

Corona Virus

Financial matters – Update 1st April 2020

We had a break yesterday from the newsletter so don't worry you didn't miss it.

There have been no major announcements over the last 48 hours but a few clarification of points which might be useful. If you need more guidance we recommend you go to <https://www.businesssupport.gov.uk/coronavirus-business-support/> and click on each schemes and follow the links to the more detailed guidance. There are 12 separate schemes in place.

Self Employed Income Support Scheme:

To be eligible for the scheme you must meet **all** the criteria below:

- Be self-employed or a member of partnership;
- Have lost trading/partnership trading profits due to COVID-19;
- File a tax return for 2018-19 as self-employed or a member of a trading partnership. Those who have not yet filed for 2018-19 will have an additional 4 weeks from this announcement to do so;
- Have traded in 2019-20; be currently trading at the point of application (or would be except for COVID 19) and intend to continue to trade in the tax year 2020 to 2021
- Have trading profits of less than £50,000 and more than half of your total income come from self-employment. **This can be with reference to at least one of the following conditions:**
 - Your trading profits and total income in 2018/19
 - Your average trading profits and total income across up to the three years between 2016-17, 2017-18, and 2018-19

Relief is for 80% of your profits up to a max of £2,500pm for 3 months ie £7,500 maximum

Remember its all of these points. We have your tax return details so if unsure please call us or email us and we look to see if you appear to qualify.

The amount is a grant but is subject to tax and NIC and will need to be included in your accounts.

Corona Virus Job Retention Scheme:

Lots of questions and queries on this subject.

Remember normal employee law applies here except where overridden by the Furlough rules

1: I joined the payroll on 1st March 2020 can I be put in Furlough ?

A: No, you do not qualify as you were not employed on 28th February 2020. Your employer has to decide if to let you go, put you on short term working or continue as normal.

2: I resigned but have not left. Can I rescind my notice ?

A: It's up to the employer if accepts this or not. If it accepted then the employee continues with all pre existing employment rights and periods (watch the 2 year employment claims rule). The employer is not required to take you back.

3: I was made redundant in early March. Can I be put into Furlough instead ?

A: It is up to the employer to decide if they wish to cancel the redundancy and bring you back into the workforce. He is not required to. If they do then the original employment rights return including employment period.

4: I am a director of the company can I be put into Furlough ?

A: There is no reason why you cannot put yourself into Furlough but you must not be working. It is unclear what the definition of working is and it has been suggested that directors statutory duties such as accounts and preparing other returns. Maybe now is the time to get your accounts up to date !

5: I take a dividend from my company. Can I get relief as it will now be much reduced ?

A: There is no relief for dividend income lost. You cannot increase your salary retrospectively to justify a higher Furlough amount.

6: I put through an annual amount through PAYE. Can I claim Furlough support ?

A: We believe you can on the basis that it's based on your average pay in 2019/20. However you will need to move to a monthly payroll from 1st April in order to process the payroll and make the Furlough Claim

7: When will this all be up and running ?

A: The Portal will be up and running probably around 21st April. It will be a standalone portal and will be every simplistic. It will require: Business name & PAYE references, furlough period, grant value and number of employees. Money probably won't come through until mid May

Our payroll department are sending out an information sheet about the detailed calculations and a spreadsheet to advise of staff on Furlough. Please complete and return before the next payroll run.

Coronavirus Business Interruption Loan Scheme:

This is starting to take shape but we feel will be harder than most imagine. The process is:

Approach a lender, ideally your own bank

Request their application form, complete and return. They will need:

Most recent accounts

Recent management accounts

Cashflows for at least 12m from now (recommend through to June 2021)

Once they have above they will then assess the proposal and make a decision. The business must in their view be viable. In these uncertain times this may be difficult to show. They banks must explore normal commercial terms before accessing the Government guarantee so will almost certainly initially ask for security.

The scheme is currently for loans only and overdrafts are not covered as yet.

Premises Grants:

Local authorities are now contacting business premises and asking you to fill out an online application. Beware scams at this point. We recommend you go directly to your local council web site and find the application form there.

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.

1st April 2020

Mark Williams – mark.williams@wacoaccountants.co.uk 07894 095 264

Paul Smith – paul.smith@wacoaccountants.co.uk 07970 021 846

Chris Brown – Chris.brown@wacoaccountants.co.uk 07894 095 267

Henry Williams – Henry.williams@wacoaccountants.co.uk 07988 608692

Ollie Sawyers – Oliver.sawyers@wacoaccountants.co.uk 07824 316 540

James Brooker – james.brooker@wacoaccountants.co.uk 07792 073004

Williams & Co, 8/10 South Street, Epsom, Surrey, KT18 7PF