

Subject: COVID - Information Review

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ALLENSACCOUNTS

As we have received no additional information today, we have tried to cover some of the areas we have been asked about most commonly in the last few days. These are;

Coronavirus Job Retention Scheme (CVJRS)

We are regularly being asked whether director/shareholders of small companies will be eligible. Our understanding is that Directors are not disqualified from being furloughed and **can** take advantage of the CVJRS as long as they don't undertake any income generating work and only perform statutory duties.

This has been supported in an answer given by Ben Kerry from the Treasury to a question posed by the CBI on a webinar on Friday (and also Martin Lewis who has also spoken with the Treasury and asked the same question);

<https://www.cbi.org.uk/articles/daily-coronavirus-webinar-job-retention-scheme-27-03-2020/>

The relevant answer starts at 27 mins and 30 seconds in.

Assuming a director qualifies, they should be eligible to receive 80% of their monthly salary under the scheme. Please note that **Dividends are not** eligible for government support.

Other common queries we are receiving are below:

- Employees hired after 28 February 2020 cannot be furloughed
- Furloughed employees should be informed in writing and **CANNOT DO ANY WORK**
- If an employee has more than one employer they can be furloughed for each job
- HMRC will cover the lower of 80% of an employee's regular wage or £2,500 per month **plus** the associated Employer National Insurance contributions and minimum automatic enrolment employer pension contributions
- The minimum period for furloughing is 3 weeks (although an employee can be brought on and off furlough, each separate period of furlough must be **at least three weeks**)
- To be eligible, a payroll must continue to be run as normal with wages still subject to usual tax/NIC deductions, RTI submissions made, net payments made to employees and PAYE/NIC paid to HMRC
- Reimbursement to the company will be made in the form of a (taxable) grant to be claimed through a new online portal yet to be built – this is expected to be up and running by 21 April 2020 with the first payments made by the 'end of April' – claims can be made every 3 weeks
- Claims can be backdated to 1 March 2020 but only to the date when staff were furloughed

The CVJRS has been covered in detail on previous briefings

<http://www.allensaccountants.com/#coronavirus-briefings> and we intend on producing a summary of all the key aspects of the scheme tomorrow

VAT Deferral

Under the government's proposals, VAT payments due before 30 June 2020 will not now need to be made until 31 March 2021. Generally this will mean the deferral of one quarter's VAT i.e. the payment due on 7 April, 7 May or 7 June 2020. This is an automatic offer and no application is required.

However, HMRC has confirmed that businesses will need to **cancel their**

direct debit payment. Therefore businesses that have a direct debit mandate in place to pay their VAT, and wish to defer payment, will need to contact their bank to cancel that mandate.

A common misconception is that VAT returns do not need filing – this is incorrect and all VAT returns should still be filed **on time**.

No penalties or interest for late payment will be charged in the deferral period.

Coronavirus Business Interruption Loan Scheme

A number of clients have been told by their bank that they will be required to give personal guarantees for loans under this scheme. However the Big Four banks (Barclays, HSBC, Lloyds and RBS) have again confirmed that they will not seek personal guarantees as security for lending below £250,000.

<https://www.british-business-bank.co.uk/wp-content/uploads/2020/03/British-Business-Bank-CBILS-FAQs-for-SMEs-v11-270320.pdf>

Small Business Grant Funding

As a reminder, be aware that two new grant funding schemes have been announced:

1. a small business grant funding of £10,000 for all businesses in receipt of small business rate relief; and
2. grant funding of £25,000 for retail, hospitality and leisure businesses with property where the rateable value is between £15,000 and £51,000

First payments are to be made next month.

SMBC will need bank details to make payment if you don't pay business rates by Direct Debit. The registration form for this can be found at

<https://www.stockport.gov.uk/support-for-businesses-and-employers/small-business-grant-funding-coronavirus>

Any businesses that are experiencing difficulty paying their business rates should email SMBC at business.rates@stockport.gov.uk They have stated that they are able to agree special payment plans so that the business rates due for 2020/21 are split over 9 months from July 2020 to March 2021, meaning that businesses will not have to pay anything until July this year.

For businesses that are in the retail, hospitality or leisure industry, SMBC have suspended all recovery action for an initial 3 month period and have said they will consider requests from other businesses and organisations based on their circumstances.

<https://www.stockport.gov.uk/support-for-businesses-and-employers/business-rates-and-business-rates-relief-coronavirus>

Please be assured that we will be in touch as soon as new information is announced.

The Allens Team



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