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# ALLENSACCOUNTS

## **Deferred VAT Deadline**

Businesses that deferred VAT payments last year have until **21 June 2021** to join the VAT Deferral New Payment Scheme online and pay in monthly instalments.

If arrangements are not made by this date, businesses will incur a penalty of 5% plus interest, based on the amount of the deferred VAT that remains outstanding.

The options available to businesses to avoid the 5% penalty are:

1. Pay the deferred VAT in full by 30 June 2021 – HMRC has confirmed that it will not charge penalties or interest where a business pays its deferred VAT in full by 30 June 2021;
2. Opt into the VAT Deferral New Payment Scheme (online by 21 June 2021) –Businesses joining the scheme will not be charged a penalty and will be able to pay their deferred VAT in two to eight interest-free instalments. The first instalment is payable upon joining the scheme. The online portal can be accessed at <https://www.gov.uk/guidance/deferral-of-vat-payments-due-to-coronavirus-covid-19>; or
3. Make alternative arrangements to pay HMRC by 30 June 2021 – Where businesses do not have the resources for the first two options they can contact HMRC by 30 June 2021 to agree a time to pay arrangement and avoid the 5% penalty. However, the key difference is that the VAT

repayments will not be interest free. The contact number to use is 0800 024 1222.

### **Self-Employed Income Support Scheme (SEISS)**

HMRC has just confirmed that **a fifth SEISS grant will be available from the end of July covering the period from May to September 2021** for those affected by the pandemic.

The conditions for the grant are very similar to the previous ones. The headlines are:

- The grant is taxable and will be paid out in a single instalment – full guidance for claiming the grant will be available by the end of June 2021.
- As previously the grant is only available to self-employed individuals or members of a partnership and not those operating through limited companies.
- Applicants must have traded in the tax year 2019/20 and have submitted their self-assessment tax returns on or before 2 March 2021.
- Applicants must either be currently trading and have been impacted by reduced demand due to coronavirus, or have been trading but are temporarily unable to do so due to coronavirus.
- HMRC will look at filed 2019/20 self-assessment tax returns to assess eligibility. Trading profits must be no more than £50,000 and at least equal to non-trading income.
- HMRC will contact those eligible in mid-July 2021 with a date that they can make their claim from.
- The online claims service for the fifth grant will be available from late July 2021.
- Claims must be made directly by self-employed individuals and cannot be processed by agents or accountants such as ourselves.
- The amount of the fifth grant will be determined by how much turnover has been reduced in the year between April 2020 and April 2021.

Turnover reductionHow much will be paid

Maximum grant

30% or more	80% of 3 months' average trading profits	£7,500
Less than 30%	30% of 3 months' average trading profits	£2,850

### **SEISS and Tax Returns**

As a reminder **SEISS grants are subject to Income Tax and National Insurance**. Taxpayers who have received any of the first, second and third grants should include them on their 2020/21 self-assessment tax returns due by 31 January 2022. The fourth and fifth grants must be included on their 2021/22 self-assessment returns, which need to be submitted by 31 January 2023.

HMRC have confirmed that where their computer cannot match the value of the SEISS grants (first to third) with the amounts reported on the taxpayer's 2020/21 self-assessment tax return, the return will be held back for manual processing. This means that the tax statement or tax overview (old SA 302) will not be issued, and any tax repayment showing as due on the return will not be paid.

### **Coronavirus Job Retention Scheme**

From July **employers will have to pay at least 10% of staff wages to anyone on furlough** as the government reduces its level of support under the CJRS.

As confirmed by the Budget on 3 March 2021, the scheme will continue until the end of September 2021 with some adjustment to funding levels from July 2021.

Until the end of June 2021, the Government will continue to pay 80% of furloughed employees' wages to a maximum of £2,500 per employee per month for their unworked hours – employers have the option to top this up to 100% of wages.

As of 1 July 2021, the Government's grant will reduce to 70% of employees' wages for unworked hours with a cap of £2,187.50.

Pay for furloughed employees must remain at a minimum of 80% with a cap of £2,500, meaning employers must contribute 10% to furloughed staff wages up to £312.50.

From 1 August 2021 until the scheme ends, the Government's grant will reduce a final time to 60% of furloughed employees' wages for unworked hours, with a cap of £1,875 per month.

With the 80% rule still in place, employers will need to contribute 20% to staff wages up to £625 per month from August.

Employers will also need to continue making national insurance and pension contributions until the end of the scheme.

## **Scams**

Unfortunately the Government's coronavirus support measures have led to a huge increase in scams. **If someone claims to be from HMRC by phone, text or e-mail please do not hand over any details.** If you are in any doubt whatsoever please contact us.

Currently we are hearing about huge numbers of calls from people claiming to be from HMRC saying that you owe tax and face arrest, are due a tax refund, that your National Insurance number has been compromised or asking you to transfer money or give bank or other personal details. Please do not respond to any such call, texts or e-mails.

HMRC also have dedicated webpages highlighting some of the most common scams. <https://www.gov.uk/guidance/identify-hmrc-related-scam-phone-calls-emails-and-text-messages>

The Team at Allens



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