

Covid-19 Newsletter

Financial matters – Updated 4th December 2020

Changes to Furlough Scheme

The furlough scheme was extended through to 31st March 2021 but there are some changes from 1st December which may affect you. In addition the scheme will be reviewed in early January so there may well be further changes then. However for now the key points are:

- 1: Flexible furlough continues to operate
- 2: The claims timetable is tighter than before and all claims must be put in by 14th of the month following.
- 3: The employer has to pay the employers NIC and any pension
- 4: New joiners who joined the company before 30th October 2020 and are on an RTI return before this date can now be included. Staff who join after this date can be put on furlough but you cannot claim anything back from HMRC towards their cost.
- 5: You need to ensure you have an exchange of emails or paperwork on putting staff on furlough in case of audit in the future
- 6: Staff can get paid up to 80% of their current salary for hours not worked up to a maximum of £2,500 per month (pro-rata for days not worked). The old calculations apply to staff where you have already claimed furlough and continue to apply (based on average pay in 2019/20 etc). New joiners furlough should be based on the October payroll.
- 7: HMRC have now changed the rules in that Furlough can no longer be claimed for staff working out their notice for claim periods after 1st December. This is a significant change from the previous rules. This applies to both people being made redundant and giving notice and leaving for other reasons including retirement.
- 8: Staff can still be furloughed if they are defined as clinically extremely vulnerable (as advised by NHS) or unable to work as they have caring responsibilities resulting from Covid-19 including looking after children
- 9: Furlough does not apply to staff who become sick or have to self isolate. If they become sick then you should pay in accordance with your sick pay policy which must be at least SSP
- 10: If a staff member on furlough becomes sick then you should move them on to your sick pay regime.

The process continues to be amended with little publication of changes. If you are unsure then its generally worth a quick call to our payroll department to check

Self Employed Grants – 3rd claim

Claims for the 3rd payment to self employed individuals started from 30th November with claims needing to be made online as before.

However they have tightened up the eligibility criteria. Previously you had to show that you:

A: Currently trading but impacted by reduced demand due to Covid 19 or

B: Have been unable to trade due to Covid 19

These conditions have now been changed and in addition to the above you must also pass another test which is :

B: Reasonably believe there will be a significant reduction in your trading profits due to reduced capacity, demand or the inability to trade due to Covid 19

It is understood that you need to show a significant reduction in your profits for 2020/21. If you don't show a reduction then when HMRC get your 2020/21 tax return they may wish to review if you were eligible to claim the grant

If you have any particular queries please contact us to discuss

4th December 2020

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