

Corona Virus (rebranded Covid-19 Newsletter)

Financial matters – Update 25th September 2020

As expected the Chancellor announced a number of measures for business. As is always the case, we don't have the full details as yet so at this stage they are only highlights. Fuller details will be issued in the next few days and will issue a newsletter when we have these details.

As is customary, we have a number of extensions and new initiatives and lots of old schemes rebranded.

The highlights:

Bounce Back Loans and CBIL loans – Repayment periods extended from 6 years 10 years if requested.

The application dates for these loans have been extended to 30th November to give companies an opportunity to access. It is anticipated a further scheme will follow on rebranded "Pay as You Grow"

VAT rate cut – The current cut in VAT to 5% in the hospitality and tourism sectors will be extended to 31st March 2021. The existing VAT rate of 20% remains on all other sales.

Extension to pay deferred VAT – If you deferred your VAT in the 1st half of this year to next March 2021 you will now be allowed to pay this VAT over 11 smaller interest free payments from March 2021

Furlough Extension – (Rebranded Job Support Scheme) This is probably the most relevant and a new scheme will come in to give limited support to companies. The scheme will run for 6m from 1st November through to 30th April 2021. Staff must work at least 33% of normal hours and the government will contribute to a top up some of the salary. On the simple example issued, the government are contributing a maximum of 22% of the pay. However there will be restrictions and rules which may make the scheme less attractive than first envisaged. The Treasury has this morning issued the attached help sheet which further outlines the Scheme with some worked examples. Once we have fuller details on all of this, we will issue further guidance.

Furlough Bonus – January 2021 – This has been confirmed as still payable and further details will be issued in due course.

Self Employed Income Support Grant – This has been extended by a further 6m to cover November to April 2021 with two further claims possible if your business continues to be affected by Covid 19

Self Assessment tax due – Time to pay January 2021. Having allowed deferral of the July 2020 tax due to January 2021 they are going to now allow longer to pay this payment and the tax due in January 2021. Potentially it appears this extension will be to January 2022 although instalments may be required during the period.

Just as importantly, the Chancellors proposed budget has been cancelled ruling out any changes in tax in the immediate future which is welcome.

Finally a few deadlines for your diary:

19th October 2020 – Final date to claim your second Self Employed Income Support Grant

30th November 2020 – Final date for applications for a CBIL or Bounce Back Loan

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