

## **Corona Virus**

### **Financial matters – Update 30th March 2020**

We hope everyone had a good weekend. Today's update covers further information on putting staff on Furlough, bank funding announcements, news about trading whilst insolvent and holiday rollover arrangements.

We are trying not to bombard you with too much information and only present factual information. There are lots of reports in the press which are misleading. In particular people who think they are self employed but trade through a limited company.

#### **Here's a checklist of the help offered to date:**

Corona Virus Job Retention Scheme – Furlough etc

Self Employed Income Support Scheme – 3m payment in June

Coronavirus Business Interruption Loan Scheme – Apply to your bank for a loan or overdraft

Small Business Grant Funding - £10k grant to businesses with premises receiving SBRR

Business Rates Holiday for Retail, Hospitality and Leisure – 2020/21 Rates cancelled

Cash Grant for Retail, Hospitality – Based on your premises rating

Statutory Sick Pay Rebate – No waiting days and full rebate for small and medium sized companies

VAT payments deferred – Defer VAT payments but cancel DDR as HMRC will collect by default

Time to Pay Taxes – Defer tax payments due

Deferral of July Self Employed tax in July – Only applies to self employed individuals

Personal Mortgage deferral – Apply for a 3m deferral on your mortgage from the lender

Buy To Let Landlords Mortgage deferral – Apply for a 3m deferral on your mortgage from your lender

Non Eviction for 3m – applies to both commercial and residential lettings

Full details can be found via:

<https://www.businesssupport.gov.uk/coronavirus-business-support/>

This site lists each of the above Business Support Schemes in place with links to the detailed guidance to date on each one. Most are not fully operational yet.

**Staff on Furlough:**

Staff who were made redundant from 28<sup>th</sup> February to date may be re-instated and put into Furlough. This is to reflect the fact that no-one knew about Furlough at the beginning of this month. This is not compulsory and is at the choice of the company. This does not apply to staff who resigned or terminated.

Furlough must be for a minimum of 3 weeks but may last longer

Wages must be paid to employees first and then reclaimed through an online portal which due to be set up by late April for employers.

Staff on Furlough may volunteer to help charities and other organisations. This is not yet defined but is aimed to increase the number of volunteers signing up to help the NHS At present they cannot take a job elsewhere.

The Furlough scheme will now cover the employer portion of Auto enrolment pension at the minimum level (3%)

Our payroll department will issue a form for completion to all clients shortly to be completed showing which staff have been put on Furlough and when. Please return this promptly as Aprils payroll is going to require a significant number of adjustments.

**Holiday:**

If staff are unable to take their full holiday entitlement in 2020 then they will be permitted by law to take any unused holiday in the subsequent 2 years.

**Bank support:**

The main banks now appear to have come into line with banks no longer requesting personal guarantees for lending for most situations.

**Insolvency Rules:**

The government announced there would be a suspension of the wrongful trading rules for directors to remove the threat of personal liability during the pandemic. This applies retrospectively to 1<sup>st</sup> March. This is to prevent directors being forced to place companies into liquidation prematurely. There will also be new rules on restructuring (CVA's) to allow companies access to supplies and materials during this time. Further details later this week.

**Self Employed Individuals:**

If you are uncertain if you will qualify for the self employed support then please contact us and we can see if you appear likely to get the grant and the estimated amount. At present no relief has been proposed for people who work through a limited company with a low salary and dividends. We are waiting clarity on whether directors can put themselves into Furlough but if you have no work and are not working we think you should place yourself in Furlough.

**Action:**

**Continue to monitor your weekly cashflow**

**Check the position on furloughed staff and they have all confirmed acceptance. Tell them they must advise you if they take a job elsewhere**

**Check all tax bills are not paid and stop any DDR's for VAT etc**

**If you plan to apply for a bank loan then please check with us about your most recent accounts to see if you need more up to date accounts for the bank.**

We appreciate these are difficult times and are here to support you as much as possible.

30th March 2020

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