

## **Corona Virus**

### **Financial matters – Update 21<sup>st</sup> April 2020**

#### **Scams:**

There has been widespread reporting of scams to get you to give your bank details to scammers and companies purporting to get funds from the government for you. These scams will increase with the Furlough Portal now being open for claims.

Always go to a government or local authority website rather than using any links send by email from unsolicited sources.

#### **Furlough Scheme:**

Further guidance has been added in the last couple of days:

##### **1: Extension:**

The scheme has been extended to 30<sup>th</sup> June 2020. Employers can use the scheme any anytime during this period although each “Furlough” must be for a minimum of 3 weeks at a time. With the continued lockdown in place if you have not thought about putting some staff in Furlough its worth another review to see what staff you really need for day to day operations.

##### **2: Company Directors:**

Further guidance issued on this thorny subject. It is OK to Furlough a director and they can carry out any statutory duties whilst furloughed. These duties are the Companies Act duties and no others. However HMRC now say they should not carry out more than is reasonably required to carry out these statutory duties. In addition they should not do work of a kind that they would carry out in normal circumstances to generate revenue or provides services to their company. In other words they are trying to restrict furlough claims by company directors and potentially they will audit companies and ask for repayment if work is found to have been done.

More importantly they reiterate that you must document a director being put into Furlough. A draft letter for use is at the end of the newsletter.

##### **3: Furlough Claims Portal:**

Yesterday was the day the claim Portal opened and further detail has been issued about what needs to be entered and how. The scheme was inundated with companies claiming and we plan to start claims later this week when the portal is more stable and we have carried out staff training.

If you have less than 100 employees then you are required to enter each employee you are claiming for directly on to the system. This will include full name, national insurance number, claim amounts split into gross pay, pension and NIC.

Where you have 100 or more employees information can be uploaded using .xls or .csv files.

In addition you need the entities UTR and full bank details including the postal address where bank statements are sent.

##### **4: Furlough & Employment Allowance:**

HMRC have stated that you must first deduct the 2020/21 Employment Allowance (currently £4,000) before reclaiming any Employers NIC back on the scheme. Its therefore unlikely that you will be able to claim back any Employers NIC in the 1<sup>st</sup> couple of months until your employment allowance has been fully utilised. This is clearly going to be a complicated area as the months go on !

**Statutory Sick Pay – Additional claim scheme:**

There is still no news on this being up and running from HMRC but as soon as we hear more we will let you know. As there is no news on when its likely to be available. Please ensure you keep records of additional amounts to be claimed.

**Self Employed Compensation scheme:**

Self employed individuals who HMRC believe are eligible will be contacted in mid-May asking for a claim to be made. Payments will not be made until the end of June and will be based on average taxable profits from the 2016/17 to 2018/19 tax returns.

**Action:**

**Renew Furlough with staff if the end of the initial period has been reached.**

**Continue to monitor your weekly cashflow and look forward at least 8 weeks**

**Check with your local authority if you are entitled to a grant in respect of your business premises**

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

**Check tax payable in April and approach HMRC's Time To Pay scheme if unable to pay.**

**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 figures for the bank.**

**Draft letter to put directors into Furlough:**

Dear xxx

We are writing to confirm our discussions relating to the terms of your continuing employment during the current Coronavirus pandemic. This is a variation of your contract of employment, designed to implement and take advantage of the Government's Coronavirus Job Retention Scheme.

We have agreed that from [ date ] you will be on Furlough Leave. This means your contract of employment continues, but you shall not be required to undertake any work for us. We will pay you 80% of your salary subject to a maximum liability to us of £2,500 per month, including employer's national insurance contributions and employer's pension contributions.

We are keeping the situation under review and will maintain contact with you by email. Please update us if any of your contact details change.

Your Furlough Leave shall end on the earliest of the following events:

- The Government's Coronavirus Job Retention Scheme ending,
- either you or us ceasing to be eligible for funding under that scheme, or
- us deciding to cancel Furlough Leave and ask you to recommence work.

During your Furlough Leave you may not work for any other organisation, or on your own account. If you do, you must tell us, and you may be liable to repay any sums we have paid you under the scheme if we become liable to repay it to the Government.

As a director you have certain statutory duties which are still permitted to carry out. These are defined in the Companies Act and would include all statutory filings including Health & Safety, Employment Law, Payroll, Filing Returns and Accounts etc

If you have any questions please do not hesitate to contact the writer.

Please acknowledge safe receipt of this letter and your agreement to its terms. This will enable us to include you in our application under the Coronavirus Job Retention Scheme.

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

16<sup>th</sup> April 2020

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