

Corona Virus

Financial matters – Update 6th July 2020

Self Assessment Statements

HMRC have started issuing reminders for the Self Assessment tax due on the 31st July 2020. However to confuse things the demands state that the tax is payable on 31st January 2021.

The basic rule is that the tax payable in July is due as normal. However HMRC have agreed that if you cannot pay the tax due this month you can defer for 6 months. You should have a “Covid-19” reason but they are not checking and you don’t have to prove it. You also don’t have to apply for the deferral as its automatically extended to all SA taxpayers.

If you do defer the tax then the payment in January 2021 will be much larger as the balancing payment for 2019/20 and payment on account for 2020/21 will also be payable.

Most clients are opting to make payment this month as normal unless there is good reason to defer.

If you do defer then there will be no interest or penalties.

If in January 2021 you cannot pay in full remember that a 5% surcharge kicks in if the tax is not fully paid by 28th February so if you don’t clear the debt then it could be quite expensive.

New Furlough Scheme

This came in on 1st July and is much more flexible. You can have staff working part time and then top up their normal hours with furlough pay at the rate of 80% but still capped.

We believe this will be good for clients enabling staff to be flexed based on customer demand.

The calculations can be complex but in essence an employee is paid for the time they work at normal pay rates. Any hours unworked are then paid as furlough.

Where staff have fixed hours this is quite easy to calculate. Where staff have flexible hours then you look back and take the higher of hours worked in the corresponding period 12m ago or the average hours worked over the last 12m to arrive at “normal hours”. This is quite generous but does mean payroll may take longer to run this month as the calculations will be more complex and time consuming.

The challenge may be where staff are changing hours according to workload but payroll is run part way through the month. We therefore suggest you liaise with our payroll department about the dates for getting information to us which may have to be adjusted. You may have to estimate staff hours and adjust in the following month.

Self Employed Compensation Scheme – 2nd payment

The 1st claim period closes on 13th July. If you have not claimed by then you are unable to claim the 1st claim period. However it does not stop you claiming the 2nd grant

Self employed individuals may make a 2nd claim under the scheme and the claims can be made from 17th August.

You are required to confirm that your business has been adversely affected by Covid-19 on or after 14th July to make the 2nd claim. Therefore if you have returned to normal work levels by 14th July and have no adverse financial costs then you need to think whether you can make a claim.

You should received a reminder in the same way as the 1st grant at some point. Again the claim can only be made you and we cannot make the claim on your behalf.

6th July 2020

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