

Williams & Co Newsletter

Financial matters – Update 3rd February 2021

We thought a quick round up of recent changes and forthcoming changes might be useful.

Business matters:

Furlough:

This remains until the end of April in its current form. Flexi Furlough remains a good option for many clients who's workload is difficult to predict. Recent lock downs have hurt a number of clients and claiming furlough is key to survival. Please ensure you keep adequate records in case of HMRC review. The furlough bonus was cancelled completely and replaced by the extension to the furlough period.

Local Authority Grants:

If you are required to close under lockdown rules then you should be entitled to a grant from the local council. If you are affiliated to a lock down trade then the local council have the authority to grant discretionary grants so it's worth considering an application.

Bounce Back Loans and CBILS extensions:

The scheme now runs to 31st March 2021. If you did not borrow your full entitlement and wish to you must claim by this date.

If you took a Bounce Back Loan but now wish to claim a CBILS loan then you have until 31st March to submit your application but please note you have to repay the BBL in full.

Potentially you may be able to extend the BBL period and your lender will contact you before the 1st anniversary about the options available to you which may include extending the term to 10 years, interest only for 6 months or pausing repayments for 6 months.

Changes to Construction Industry VAT

Subject to any last minute changes then the new Reverse charge VAT rules apply from 1st March 2021. These will affect you if you are in the construction industry and dealing with other construction companies. It does not apply to the supply of materials that remain standard rated

In simple terms :

A subcontractor will no longer charge VAT to a main contractor

A Main contractor will no longer be able to reclaim VAT on purchases from subcontractors

The new rules apply to both standard and reduced rate VAT supplies

Applies to all services reported within the CIS system

This means it does not normally apply to services to domestic customers or end user owners of property.

We are happy to provided further details if you require them.

Personal tax matters:

Self assessment deadlines:

At the last minute HMRC extended the filing deadline for Self Assessment tax returns to 28th February to avoid a fine. However tax returns must be filed electronically by then to avoid the fine.

However the tax payment date remains 31st January with interest added if you are late. Don't forget if you deferred the July 2020 payment this was also due on 31st January 2021

Penalties kick in automatically if you have not paid in full your 2019/20 tax. This starts with a non negotiable 5% penalty on tax outstanding on 28th February and then grows from there. However if you agree with HMRC a "Time to Pay" arrangement these penalties are waived assuming you keep to the agreed arrangement.

If you want "Time to Pay" then it's important that you contact HMRC on 0300 200 3835 by mid February to agree any arrangements.

Government Gateway:

Increasingly we are finding clients need a Government Gateway for themselves. Once set up it gives access to important information and real time information about your personal tax. If you have not yet set one up please consider setting one up over the next couple of months.

Sale of Residential Property:

The new 30 day reporting deadline came in earlier this year on the sale of residential property. The new rules require that you report your gain online to HMRC and pay the estimated CGT due within 30 days.

This reporting is catching out a number of clients leading to surcharges being issued. One of the challenges is setting up a Government Gateway for yourself if you don't have one.

Budget 2021:

The Chancellor has announced his Budget will be on 3rd March 2021. We expect changes but nothing that affects the current tax year.

If you have any particular queries please contact us to discuss

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