to claim using the GOV.UK online service. Payment will be made by early June 2020 if your claim is approved.

If you are unable to claim online an alternative way to claim will be available. HMRC will update the overview with more information soon. We will update you as soon as we know more but keep your eye on: <https://www.gov.uk/guidance/claim-a-grant-through-the-coronavirus-covid-19-self-employment-income-support-scheme>

Companies House

An emergency filing service to upload and submit your completed registrar's powers forms has been introduced allowing you to:

- apply for rectification by the registrar of companies ([RP02A](#))
- apply for rectification of a change of registered address ([RP02B](#))
- object to a request to rectify the register ([RP03](#))
- apply to remove material about a director ([RP06](#))
- apply to change a company's disputed registered office address ([RP07](#))
- correct a director's date of birth ([RPCH01](#))

As this service is updated, it will include more document types and features such as acknowledgments and payments. This service will only be available for a selection of paper documents that do not already have an online option.

Their existing online services can be used to:

- [file your accounts](#)
- [file your confirmation statement](#)
- [make changes to your company](#)
- [close your company](#)

They remind businesses that they should take appropriate measures to make sure accounts are filed on time, like [filing your accounts online](#) if you're able to, but if your accounts will be late because your company is affected by coronavirus, and your filing deadline has not yet passed, you can apply for an automatic and immediate 3 month extension to file your accounts.

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Companies that have already extended their filing deadline, or shortened their accounting reference period, may not be eligible for an extension.

You must apply to extend your accounts filing deadline online (but not by email) before your filing deadline. To do so, you need:

- your company number
- information about why you need more time
- any documents to support your applications (optional)

They are taking longer than usual to process applications because of coronavirus so you may have applied for more time to file your accounts, but not had confirmation that it's been accepted. You may receive a letter from Companies House chasing for outstanding accounts. You can safely ignore this letter **if** you have evidence that you've applied for an extension before your filing deadline.

applying for more time to file your company's accounts.

They'll continue to write to companies who are late filing their annual accounts or confirmation statement and help them bring their record up to date. But for a temporary period, they have confirmed they will:

- ease strike off activity
- treat late filing penalty appeals sympathetically - if the late delivery of accounts was caused by the coronavirus outbreak
- provide a break for companies to pay late filing penalties
- provide additional support with payment plans for late filing penalties

Applications for voluntary strike off (DS01)

When they've registered your application to strike off the company, they'll publish a notice in the Gazette as normal to inform the public that the company is applying to be struck off the register, but will temporarily suspend any further action to strike off and dissolve the company to protect creditors and any other interested parties who may wish to object to the company being struck off.

Companies that do not file their annual accounts or confirmation statement will normally receive 2 letters from Companies House. A notice is then published in the Gazette to tell the public that the registrar intends to strike off the company. They will continue to write to companies if their annual accounts or confirmation statement is overdue - but will not publish the Gazette notice to help businesses file any outstanding documents and bring their record up to date.

If you do not apply for an extension before your filing deadline, and your accounts have been filed late, an automatic penalty will be imposed. The registrar has very limited discretion to not collect a penalty. You can pay your penalty by BACS. Their contact centre is now closed so they won't be able to take credit card payments over the telephone.

Each appeal is treated on a case-by-case basis, and they already have policies in place to deal with appeals based upon unforeseen poor health so they'll consider appeals based upon coronavirus under these policies - send your appeal form to us by email.