

[View this email in your browser](#)



ALLENSACCOUNTS

End of VAT Deferment

The automatic deferment of VAT payments is coming to an end on 30 June so **businesses who owe VAT for the quarter ending on 31 May 2020 will need to pay by 7 July 2020 as usual.**

Where a business cancelled its direct debit mandate to ensure that VAT due in the period from 20 March to 30 June was not collected, it will have to now reinstate that direct debit to ensure the VAT as reported on returns from May onwards is collected automatically again. Direct debit mandates usually require three working days in advance notice. If the direct debit is not reinstated in time the business will need remember to make payment by **7 July.**

HMRC has confirmed that it will **not** collect the outstanding balance of deferred VAT when a direct debit mandate is reinstated.

Arrangements will need to be made to pay the deferred VAT by **31 March 2021** – further guidance is awaited from HMRC on the mechanism to do this.

Coronavirus Job Retention Scheme (CJRS)

We are starting to get a number of queries about how to calculate amounts to be claimed under the flexible furlough rules from 1 July 2020, in particular the 'usual working hours' figure. Unfortunately we are still waiting for some clear

guidance on this.

The ICAEW this week published an article in which they say there could be three possible different answers depending on which part of the guidance you follow.

<https://www.icaew.com/insights/tax-news/2020/jun-2020/what-are-usual-hours-for-flexible-furlough-calculations>

We hope to be able to provide some definitive advice on this in the next few days.

Expanded Guidance on SEISS Eligibility

HMRC has updated its guidance on whether a business has been '**adversely affected by coronavirus**' and therefore able to claim for the two Self-employed Income Support Scheme (SEISS) grants.

On 12 June [HMRC published examples](#) to show when the 'adversely affected' criteria for the first and second SEISS grants will be met. It confirms that **those who are self-employed and able to return to work as normal in June will not be eligible for a second grant**, although they can claim a grant for the first period. Applications for this first grant opened on 13 May 2020 and **will close on 13 July 2020**.

Up until 13 July [SEISS](#) allows self-employed individuals (including those trading as a partnership) to claim a taxable grant worth 80% of average monthly trading profits, paid out in a single instalment covering three months' worth of profits (March, April and May) and capped at £7,500.

A second and final grant can be claimed in August 2020. It is worth 70% of average monthly trading profits, and will also be paid out in a single instalment covering three months' profits and is capped at £6,570. While eligibility for the second grant is the same as the first grant, it is a separate claim and those claiming will have to confirm their business has been [adversely affected](#) by [COVID-19](#) on or after 14 July 2020.

Rather bizarrely HMRC say that, unlike the first grant, this second grant does

not relate to any specific 3 month time period.

Put most simply, the first grant is for available for businesses impacted by COVID-19 before 13 July and the second is available for those impacted by COVID-19 on or after 14 July. If a business is impacted before and after those dates, they can claim both.

[HMRC's examples](#) confirm that individuals can claim for the second grant even if they did not claim the first grant, as long as their circumstances have changed due to COVID-19 and all other criteria are met.

HMRC's guidance gives the following examples of when a business might be adversely affected;

1. The business owner is unable to work because they:
 - are [shielding](#); or
 - are self-isolating; or
 - are on sick leave because of coronavirus; or
 - have caring responsibilities because of coronavirus.

2. The business has had to scale down or temporarily stop trading because:
 - the supply chain has been interrupted; or
 - there are fewer or no customers or clients; or
 - staff are unable to come in to work.

This list is not exhaustive – another example might be additional costs incurred to enable the business to comply with physical distancing requirements.

<https://www.gov.uk/guidance/how-different-circumstances-affect-the-self-employment-income-support-scheme#adversely-affected-examples>

Reverse VAT charge for the construction industry postponed until March 2021

The Government has announced a further five-month delay to the introduction of the domestic reverse VAT charge for construction services due to the impact of coronavirus.

The reverse charge for VAT on construction services was originally due to come into force on 1 October 2019 but its introduction was later pushed back until 1 October 2020.

[In a brief published on 5 June HMRC](#) confirmed that the anti-fraud measure is now being **postponed until 1 March 2021** in light of the coronavirus pandemic.

The new reverse-charge system will require a VAT-registered customer to account for the VAT due when buying certain services from its suppliers. The customer will pay the VAT due to HMRC by making an adjustment to its VAT return rather than paying the VAT to the supplier. The advantage of a reverse charge to HMRC is that there is no risk of a fraudulent supplier invoicing for work that it has purportedly supplied together with VAT which it then fails to pay over to HMRC.

The Allens Team



Copyright © 2020 Allens Chartered Accountants, All rights reserved.

You are receiving this message as a connection of Allens Chartered Accountants. You can unsubscribe at any time.

Our mailing address is:

Allens Chartered Accountants
123 Wellington Road South
Stockport, Cheshire SK1 3TH
United Kingdom

[Add us to your address book](#)

Want to change how you receive these emails?

You can [update your preferences](#) or [unsubscribe from this list](#)

