

# **Information & advice for businesses, employers & employees during the Coronavirus Pandemic**

## **Most recent updates highlighted in Yellow**

The information in this guidance sheet is sourced from GOV.UK, ACAS (The Advisory, Conciliation and Arbitration Service) and FSB (Federation of Small Businesses). As the issues discussed below are ongoing and changes to this information, the legislation and advice are happening constantly, we continue to update this guide. However, if you think something is outdated or incorrect, please either seek the information directly from the GOV website or contact our office to discuss on 01483 276100.

### **1. Furloughing Employees, SSP & Payroll**

**The Furlough application scheme is now live and can be accessed through your, or your agents HMRC account (20.04.20)**

Eligible individuals who are not employees

As well as employees, the grant can be claimed for any of the following groups, if they are paid via PAYE:

- office holders (including company directors)
- salaried members of Limited Liability Partnerships (LLPs)
- agency workers (including those employed by umbrella companies)

The guidance below sets out specific considerations for those individuals who are paid via PAYE, but who are not necessarily employees in employment law. Unless explicitly set out below, all other guidance is applicable to these cases, and should be followed.

#### Office Holders

Office holders can be furloughed and receive support through this scheme. The furlough, and any ongoing payment during furlough, will need to be agreed between the office holder and the party who operates PAYE on the income they receive for holding their office. Where the office holder is a company director or member of a Limited Liability Partnership (LLP), the furlough arrangements should be adopted formally as a decision of the company or LLP.

#### Company Directors

As office holders, salaried company directors are eligible to be furloughed and receive support through this scheme. Company directors owe duties to their company which are set out in the Companies Act 2006. Where a company (acting through its board of directors) considers that it is in

compliance with the statutory duties of one or more of its individual salaried directors, the board can decide that such directors should be furloughed.

Where one or more individual directors' furlough is so decided by the board, this should be formally adopted as a decision of the company, noted in the company records and communicated in writing to the director(s) concerned.

Where furloughed directors need to carry out particular duties to fulfil the statutory obligations they owe to their company, they may do so provided they do no more than would reasonably be judged necessary for that purpose, for instance, they should not do work of a kind they would carry out in normal circumstances to generate commercial revenue or provides services to or on behalf of their company.

This also applies to salaried individuals who are directors of their own personal service company (PSC).

If your employee does volunteer work

A furloughed employee can take part in volunteer work, if it does not provide services to or generate revenue for, or on behalf of your organisation. Your organisation can agree to find furloughed employees new work or volunteering opportunities whilst on furlough if this is in line with public health guidance.

If your employee undertakes training

Furloughed employees can engage in training, as long as in undertaking the training the employee does not provide services to, or generate revenue for, or on behalf of their organisation. Furloughed employees should be encouraged to undertake training.

Where training is undertaken by furloughed employees, at the request of their employer, they are entitled to be paid at least their appropriate national minimum wage for this time. In most cases, the furlough payment of 80% of an employee's regular wage, up to the value of £2,500, will provide sufficient monies to cover these training hours. However, where the time spent training attracts a minimum wage entitlement in excess of the furlough payment, employers will need to pay the additional wages (see National Minimum Wage Section for more details).

If your employee has more than one job

If your employee has more than one employer they can be furloughed for each job. Each job is separate, and the cap applies to each employer individually.

Employees can be furloughed in one job and receive a furloughed payment but continue working for another employer and receive their normal wages.

Working for a different employer

If contractually allowed, your employees are permitted to work for another employer whilst you have placed them on furlough.

For any employer that takes on a new employee, the new employer should ensure they complete the starter checklist form correctly. If the employee is furloughed from another employment, they should complete Statement C.

## Benefits in Kind and Salary Sacrifice Schemes

The reference salary should not include the cost of non-monetary benefits provided to employees, including taxable Benefits in Kind. Similarly, benefits provided through salary sacrifice schemes (including pension contributions) that reduce an employee's taxable pay should also not be included in the reference salary. Where the employer provides benefits to furloughed employees, this should be in addition to the wages that must be paid under the terms of the Job Retention Scheme.

Normally, an employee cannot switch freely out of a salary sacrifice scheme unless there is a life event. HMRC agrees that COVID-19 counts as a life event that could warrant changes to salary sacrifice arrangements, if the relevant employment contract is updated accordingly.

### If you want us to act for you

- agents authorised to act for you on PAYE matters can make the claim on your behalf.
- you will need to tell us which UK bank account you want the grant to be paid into, in order to ensure funds are paid as quickly as possible to you.
- We are charging a small fee for the application process, to be determined in the coming days and dependant on application size/consumption of time.
- We are advised that the claim can be made at the same time as we are actually processing the payroll for you. Therefore, we will only charge a fee where the application is done separately from the operation of the payroll or if it takes longer than the normal processing time for the payroll.

We can/You should retain all records and calculations in respect of your claims.

## Coronavirus Job Retention Scheme

The Chancellor announced three changes to the job retention scheme on 29/5/20:

1. From 1 July 2020, the scheme will be made more flexible to enable employers to bring previously furloughed employees back part time and still receive a grant for the time when they are not working.
2. From 1 August 2020, employers will have to start contributing to the wage costs of paying their furloughed staff and this employer contribution will gradually increase in September and October.
3. The scheme will close to new entrants from 30 June.

### 1. Part time furloughing

From 1 July 2020, businesses using the scheme will have the flexibility to bring previously furloughed employees back to work part time – with the government continuing to pay 80% of wages for any of their normal hours they do not work up until the end of August. This flexibility comes a month earlier than previously announced to help people get back to work.

Employers will decide the hours and shift patterns their employees will work on their return, and will be responsible for paying their wages in full while working. This means that employees can work as much or as little as the business needs, with no minimum time that they can furlough staff for.

Any working hours arrangement agreed between a business and their employee must cover at least one week and be confirmed to the employee in writing. When claiming the CJRS grant for furloughed hours, they will need to report and claim for a minimum period of a week. They can choose to make claims for longer periods such as on monthly or two weekly cycles if preferred. Employers will be required to submit data on the usual hours an employee would be expected to work in a claim period and actual hours worked.

If employees are unable to return to work, or employers do not have work for them to do, they can remain on furlough and the employer can continue to claim the grant for their full hours under the existing rules.

## 2. Employer contributions

From August, the government grant provided through the job retention scheme will be slowly tapered.

- in **June and July**, the government will pay 80% of wages up to a cap of £2,500 as well as employer National Insurance (ER NICs) and pension contributions for the hours the employee doesn't work – employers will have to pay employees for the hours they work
- in **August**, the government will continue to pay 80% of wages up to a cap of £2,500 but employers will pay ER NICs and pension contributions – for the average claim, this represents 5% of the gross employment costs that they would have incurred if the employee had not been furloughed
- in **September**, the government will pay 70% of wages up to a cap of £2,187.50 for the hours the employee does not work – employers will pay ER NICs, pension contributions and 10% of wages to make up 80% of the total up to a cap of £2,500
- in **October**, the government will pay 60% of wages up to a cap of £1,875 for the hours the employee does not work – employers will pay ER NICs, pension contributions and 20% of wages to make up 80% of the total up to a cap of £2,500
- the cap on the furlough grant will be proportional to the hours not worked.

Many smaller employers have some or all of their employer NIC bills covered by the Employment Allowance so will not be significantly impacted by that part of the tapering of the government contribution.

Around a quarter of CJRS monthly claims relate to wages that are below the threshold where employer NICs and auto enrolment contributions are due, and so no employer contribution will be required for these furloughed employees in August.

## 3. Important dates

It's important to note that the scheme will close to new entrants from **30 June**. From this point onwards, employers will only be able to furlough employees that they have furloughed for a full three-week period prior to 30 June.

This means that the final date by which an employer can furlough an employee for the first time will be **10 June** for the current three-week furlough period to be completed by 30 June. Employers will have until **31 July** to make any claims in respect of the period to 30 June.

## **Guidance and support**

Further support for employers and agents on how to calculate claims with this extra flexibility will be available by 12 June, including webinars and detailed online guidance. For information about how to claim, go to GOV.UK and search 'Coronavirus Job Retention Scheme'. Please do not call us for more information, everything you need to know about this scheme will be published online on GOV.UK.

## **SSP (Statutory Sick Pay)**

The coronavirus Statutory Sick Pay Rebate Scheme will launch online on 26 May.

The scheme will enable employers with fewer than 250 employees to claim coronavirus-related Statutory Sick Pay (SSP). Tax agents will be able to make claims on behalf of employers.

### **Employers are eligible to use the scheme if:**

- they're claiming for an employee who's eligible for sick pay due to coronavirus
- they had a PAYE payroll scheme in operation before 28 February 2020
- they had fewer than 250 employees across all PAYE schemes on 28 February 2020
- they're eligible to receive State Aid under the EU Commission Temporary Framework.

The repayment will cover up to two weeks of the applicable rate of SSP, and is payable if a current or former employee was unable to work on or after 13 March 2020 and entitled to SSP, because they either:

- have coronavirus
- are self-isolating and unable to work from home
- are shielding because they've been advised that they're at high risk of severe illness from coronavirus.

To prepare to make a claim, employers should keep records of all the SSP payments they wish to claim for.

## **2. What to do if you're self-employed & The Coronavirus Self-employment income support scheme**

The Coronavirus Self-Employment income support scheme will allow you to claim a taxable grant worth 80% of your trading profits up to a maximum of £2,500 per month from April.

### **Self-Employment Income Support Scheme**

The Chancellor announced plans to extend the Self-Employment Income Support Scheme (SEISS) for those people whose trade continues to be, or is newly, adversely affected by COVID-19 (coronavirus). Eligible self-employed people will be able to claim a second and final SEISS grant in August; this will be a taxable grant worth 70% of their average monthly trading profits for three months, paid out in a single instalment and capped at £6,570 in total.

The eligibility criteria for the second grant will be the same as for the first grant. People do not need to have claimed the first grant to claim the second grant: for example, their business may have been adversely affected by COVID-19 (coronavirus) more recently.

Claims for the first SEISS grant, which opened on 13 May, must be made no later than 13 July. Eligible self-employed people must make a claim before that date to receive the first SEISS grant (a taxable grant of 80% of their average monthly trading profits, paid out in a single instalment covering 3 months' worth of profits, and capped at £7,500 in total). So far, we've seen over 2.3 million claims worth £6.8 billion.

It's really important to note that as with the first SEISS grant, the eligible individual must make the claim themselves. If you attempt to make a claim on behalf of your client, this will trigger a fraud alert and will result in significant delays to payment. However, you can help to prepare your clients by ensuring they have the relevant information ready. The claims process is simple: we will calculate the amount of self-employment support individuals will receive, they don't need to do this themselves.

More information about the second SEISS grant will be available on GOV.UK on 12 June.

In the meantime, please help us reach those self-employed people who could benefit from a SEISS grant now, by encouraging anyone you think might be eligible for the first grant but hasn't yet made a claim to do so before 13 July.

### Who can apply

You can apply if you're a self-employed individual or a member of a partnership and you:

- have submitted your Income Tax Self-Assessment tax return for the tax year 2018-19
- traded in the tax year 2019-20
- are trading when you apply, or would be except for COVID-19
- intend to continue to trade in the tax year 2020-21
- have lost trading/partnership trading profits due to COVID-19

Your self-employed trading profits must also be less than £50,000 and more than half of your income, come from self-employment. This is determined by at least one of the following conditions being true:

- having trading profits/partnership trading profits in 2018-19 of less than £50,000 and these profits constitute more than half of your total taxable income
- having average trading profits in 2016-17, 2017-18, and 2018-19 of less than £50,000 and these profits constitute more than half of your average taxable income in the same period

You can easily check to see if you're eligible through this site:

<https://www.gov.uk/guidance/claim-a-grant-through-the-coronavirus-covid-19-self-employment-income-support-scheme#eligible>. All you will need is your National Insurance number and Unique Taxpayer Reference, which we can provide if you don't know what either of them is.

The online claim service will be available from 13 May 2020. If you're eligible, HMRC will tell you the date from which you can make your claim. If your claim is approved, you'll receive your payment within 6 working days.

When you make your claim, you'll only need your:

- Self-Assessment UTR - if you do not have this [find out how to get your lost UTR](#)
- National Insurance number - if you do not have this [find out how to get your lost National Insurance number](#)
- Government Gateway user ID and password - **if you do not have a user ID, you can create one when you check your eligibility online**
- Bank account number and sort code you want HMRC to pay the grant into (only provide bank account details where a Bacs payment can be accepted)

You'll have to confirm to HMRC that your business has been adversely affected by coronavirus.

### **How much you'll get**

You'll get a taxable grant which will be 80% of the average profits from the tax years (where applicable):

2016 to 2017

2017 to 2018

2018 to 2019

To work out the average HMRC will add together the total trading profit for the 3 tax years (where applicable) then divide by 3 (where applicable), and use this to calculate a monthly amount.

It will be up to a maximum of £2,500 per month for 3 months.

### **3. More time to pay your taxes and Companies House Filing Extension**

Coronavirus (COVID-19) – late filing and payment penalties HMRC is supporting taxpayers during the Coronavirus (COVID-19) pandemic by providing the option to defer Value Added Tax (VAT) payments between the period 30 March to 30 June 2020 and the July 2020 income tax self-assessment payment on account.

Further details on this scheme and the specific conditions that apply are at [www.gov.uk](http://www.gov.uk). It is important that the tax system continues to function so it can fund vital public services such as the NHS.

Customers should continue to pay and file on time, but HMRC understands that some individuals and businesses will find it difficult to meet deadlines. For example, they may not have access to their business premises or be able to provide the necessary paperwork. HMRC are now accepting the impacts of COVID-19 as 'reasonable excuse' for people who

are late filing their returns or paying their tax and the relevant penalties will be cancelled, provided the customer has managed to file or pay as soon as they were able to. Customers normally have 30 days to appeal, or ask for a review; however, as it may not currently be possible for businesses to do this, an additional 3 months is being given if needed.

You can read more about this on GOV.UK. HMRC have set up the following 'time to pay' helpline, for anyone wishing to discuss payment options for their taxes: 0800 0241222

**VAT** – VAT payments due between now and June 30<sup>th</sup> have been deferred. Businesses with VAT liabilities will have until the end of the 2020/21 tax year to pay. If due a refund of VAT this will be processed as usual. VAT returns still need to be submitted as usual.

**Those who have a direct debit in place with HMRC to pay their VAT liability should cancel this before HMRC attempts to automatically take payment.**

As part of the government's support for businesses during COVID-19, HMRC gave businesses the option of deferring their VAT payments if they were unable to pay on time, without incurring late payment interest or penalties. Payment of VAT falling due between 20 March and 30 June 2020 can be deferred until 31 March 2021.

You must continue to file your VAT return on time, even if you defer payment.

The option to defer paying VAT ends on 30 June 2020. This means that VAT returns with a payment due date after 30 June must be paid in full, on time.

If you haven't deferred any VAT payments, you don't need to take any further action. If you have deferred paying your VAT and normally pay by Direct Debit you should now reinstate it.

You should do this at least three working days before submitting your VAT return in order for HMRC to take payment. For further details go to GOV.UK and search for 'Pay your VAT bill'.

Remember, any VAT payments you have deferred during this period should be paid in full on or before 31 March 2021. You can make ad hoc payments or additional payments with your subsequent VAT returns to reduce the amount outstanding.

From the 25 March companies affected by the crisis will be able to apply for a three-month extension to their accounts filing deadline. Companies will need to apply for the extension but should automatically be granted it.

#### **4. Coronavirus Business Interruption Loan Scheme**

The Coronavirus Business Interruption Loan Scheme (CBILS) is a series of government backed loans for viable businesses suffering disruption as a result of the current crisis. Government will guarantee 80% of each loan and will pay all interest and fees on the product for the first twelve months.

CBILS covers a variety of products being made available through banks, building societies and other financial institutions.



Businesses interested in obtaining one of these products should contact their main businesses bank first. It should be noted that many banks are only offering products to existing customers.

To obtain a product under the CBILS businesses will need to meet the following criteria:

- Be UK based, with turnover of no more than £45 million per annum
- Be able to confirm that they have not received de minimis State aid beyond €200,000 equivalent over the current and previous two fiscal years
- Have a sound borrowing proposal, but insufficient security to meet the lender's requirements

Sole traders and unincorporated partnerships are eligible to apply for products covered under the scheme. Although, some organisations may not qualify for the scheme, or for the full interest/fee free period. These include aquaculture and agriculture businesses as well as financial institutions such as banks and insurers. You should check with the specific lender for exclusions.

## **5. Finance information**

Talk to your bank about financial help if needed, to tide you over if your business gets into difficulty. Banks are being asked to have a presumptive 'yes' when an otherwise viable small business goes to them in distress.

The UK Government and Bank of England have made billions of pounds available for domestic banks across the UK to help small businesses in this position.

In addition to considering new overdraft facilities, banks and finance providers should also be lenient on things like loan repayments. The Bank of England cut interest rates from 0.75% to 0.25%.

In the address on 17/03/20 Government update it was announced that banks will be offering a 3 month Mortgage holiday opportunity.

The temporary Coronavirus Business Interruption Loan Scheme supports SMEs with access to loans, overdrafts, invoice finance and asset finance of up to £5 million and for up to 6 years.

The government will also make a Business Interruption Payment to cover the first 12 months of interest payments and any lender-levied fees, so smaller businesses will benefit from no upfront costs and lower initial repayments.

The government will provide lenders with a guarantee of 80% on each loan (subject to pre-lender cap on claims) to give lenders further confidence in continuing to provide finance to SMEs. The scheme will be delivered through commercial lenders, backed by the government-owned British Business Bank.

There are 40 accredited lenders able to offer the scheme, including all the major banks.

## **6. Small business Grant Fund**

- Under the Small Business Grant Fund (SBGF) all eligible businesses in England in receipt of either Small Business Rates Relief (SBRR) or Rural Rates Relief (RRR) in the business rates system will be eligible for a payment of £10,000.
- Under the Retail, Hospitality and Leisure Grant (RHLG) eligible businesses in England in receipt of the Expanded Retail Discount (which covers retail, hospitality and leisure) with a rateable value of less than £51,000 will be eligible for a cash grants of £10,000 or £25,000 per property.
- Eligible businesses in these sectors with a property that has a rateable value of up to and including £15,000 will receive a grant of £10,000.
- Eligible businesses in these sectors with a property that has a rateable value of over £15,000 and less than £51,000 will receive a grant of £25,000.
- Businesses with a rateable value of £51,000 or over are not eligible for this scheme. Businesses which are not ratepayers in the business rates system are not included in this scheme.
- To be eligible for the grants a business must:
  - Businesses with a property, which on the 11 March 2020, were eligible for Small Business Rate Relief (SBRR) Scheme (including those with a Rateable Value between £12,000 and £15,000 which receive tapered relief).
  - Businesses which on 11 March 2020 were eligible for relief under the Rural Rate Relief Scheme are also eligible for this scheme.
  - Eligible recipients will receive one grant per property.
  - Grants will be paid by your local councils

### **Coronavirus Bounce Back Loan**

If your small to medium-sized business (SME) is affected by coronavirus, you may be able to borrow between £2,000 and £50,000 through a Bounce Back Loan scheme.

The government will guarantee 100% of the loan and for the first 12 months you will not have to pay any fees or interest, or make repayments.

You may be eligible for this scheme if your business:

- is based in the UK
- has been negatively affected by coronavirus
- was not an 'undertaking in difficulty' on 31 December 2019

This includes self-employed people.

If you've already received a loan of up to £50,000 under CBILS and would like to transfer it into the Bounce Back Loan scheme, you can arrange this with your lender until 4 November 2020.

**This scheme will not be available to those already using the Business Interruption Loan Scheme.**

### **How to apply**

The Bounce Back Loan scheme was launched on May 4<sup>th</sup> 2020.

Please note, we are constantly reviewing this information and guidance and editing where necessary to keep in line with updated Government legislation. If you have any questions or want any more information about how this is affecting your business, employees or self, please don't hesitate to get in contact with our office on 01483276100 or email [office@oaktax.com](mailto:office@oaktax.com).

Gov.uk: <https://www.gov.uk/coronavirus>

ACAS: <https://www.acas.org.uk/coronavirus>

FSB: <https://www.fsb.org.uk/campaign/covid19.html>

### **Coronavirus schemes targeted by Scammers\***

Criminals are taking advantage of the current crisis to try to scam people. HMRC have identified more than 70 COVID related scams and have asked Internet Service Providers (ISPs) to take down over 500 malicious websites associated with these criminals. With things changing so quickly it is important that you remain vigilant and support your clients in protecting themselves from these scams.

#### **Email, text and online scams**

Scammers are sending phishing emails which claim to be from reputable sources, such as banks and HMRC. These messages can be very sophisticated and professional looking. They may ask the recipient for sensitive information or they may direct them to a phoney website (impersonating HMRC or a bank's website), tricking the recipient into entering sensitive information which is transmitted to the scammers.

There has been at least one instance of criminals creating a 'corona virus tracking website', which when used by an individual would download malicious software onto their computer. In this instance the software was the AZORult Trojan virus, which is able to identify potentially sensitive information on a computer and transmit it to the criminals.

#### **Refund scams**

There have been a number of reports of people receiving communications claiming to be from travel-agents, hotels and airlines claiming that they are offering the recipient a refund for a cancelled holiday. While the criminals may not ask the recipient to transfer money directly to them, they may attempt to gain sensitive information which could be used to commit identity theft (for example, the recipients' passport number, date of birth etc.)

#### **Social media scams**

There have been a number of interactive quizzes/questionnaires circulated on popular social media platforms, including FaceBook and Twitter, which are operated by criminals attempting to gain personal information. Many of these quizzes/questionnaires are legitimate but a small and growing number are designed by criminals to extract information from the user. The quizzes/questionnaires may attempt to establish the users name and their answers to common security questions (such as their mother's maiden name, place of birth, first car etc.).

### **Supplier scams and counterfeit goods**

There have been a number of instances of criminals calling people claiming to be from local councils, social services or charities. They offer to provide PPE, testing equipment/devices or offer to undertake shopping for those who are at risk. The scammers either attempt to extort payment or information from the individual. A large number of these scams have been reported in Essex and Sussex.

A number of fictitious businesses have appeared offering hand-sanitiser, PPE and cleaning services or equipment. These businesses will take payment for goods and services but never provide them.

### **Spotting scams and staying safe**

There are now many sophisticated scams and anyone can become a victim of them. There are some simple steps which can be taken to reduce the risk of falling victim to these criminals:

If you receive a message asking for information or payment contact the organisation it purports to be from to check the authenticity. Use known contact details or obtain them independently. If a communication claims to be from HMRC check your GOV account where, if its legitimate, there will be a copy.

Never follow links in emails if they are asking for information. Always type the known URL into your web-browser manually or follow a link you normally use to access the site.

Do not feel pressured into giving information until you have done your due diligence.

Avoid giving out information on social media sites where possible.

**\* Courtesy of CPAA (Certified Public Accountants Association)**