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Deadline for CJRS V1 Claims is Approaching

Coronavirus Job Retention Scheme (CJRS) claims for periods ending on or before 30 June 2020 **must be made by this Friday 31 July 2020**.

After Friday it will not be possible to make claims for periods before 30 June 2020. Employers also need to have made a claim on or before Friday to be able to make a claim for July or future months.

HMRC's calculator can now calculate claims for pay periods in July and August but the calculation of usual and actual hours for flexibly furloughed employees must be done manually and entered into the calculator.

From 1 August 2020 the scheme will no longer fund employers' national insurance and pension contributions for furloughed employees.

VAT Rate Reduction for Hospitality and the Flat Rate Scheme (FRS)

Many businesses in the tourist and hospitality industry will now be charging 5% VAT on some or all of their sales following the Chancellor's announcement on 8 July. Please see our previous Bulletins for the details. To recognise this situation legislation has been amended so that [reduced FRS percentages](#) will apply in the following trade categories **between 15 July 2020 and 12 January 2021**:

- Catering services including restaurants and takeaways: reduced from 12.5% to 4.5%
- Hotel or accommodation: 10.5% to 0%

- Pubs: 6.5% to 1%

As a reminder a business can only join the FRS if their annual turnover subject to VAT is £150,000 or less. Every affected business needs to do its own calculations to see whether it is worth joining or leaving the scheme, but should take into account the time-saving benefits of being in the FRS. In some cases it might be worth a business joining the scheme if it is eligible and then leaving after six months.

Making Tax Digital (MTD) to be Extended

HMRC's flagship Making Tax Digital online quarterly reporting scheme is to be significantly extended with legislation in the 2020-21 Finance Bill bringing **all VAT-registered businesses into the system from April 2022**. The government have also announced plans to include income tax self-assessment in the scheme from April 2023.

At present, only businesses above the VAT threshold of £85,000 are covered by the scheme, which requires them to keep digital records and submit VAT returns through software.

From April 2022 all VAT-registered businesses, including those below the £85,000 threshold, will be mandated to keep VAT records in digital form. Businesses must use dedicated record-keeping software, a combination of software packages or spreadsheets. If spreadsheets are used the software must be capable of taking the relevant information from the spreadsheet electronically and sending it direct to HMRC without further manual adjustment. Many businesses rely on bridging products to fulfil this function.

The deadlines for sending VAT returns and making payments has not changed. The information submitted to HMRC is also still the same with nine boxes on the VAT return (although as the UK leaves the EU these boxes may change). Details of individual transactions are also not submitted to HMRC under the scheme.

MTD for income tax will begin from April 2023 for unincorporated businesses and landlords with total gross income above £10,000. As a result businesses and landlords will be required to submit a quarterly summary of their business income and expenses to HMRC using MTD-compatible software.

Deadline Approaches for Reporting CGT on UK Residential Property

A new requirement to [report and pay capital gains tax \(CGT\) on disposals of UK](#)

[residential property](#) within 30 days of completion applies to disposals (which usually means the date of exchange) made by UK resident taxpayers on or after 6 April 2020.

In response to the COVID-19 pandemic the government extended the reporting deadline so that no late filing penalty will be charged for any transactions completed between 6 April 2020 and 1 July 2020 which are reported by 31 July 2020.

The extended deadline applies only to UK resident taxpayers for whom the requirement is new; non-residents have to file within 30 days of completion.

The requirement to pay any CGT due within 30 days of completion was not deferred and interest will be charged on any tax not paid within 30 days of completion.

UK residents are **required to report gains on UK residential property only where tax** is due so will exclude most sales where the property was the taxpayers main residence.

The Allens Team



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