

## **Corona Virus**

### **Financial matters – Update 8th April 2020**

HMRC have now updated their guidance on Furlough with some additional points of note. However the vast amount of guidance has not changed. No other incentives have been announced.

#### **Furlough Scheme:**

Still the biggest area of questions but most clients have now furloughed staff where necessary as they try to hibernate their businesses.

A few points which are clarified:

- 1: Furlough payments from HMRC are grants and not repayable. However they are business income and need to be included in the accounts of the business.
- 2: The HMRC portal for making Furlough reclaims is now not expected to be open until the end of April. As soon as we hear it is open we will let you know. We will put additional staff onto getting the claims filed where we do the payroll so that funds come through as quickly as possible.
- 3: Staff who joined on 29<sup>th</sup> February 2020 or later are not eligible for a refund if you Furlough them. This is not to say you cannot Furlough them but you won't get any money back from HMRC as they joined after the cut off date.
- 4: HMRC have now changed their stance on whether an employee who is on Furlough can work elsewhere. They previously said they could only do volunteer work or training.

They have now said that provided the contract permits the employee to work elsewhere then its now acceptable for an employee to work elsewhere in the hours that they would have been working for the normal employer. We don't think many employment contracts will cover this point.

In addition HMRC say the employee must be available to return to work at the end of the Furlough period to their main employment. Hopefully this means staff who are on lower pay can find a temporary part time job to fill in and top up their wages during the furlough period. Ideally you staff should notify you if they take up employment elsewhere on a temporary basis and ask your permission.

#### **Time to Pay Scheme:**

For any taxes due you should either pay in full on the due date or if you are unable to pay you should contact the HMRC Time To Pay helpline. You do need to call them on 0800 024 1222 if you are not paying. They will then go through a short questionnaire to ensure you have a valid reason not to pay and will then grant an extension. They will charge interest on the late payment of tax at 2.6% pa but there will not be any penalties charged. If you don't phone and agree a plan then penalties will be payable in addition to the interest.

Please don't phone up until about 4 days before the tax is due as they cannot access the amount due and agree terms too early. Most clients have PAYE becoming due on 19<sup>th</sup> April so we see this being your next key date to review the position. We would expect you to get at least 30 days grace until the Furlough payments start to come through.

The above scheme does not apply to VAT payments which can be deferred without reference to HMRC.

**Newsletters:**

We hope you have found the newsletters useful. When we started just over two weeks ago there was lots of information to get out to you quickly but this has now subsided with minor tweaks and changes over the last few days.

We therefore propose only issuing a newsletter weekly for the remainder of the lockdown period.

There is now much better guidance on the various schemes through the Business Support pages which can be found at : <https://www.businesssupport.gov.uk/coronavirus-business-support/>

However we are open as normal, working from home, so please contact us with any issues that you wish to raise.

Finally may we hope everyone has a happy and safe Easter break.

**Action:**

**Continue to monitor your weekly cashflow**

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

**Check the position on furloughed staff and they have all confirmed acceptance. Keep a record of the date they stopped working. Advise our payroll department on the form provided.**

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

**Check tax payable in April and approach Time To Pay scheme with HMRC 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.**

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

8<sup>th</sup> April 2020

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