Either from a personal perspective or as a business owner it is likely you will have been hit with a whole raft of information being thrown at you from different sources at various times since the pandemic engulfed the UK back in March this year.

It makes sense just to take a deep breath, look at where we are now, look forward to what might be coming up over the next six months and what, if anything, we should consider doing to prepare.

# Where are we at now?

## Government Backed Loans

- If your business has not yet applied for a loan under either the Coronavirus Business Interruption Loan Scheme (CBILS), the Bounce Back Loan Scheme (BBLS) or the Future Fund Scheme, then you still have until 31st January 2021 to do so.
- If you have already taken out a loan under either CBILS or BBLS then note you can now potentially extend the time to pay it back over 10 years as opposed to the original 6 years on offer.
- If you took out a CBILS loan for less than £50,000 you may want to consider switching it across to the BBLS as the terms may be more favourable.
- Under the BBLS, during the course of the loan repayment period you can opt, on three separate occasions, to make interest only payments. Either that or, once the business has met the first six months loan payments, to take a repayment holiday for up to six months.
- If a business has not claimed the maximum under the BBLS (i.e. less than 25% of their turnover, up to a maximum borrowing of £50,000) then they will be able to top up their Bounce Back loan.
- The Chancellor has stated that a new successor loan plan will be announced sometime in January 2021.

## Grant Support Schemes

- Each devolved Parliament has a grant support scheme for businesses who have been forced to close due to Covid-19 regulations. The size of the grant varies from country to country but is based upon the rateable value of the business premises.
- There are also grants available for those businesses who have not been forced to close due to Covid-19 restrictions but whose turnover has been affected because of the restrictions in place, whether that be national or local ones. Again, the eligibility criteria vary from country to country within the UK, as does the size of the grant.

## The Job Retention Scheme (JRS)

- This was due to come to an end on 31st October but has now been extended to at least the 31st March 2021.
- Where the employee has been furloughed, the Government will cover the cost of 80% of their wages in respect of the hours not worked up to a maximum of £2,500 per month.
- The employer will need to meet the cost relating to employer's national insurance and pension contributions.
- The employee must have been on the employer PAYE scheme as at 1 minute to midnight of 30th October 2020 and the Real Time Information (RTI) submission, notifying the payment to the employee, must be with HMRC on or before the end of the same day.
- Employees that were employed and on the payroll on 23rd September 2020, who were made redundant or stopped working afterwards, can be re-employed and claimed for. The employer must have made an RTI submission to HMRC from 20th March to 23rd September 2020, notifying a payment of earnings for those employees.
- The Scottish Government has announced that there will be an additional grant of £1,650 to help those firms required to close during October, to help towards meeting the 20% employer's costs under the JRS.

## The Self-Employed Income Support Scheme (SEISS)

- There will be two further SEISS grants, one covering the period 1st November 2020 to 31st January 2021 and the other from 1st February 2021 to 30th April 2021.
- For the 3 months covering the period November to January inclusive, the total grant claim will be 80% of the average trading profit up to a maximum of £7,500.
- The Government will review the position as regards the February to April SEISS claim nearer to time.
- The self-employed individual must have been eligible for the earlier SEISS grants (May and August 2020), even if they did not make a claim at the time.
- The individual must be actively trading and their business impacted by reduced demand due to Covid-19 during the two periods in question.
- The Government portal will be open on 30th November to be able make a SEISS claim for the period up to and including 31st January 2021.

## The Job Support Scheme (JSS)

- This was due to replace the JRS on 1st November 2020. However, because of the extension to the JRS, it has been mothballed indefinitely.

## The Job Retention Bonus (JRB)

- Because of the extension of the JRS, the JRB of £1,000 per employee retained until the end of January 2021, has been shelved.
- The Government has stated that some kind of job retention incentive may come in at a later date.

## VAT Deferral

- Are you a VAT registered business who originally deferred paying over the VAT due for the period 20th March to 30th June 2020 until as late as 31st March 2021?
- If so, the Government have extended the period in which to pay this deferred VAT over 11 instalments up to March 2022.
- If you wish to take up this extended deferral offer, you will need to opt-in. How to carry out that process is likely to be announced in early January 2021.

## Statutory Sick Pay (SSP)

- If you have employees off sick or who have to self-isolate and are unable to work due to the Coronavirus, then your business can claim back up to two weeks SSP.

## Mortgage Payment Holiday

- If you are struggling to keep up to date with your mortgage or other types of consumer credit payments due to the pandemic, then the Government has recently announced a mortgage payment holiday (MPH).
- If you have not availed yourself of an MPH, then you can now do so up to a period of six months. If you already have a MPH, you can extend it to cover a period of six months. In both cases it will not affect your credit rating.

## Self-isolation payment

- This is a Test and Trace Support payment of £500.
- Aimed at the employed/self-employed, on low income, who are obliged to self-isolate.
- The individual must be unable to work from home and will lose income as a result.
- Apply to the local authority.

## Time to Pay – Self Assessment

- Strictly, the outstanding tax due for the 2019/20 tax year and the first payment on account for the current 2020/21 tax year should be paid on 31st January 2021.
- As a result of the ongoing pandemic if the tax debt is between £32 and £30,000 you can go online and enter into a Time to Pay arrangement to spread that debt over 12 monthly instalments. Your tax affairs need to be up to date and there can be no other tax debt outstanding.
- This must be done within 60 days of the debt being due (i.e. the due date being 31st January 2021).
- Interest will be charged from 1st February 2021.

## What is coming up over the next six months?

Projecting forward over the next six months is difficult, but there are certain things which are set to happen during this period which ought to be taken into consideration by each business owner now in case it impacts upon them.

### Brexit – 1st January 2021 Deadline

The UK withdrawal from the EU happened on 31st January 2020 at which point we entered into a transition period which comes to an end on 31st December 2020, with or without a trade agreement with the EU. It would be wise to prepare for both scenarios.

- Do you import from or export to the EU or do you do both?
- As an importer from the EU are you ready to complete the customs declaration forms?
- As an importer from the EU are you aware that from 1st January 2021 it may be possible to delay the submission of the customs declarations by up to 6 months and defer payment of the duty for the same period.
- If you export to the EU who is going to complete the import documentation within that EU country and who is meeting the import duty cost? Is that you or the EU customer?
- Have you checked your contractual arrangement with the relevant EU customer/supplier?
- Do you complete your customs declarations inhouse or are you intending to do so? If so, are you aware that the Government is offering grants to cover the cost of recruitment and redeployment, training and improving your hardware and software options? This is on a first come first serve basis.

### The Construction Scheme Domestic Reverse Charge (CSDRC)

- This is a scheme which will impact upon VAT registered businesses (sub-contractors and contractors) who operate within the Construction Industry Scheme rules.
- CSDRC has already been postponed twice but is now due to come into existence from 1st March 2021.
- The Government reasoning behind the CSDRC is to prevent fraudulent VAT activity.
- Presently, if you are a VAT registered subcontractor providing construction services to a contractor, you may charge VAT (output tax) on the work you have carried out. You take account of that VAT and pay it over to HMRC when completing your VAT return.
- With the odd exception, from 1st March 2021 it will be the responsibility of the contractor to work out the VAT to be applied to the services supplied by the sub-contractor. The contractor will not pay that VAT over to the sub-contractor but will declare this on their own VAT Return as VAT to be paid over but, on the same Return, will then claim the same amount as a deduction for the VAT their business has suffered. This is known as the reverse charge.
- Sub-contractors in the cash accounting or flat rate VAT schemes should check to see whether or not they should remain in those schemes prior to the CSDRC coming into operation.
- Contractors should ensure that they fully understand the ramifications behind the scheme, and they have the systems in place to prevent HMRC penalties and a restriction on the VAT input tax claim being imposed.

CLARITY ACCOUNTANTS

## Off payroll working rules

- In mid-March 2020, the Government deferred these rules coming into play from April 2020 until 6th April 2021. As a result of this late notification many businesses 'effectively' had already acted upon the legislation at the time.
- If you have not done so, are you a large or medium sized company who engages with a worker directly or indirectly through their personal services company or via an intermediary (e.g. an agency)?
- If so, prior to April 2021 you will need to carry out a review of their work status. You will be required to provide the worker and, if relevant, the intermediary, with a Status Determination. If you deem the individual to be an 'employee' then either you or the intermediary will have to operate PAYE on the income that worker earns from you.

## Year-end planning review

Do not forget that the end of the tax year is nigh. Probably even more now than ever before, you should take a step back and review where you are at and where you want to be. Not just for yourself but perhaps also for your wider family.

- What is the gap between your aspirations and the present reality? Is there anything you can do now before the tax year end which can improve your situation?
- Should you be topping up your pension? Will that improve not only your pension provision but also your tax situation? Perhaps enable your family to claim child benefit without taking a tax hit or reduce the 60% (61% in Scotland) tax bill because your income was, for tax purposes, over £100,000 prior to the planning?
- Should you restructure your property portfolio and investments to be more tax efficient?
- Is this the time for the business or you to buy or lease a car? How does that impact upon your tax position now and going forward?
- Have your circumstances changed, perhaps marriage, divorce, illness or a new grand child? Does your Will need reviewing to accommodate that change? Do you actually know your inheritance tax position?
- Have you or your spouse had a fall in income or lost your job? Can and should you or your spouse transfer some of your personal allowances or income generating asset over to your other half to improve your tax situation?
- Should you sell an asset now or after the tax year? Can you mitigate the tax hit on the sale of that asset?

If you wish to discuss any of these or other issues

please do contact us.