

Subject: COVID - Update 14th April

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ALLENSACCOUNTS

We hope you had a good Easter despite the current situation and have been able to enjoy the great weather we are having.

Coronavirus Job Retention Scheme (CVJRS)

Just a reminder that HMRC have confirmed that the portal for making claims will not be open until **Monday 20 April**.

In between now and then our payroll team will be working day and night to prepare claims for our payroll clients so they are ready to be submitted as soon as we are able to next week. One of the critical pieces of information we will need to make this claim is the business bank account details.

We are asking our clients to confirm their business bank details to ensure we have the correct information on record to ensure no delays. It would be extremely helpful if you could confirm your business bank details by e-mailing them to damien@allensaccountants.com.

We need to know which bank, the name on the account, the account number and sort code.

If we don't currently process your payroll but would like us to assist in making a claim under the scheme, please send an e-mail to the same address.

The third version of HMRC's guidance on the CVJRS was published over the Easter weekend. <https://www.gov.uk/guidance/claim-for-wage-costs-through-the-coronavirus-job-retention-scheme>

The section on the interaction with sick pay has been expanded. In brief:

- The CVJRS is not intended for short-term absences due to sickness or self-isolation, but if there are business reasons an employee may be moved from sick pay to furlough pay.
- Employers are entitled to furlough employees who are being shielded or off on long-term sick leave.
- Employees who become sick while on furlough can be kept on furlough pay, but must be paid at least statutory sick pay.
- Employers can claim under both the CVJRS and the statutory sick pay rebate scheme for the same employee, but not for the same period of time.

There is a new section on dealing with those returning from statutory leave, such as maternity or paternity leave. It confirms that claims for those returning after 28 February 2020 should be based on their salary, rather than the pay they received while on statutory leave.

No further guidance is given on whether the grant can be used towards holiday pay.

HMRC have added that to be eligible for the grant an employee on furlough cannot undertake work for their employer '**or any linked or associated organisation**'. There is no guidance on what is a linked organisation.

VAT Payment Deferral

Please note that it is **only VAT payments that can be deferred** (between 20 March 2020 and 30 June 2020).

This deferral scheme **does not include PAYE liabilities**, which are due by the normal date or HMRC will charge late payment interest.

If a business is unable to pay its PAYE liabilities on time due to Coronavirus they should call HMRC on 0800 024 1222 to make a time to pay arrangement.

Self-employment Income Support Scheme

HMRC have today published guidance on how they will calculate **total income** and **trading profits** for the purposes of the scheme, designed to provide help for the self-employed and members of partnerships who have lost profits due to coronavirus.

As a reminder HMRC will assess eligibility for the grant based on information from filed tax returns and to be eligible for the scheme applicants must:

1. have **trading profits** of no more than £50,000 AND more than 50% of your **total income** for either:
 - a. the tax year 2018/19; or
 - b. the average of the tax years 2016/17, 2017/18 and 2018/19
2. have filed a tax return for the tax year 2018/19
3. have traded in the tax year 2019/20
4. intend to continue to trade in the tax year 2020/21
5. be adversely impacted by coronavirus.

HMRC have confirmed that **total income** is the total of income from earnings, trading profits, property income, dividends, savings income, pension income and miscellaneous income including social security income.

To calculate **trading profits** HMRC will '*use the figures provided on tax returns for the total trading income (turnover), then deduct any allowable business expenses and capital expenditure*'.

The guide provides examples of how to calculate total trading income in each of the tax years 2016/17, 2017/18 and 2018/19 and work out the average trading profit. The guide provides examples based on someone who only traded in the tax year 2018/19, as well as someone who traded for two or three tax years.

<https://www.gov.uk/guidance/how-hmrc-works-out-total-income-and-trading-profits-for-the-self-employment-income-support-scheme>

As with all previous emails, this information will shortly be stored on the Allens website for your records at <http://www.allensaccountants.com/#coronavirus-briefings>.

The Allens Team



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

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