



## **COVID – 19 Update 23**

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## Covid 19 & Business Update

We've widened the scope out of these newsletters into related topics so welcome to our round up of the latest business and Covid-19 news for our clients. Please contact us if you want to talk about how these updates affect you and your business. We are here to support you through these tough times.

Our clients are now considering what their new normal is looking like, given that returning to more normal ways of working is looking increasingly on the cards. So here at BWM, we've been asking the team who want to work in the office full time, and who wants to work 2 or 3 days a week. Most are opting for the latter, including partners! At this point, full time working from home will be the exception not the rule, as, at the end of the day, you can't beat at least some face-to-face contact for effective communication, team building and training.

Our office lease expires in the autumn so this is a great opportunity for us to review our office needs for the future, how we make ourselves future proof (in so far as anyone can in this day & age!). Like many, we will need less floor space, as the traditional office is far less relevant now so its design and layout will be critical, as we will be implementing hot-desking; minimal on-site file storage as we are now paperless; break-out rooms rather than traditional meeting rooms.

Health services across the UK administered a total of 50,089,549 million vaccines between 8 December 2020 and 2 May 2021, including 34 million people with their first dose and 15 million with their second remaining on track to offer a jab to all adults by the end of July. Investment is to be made in covid-variant vaccines although no decision has been made as to whether booster jabs will be given to everyone over 50.

Understandably, much of the focus from HMRC is now turning to excessive or even fraudulent claims as we will discuss below. This is now seen as a risk area for many for example around the furlough claims given their complexity and the uncertainties prevalent in the early days in particular.

## Restrictions update

The next stage of the relaxation of the restrictions in England is set for 17 May, with cafes, restaurants and pubs able to serve people indoors. Currently in Scotland, pubs and restaurants are already allowed to open indoors until 8pm without alcohol which can only be served to those seated outside. It is likely venues in Wales will be able to open indoors on 17 May and Northern Ireland hospitality could reopen on 24 May.

More & more businesses are considering when it will be safe to return to office work and on what basis. Some banks have made it clear they will not be returning before September, others considering from June on, perhaps on a phased basis.

## A reduction in the time for self-isolation?

The government has recently announced a new study led by Public Health England and NHS Test and Trace will help increase understanding of how effective daily contact testing could be for people who are contacts of positive COVID-19 cases. It is to be used as an alternative to self-isolation.

Daily coronavirus tests will be given to as many as 40,000 people who have been in contact with someone who has tested positive for COVID-19, in a new government-backed study

designed to gather evidence on safe alternatives to self-isolation for people who are contacts of positive COVID-19 cases.

If successful, the study could provide evidence to help to reduce the length of time people who are contacts of positive COVID-19 cases need to self-isolate, as parts of the economy and society reopen through the Roadmap. A reduction in the period of self-isolation from 10 days could help prevent individuals having to miss work, while allowing people to continue to safely participate in society.

## **Latest news on the economy**

The Office for National Statistics (ONS) have released their latest indicators for the UK economy and society for April which show the economy slowly returning towards its 2019 levels. The growth in the economy is expected to accelerate from May as restrictions ease. Below are some of the latest results. For the full survey see: [Coronavirus and the latest indicators for the UK economy and society - Office for National Statistics \(ons.gov.uk\)](#)

## **The importance of cash flow planning**

As the economy opens up there are many cases where the government support, loans and business rates holiday have kept businesses afloat but there are also significant concerns about their future viability once these end. There have been calls for the business rates holiday to be extended and we will keep you up to date over the next few months if supports change or new help becomes available.

Many are now starting to have to repay the CBILS loans with the 12m holiday coming to an end, and considerable numbers are reported to be asking for an extension of the 5-year term, to ease the impact on cash flow.

What is important now is to remain safe and game your cash flows for a range of different scenarios for the rest of the year. This will allow you to know where you stand and what (if any) actions are needed so your business can recover and flourish as the economy grows.

Please contact us if you need help, we are here to support you and your business.

## **Beware Bogus HMRC Phishing Scams**

Most of us have heard of the text scam asking for payment for a parcel delivery, and indeed many will have received this.

But HMRC is aware of a phishing campaign telling customers they can claim for the fourth Self-Employment Income Support Scheme (SEISS) grant as support during the coronavirus pandemic.

Do not reply to the email and do not open any links in the message. The email has been issued in various formats like the one below:

### HMRC SEISS Tax Refund Notification

Claims for the SEISS grant have now opened for Application. The date for submitting application for the Fourth SEISS grant start 22 April 2021.

Please "Sign in to HMRC online services" reference below and follow step 1 and 3 to have your tax refund credit to your bank account, also note you need your Passport and Driving Licence details to submit this application.

[Sign into HMRC online services self assessment.](#)

Note: For Security reason we'll record (IP Address, Time, Date) Delibrate Wrong input or flooding will be criminally pursued.

Best Regards,  
HM Revenue and Customs

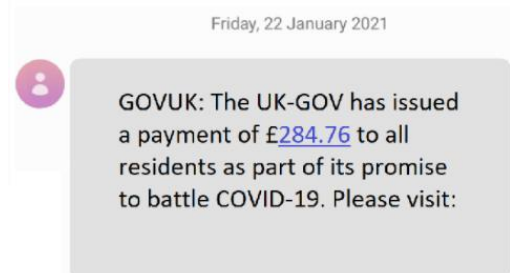
See here for an examples of the scams: [Examples of HMRC related phishing emails, suspicious phone calls and texts - GOV.UK \(www.gov.uk\)](#)

There are also text scams:

'Due to the new lockdown support plan' SMS

HMRC is aware of coronavirus text scams telling customers they are entitled to funding due to the new lockdown support plan. Do not reply to the text and do not open any links in the message.

'COVID-19 refund' SMS



Report suspicious HMRC emails, text messages and phone calls here: [Report suspicious HMRC emails, text messages and phone calls - GOV.UK \(www.gov.uk\)](#)

### Research & Development (R&D) Claims - common errors

The proliferation of R&D claims companies and the fees they can earn has without doubt pushed the envelope on what can be legitimately claimed. Inevitably following a number of "dodgy" R&D claims which have resulted in companies having their claims for relief refused or restricted, HMRC have issued the following guidance on common errors:

Some of the common errors made in R&D tax relief claims include:

- Project activities outside the scope of R&D for tax purposes are included in the claim.
- Expenditure outside the qualifying categories is claimed
- Staffing costs are claimed in respect of people who are not employees of the company (however, consider whether the expenditure qualifies as expenditure on externally provided workers).

- Claims are made in respect of overheads that do not qualify as consumable items or consumable stores.
- Expenditure is claimed on a particular item for a period before it was in a qualifying category.
- Special rules for connected parties are not applied.
- Companies do not recognise they are not SMEs.

For the SME scheme only:

- A loss previously surrendered for a payable tax credit is carried forward.
- Unconnected subcontractor expenses are not restricted to 65%.
- A payable tax credit claim is made for expenditure that only qualifies under the large company scheme.
- No account is taken of subsidies or Notified State Aid.

If you need assistance with R&D claims, or want to find out more about this, please contact us.

There is no question, but many R&D claims companies have been very *aggressive* in their interpretation of the rules, and the concern is that as we come out of the Covid-19 lockdowns and the economy recovers HMRC take an equally aggressive stance in the future in reviewing such claims, demanding repayments with interest and penalties.

## **Covid-19 Government support news**

Below is our weekly roundup of changes to government support information generally and for businesses, employers and the self-employed.

### **New scheme to give people in problem debt breathing space launched**

A new debt respite scheme was announced 4 May 2021. Around 700,000 people struggling with problem debt may benefit from Breathing Space this year as the scheme will give those facing financial difficulties 60 days to get their finances back on track – without debts piling up, worrying letters or enforcement action.

People will also have access to professional debt advice, with stronger protections for people in mental health crisis treatment.

Under the scheme, people will be given legal protections from their creditors for 60 days, with most interest and penalty charges frozen, and enforcement action halted. They will also receive professional debt advice to design a plan which helps to get their finances back on track.

Recognising the link between problem debt and mental health issues, these protections will be available for people in mental health crisis treatment – for the full duration of their crisis treatment plus another 30 days.

See: [New scheme to give people in problem debt breathing space launched - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/new-scheme-to-give-people-in-problem-debt-breathing-space-launched)

### **HMRC have issued guidance on the three year carry back of losses**

In his Spring Budget the Chancellor announced a temporary 3 year carry back of trading losses for limited companies and unincorporated traders instead of the normal one year

carry back. This will potentially allow loss making businesses to obtain a refund of tax paid in those years.

The latest Finance Bill includes the legislation to implement these changes and HMRC have recently issued guidance on how the rules operate.

For unincorporated businesses, the extension applies to a maximum £2,000,000 of unused trading losses made in each of the tax years 2020/21 and 2021/22.

For corporation tax the new rules apply to accounting periods ending between 1 April 2020 and 31 March 2021. The £2,000,000 maximum applies separately to unused trading losses made by companies, after carry-back to the preceding year.

The £2,000,000 cap is subject to a group-level limit, requiring groups with companies that have capacity to carry back losses in excess of £200,000 to apportion the cap between member companies.

See: [Extended Loss Carry Back for Businesses - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/extended-loss-carry-back-for-businesses)

### Private providers of coronavirus testing

The lists of and information about approved suppliers of private testing kits for coronavirus (COVID-19) has been updated.

See: [Private providers of coronavirus testing - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/private-providers-of-coronavirus-testing)

### Help and support if your business is affected by coronavirus (COVID-19)

You can watch videos and register for the free webinars to learn more about the support available to help you deal with the economic impacts of coronavirus here:

[Help and support if your business is affected by coronavirus \(COVID-19\) - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/help-and-support-if-your-business-is-affected-by-coronavirus-covid-19)

### Penalties for overclaimed SEISS grants

Claims for the fourth Self Employed Income Support Scheme (SEISS) can now be made and **must be claimed by 1 June 2021**. At the same time, HMRC has issued updated details of penalties that may be imposed on those that have previously claimed too much.

If you have overclaimed a SEISS grant and have not repaid it, you need to notify HMRC within the notification period. The notification period ends on the latest of:

- 20 October 2020
- 90 days after you receive the SEISS grant you're not entitled to

HMRC may charge you a penalty if you do not tell them within the notification period that you're chargeable to Income Tax on an overclaimed SEISS grant.

When deciding the amount of any penalty, HMRC take account of whether you knew you were entitled to the SEISS grant:

- when you received it
- when it became repayable or chargeable to tax because your circumstances changed

If you knew you were not entitled to your grant and did not tell HMRC within the notification period, the law treats your failure as deliberate and concealed. This means HMRC can charge a penalty of up to 100% on the amount of the SEISS grant that you were not entitled to receive or keep. The penalty can be mitigated if the taxpayer assists HMRC in establishing the facts.

If you did not know you were not entitled to your grant when you received it, HMRC will only charge you a penalty if you have not repaid the grant by 31 January 2022.

See: [Penalties for not telling HMRC about Self-Employment Income Support Scheme grant overpayments - CC/FS47 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/penalties-for-not-telling-hmrc-about-self-employment-income-support-scheme-grant-overpayments)

## Other Coronavirus Support Grants Overclaimed

If you have received a coronavirus support payment that you are not entitled to, you must tell HMRC about this by the end of the notification period. If you do not do this, HMRC call this a 'failure to notify'.

The notification periods are:

Eat Out to Help Out Scheme – 90 days after the date you received the amount you were not entitled to

Coronavirus Job Retention Scheme – 90 days after the date you received the amount you were not entitled to, or after you ceased to be entitled to retain the amount you were paid, which could be because

- of a change in your circumstances
- you have not used the payment to pay the costs it was intended to reimburse, within a reasonable period of time (for example, to pay your staff)

As with SEISS grant overclaims, the maximum penalty could be as much as 100% of the amount of grant overclaimed. See HMRC guidance:

See: [Penalties for not telling HMRC about coronavirus \(COVID-19\) support scheme overpayments - CC/FS11a - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/penalties-for-not-telling-hmrc-about-coronavirus-covid-19-support-scheme-overpayments)

## Business Loan schemes: privacy notice

This notice is for people who have dealings with the Department for Business, Energy and Industrial Strategy (BEIS) in connection with a financial product provided under the COVID-19 loan schemes.

This privacy notice is for anyone who has dealings with the Department for Business, Energy and Industrial Strategy (BEIS) in connection with a financial product provided under the COVID-19 loan schemes. It includes the following schemes delivered by the British Business Bank (BBB):

- Coronavirus Business Interruption Loan Scheme (CBILS)
- Coronavirus Large Business Interruption Loan Scheme (CLBILS)
- Bounce Back Loan Scheme (BBLs)
- Recovery Loan Scheme (RLS)

This notice describes how BEIS collect and use personal information about you in accordance with data protection law, including the General UK Data Protection Regulation



(UK GDPR) and the Data Protection Act (DPA) 2018. BEIS is a data controller. This means that they are responsible for deciding how they hold and use personal information about you.

BEIS are required under data protection legislation to notify you of the information contained in this privacy notice. This notice, together with the British Business Bank privacy notice, other BEIS privacy notices and the BEIS Personal Information Charter, explains your rights, and the reasons BEIS are using your information.

See: [COVID-19 loan schemes: privacy notice - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/covid-19-loan-schemes-privacy-notice)

### **Understanding the possession action process: guidance for landlords and tenants**

Guidance for landlords and tenants in the private and social rented sectors to explain the possession action process in the county courts in England and Wales has been updated to reflect new processes for landlords to reactivate a possession claim after 30 April.

See: [Understanding the possession action process: guidance for landlords and tenants - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/understanding-the-possession-action-process-guidance-for-landlords-and-tenants)

As ever, if there is anything you want to discuss further, please do contact your normal relationship manager or partner.

**BWM**  
**May 2021**