



Not the Covid – 19 Newsletter

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Vaccines & is the End Nigh?

The parlous state of the Brexit negotiations has once more been pushed into the shade by the news of the approval of the Pfizer vaccine, and approval of the Oxford vaccine by Christmas. This offers the prospect of a rapid rollout, effectively of herd immunity, with an end in sight to the current Tiering system, perhaps by the Spring.

Availability of an apparently effective and safe vaccine within such a short space of time is truly great news, but the reality is that it is going to take months, with several vaccines, to immunise everyone over 50, and then there is the rest of the population. This is evidenced by Government support to businesses, such as the Furlough scheme, being extended to March 2021.

The Handelsbanken Weekly Bulletin noted that countries are competing to secure enough for their nations, so the UK has enough reserved doses to theoretically cover its entire population three times over. There have been around 63m confirmed cases of COVID-19 globally, with associated fatalities now standing at 1.45m. Europe continues to battle the 'second wave' of cases, while the US healthcare system is beginning to show signs of strain – a record 210,000 daily new cases were confirmed this week.

For many, 2020 has been the worst of years, whether from personal or financial loss. The UK economy is expected to shrink by 11.3% this year and not return to its pre-Covid size until the end of 2022, but perhaps this also depends on the outcome of the Brexit negotiations. Government borrowing will rise to its highest outside of wartime to deal with the economic impact.

This is going to have to be addressed, but perhaps not through austerity this time round! Tax rises have been signalled but as Investec point out in their weekly update, these are likely to be limited for now for fear of choking off recovery and growth. If the economy can grow faster than the debt levels rise, then debt/GDP ratios will fall "organically", especially with at the current low interest rates. That would be the least painful way to reset deficits to more normal levels, although would take a long time, always of course with the risk of some upset along the way.

That said, we have been amazed at the resilience of our clients and how they have succeeded in many cases in repurposing or pivoting their activities into new areas, products and services. Businesses have redesigned delivery and payment systems, moved their entire processes on to digital platforms, accepted remote working or new safe working environments and adopted to new technologies to survive and indeed prosper in this Covid-19 era.

Clients have demonstrated to us how we can all readily adapt to a change in circumstances and given us inspiration and optimism for the future. We can reasonably hope that by this time next year we will be back to where we want to be and more of our daily lives will resemble some kind of normality again.

Please do talk to us about helping your business plan forward and protecting cash flows, our most successful clients know that the best way to predict the future is to create it!

The Government continues to roll out support for those affected by the lockdown and here is a summary of recent news. Please contact us about any of these supports and how we can help you make a claim.

What is clear is that there will be no new normal, rather than a range of new normals, as we each learn the lessons so painfully gained from Lockdown 1.0 and 2.0.

Coronavirus Job Retention Scheme (CJRS)

The CJRS guidance has been updated now that the 30 November claims deadline has passed. There is a new section on holiday pay updated with further clarity on when employees can be furloughed.

You need to be aware of the new timescales for lodging furlough claims as these are much tighter than before.

Claim for furlough days in	Claim must be submitted by
November 2020	14 December 2020
December 2020	14 January 2021
January 2021	15 February 2021
February 2021	15 March 2021
March 2021	14 April 2021

HMRC issued new guidance on what they **might** accept as a 'reasonable excuse', should you miss a deadline – but it's clear that these really only extend to smaller businesses except in exceptional circumstances. So:

- your partner or another close relative died shortly before the claim deadline;
- you had an unexpected stay in hospital that prevented you from dealing with your claim;
- you had a serious or life-threatening illness, including Covid-19 related illnesses, which prevented you from making your claim (and no one else could claim for you);
- a period of self-isolation prevented you from making your claim (and no one else could make the claim for you);
- your computer or software failed just before or while you were preparing your online claim service issues with HMRC online services prevented you from making your claim;
- a fire, flood or theft prevented you them from making your claim;
- postal delays that you could not have predicted prevented you from making your claim;
- delays related to a disability you have prevented you from making your claim; and
- a HMRC error prevented you from making your claim.

Safest is to simply make sure you do not miss the deadlines!

Given the scale of reported and suspected furlough fraud, and the attendant press coverage, clearly HMRC are looking to avoid paying late or suspect claims wherever possible.

Please talk to us about helping your business make a furlough claim, we have gained so much experience on doing this over the last 10 months.

See: https://www.gov.uk/guidance/claim-for-wage-costs-through-the-coronavirus-job-retention-scheme?utm_source=269b9d4d-904e-4c84-a2eb-c7014816e7a6&utm_medium=email&utm_campaign=govuk-notifications&utm_content=immediate

The Self Employment Income Support Scheme (SEISS)

The third grant for SEISS is now open covering the period 1 November to 31 January, and the amount you can claim has increased to 80% of average monthly trading profits over 3 months, capped at £7,500.

To make a claim for the grant, your business must have been impacted by coronavirus on or after 1 November 2020. You must have filed a tax return for 2018/19, your average trading profit must be no more than £50,000, and at least half of your income must come from self-employment. You can make a claim for the third grant if you are eligible, even if you did not make a claim for the first or second.

HM Revenue & Customs is writing to all those potentially eligible to claim, and the Government claims portal is now open for claims. To help its systems cope, you should have been given a slot between Monday November 30 and Friday December 4 to apply, but if you missed it, you have until 29 **January 2021** to claim on the government website.

See: https://www.gov.uk/guidance/claim-a-grant-through-the-self-employment-income-support-scheme?utm_source=bef342d3-eb78-4bd5-98da-979be9425b13&utm_medium=email&utm_campaign=govuk-notifications&utm_content=immediate

But it's no longer just about being "adversely affected", now you must expect a "significant reduction in profits" either because of "reduced demand, activity or capacity", or because you're temporarily unable to trade. This is in contrast to have been "adversely affected to qualify for the more generous requirement of the first and second grants.

It seems then that you can't claim if the only impact is increased costs for your business, for example from buying face masks and cleaning supplies, as HMRC may be looking at turnover rather than your net profit, or "bottom line", during the period of claim. HMRC has indicated that they will be examining future Self-Assessment tax returns to check this position.

There are still a wide range of scenarios where you may be able to claim though, such as if you're instructed to self-isolate and it **significantly reduces turnover**.

To make your claim, you will need your:

- Self-Assessment Unique Taxpayer Reference (UTR)
- National Insurance number
- Government Gateway user ID and password
- UK bank details including account number, sort code, name on the account and address linked to the account

You may also need to answer questions about your passport, driving licence or information held on your credit file.

VAT Deferred Due to Covid-19

The opportunity to defer payment of the VAT due between 20 March and 30 June 2020 was a critical piece of support in the early days of the lockdown and was a major relief to the cash flow of many businesses at the time. But as our newsletters emphasised at the time, this only kicked the can down the road with payment due in March 2021 – not far off now.

If this is still outstanding, you can:

- pay the deferred VAT in full on or before 31 March 2021
- opt into the VAT deferral new payment scheme when it launches in 2021
- contact HMRC if you need more help to pay

You cannot opt in yet to the VAT deferral new payment scheme. The online opt in process will be available in early 2021. You must opt in yourself; we cannot do this for you. We will advise you on how to make the claim and instead of paying the full amount by the end of March 2021, you can make up to 11 smaller monthly instalments, interest free. All instalments must be paid by the end of March 2022.

Please talk to us if you deferred VAT and want further information on this.

See: https://www.gov.uk/guidance/deferral-of-vat-payments-due-to-coronavirus-covid-19?utm_source=8227614a-f5cf-46c8-af18-1bb8d3ccee93&utm_medium=email&utm_campaign=govuk-notifications&utm_content=immediate

£1,000 Christmas Grant for Wet-Led Pubs in England

Boris Johnson announced an additional £1,000 Christmas grant for ‘wet-led pubs’ in tiers 2 and 3 that predominantly serve alcohol rather than provide food, who will miss out on turnover during the busy Christmas period. Comments in the press by these businesses have been critical in that this is too little, too late, the hospitality sector of course being amongst the hardest hit, consistently..

The payment will be a one-off for December and will be paid on top of the existing £3,000 monthly cash grants for businesses. This will cover those in tiers 2 and 3 forced to reduce their operations because of the latest regional measures put in place to contain transmission of the virus.

See: https://www.gov.uk/government/news/prime-minister-announces-1000-christmas-grant-for-wet-led-pubs?utm_source=ccdb854d-a0e3-44a1-99fb-817608ea034e&utm_medium=email&utm_campaign=govuk-notifications&utm_content=immediate

Large Business Interruption Loan Scheme

27 lenders have now signed up for the Coronavirus Large Business Interruption Loan Scheme (CLBILS) provides financial support to larger businesses affected by Covid-19. The scheme helps medium and large sized businesses access loans and other kinds of finance up to £200 million. The government guarantees 80% of the finance to the lender. The scheme is open to applications until 31 January 2021.

See: https://www.gov.uk/guidance/apply-for-the-coronavirus-large-business-interruption-loan-scheme?utm_source=6460d115-1573-49e4-98f8-9a18161d633d&utm_medium=email&utm_campaign=govuk-notifications&utm_content=immediate

Business Interruption Loan Scheme

117 lenders have now signed up for the scheme. The Coronavirus Business Interruption Loan Scheme (CBILS) provides financial support to smaller businesses affected by coronavirus (COVID-19).

The scheme helps small and medium-sized businesses to access loans and other kinds of finance up to £5 million. The government guarantees 80% of the finance to the lender and pays interest and any fees for the first 12 months. The scheme remains open until 31 January 2021. It is available to those businesses that have been affected by Covid-19 but need the funds to grow or reinvest. Please do get in touch if we can assist.

See: https://www.gov.uk/guidance/apply-for-the-coronavirus-business-interruption-loan-scheme?utm_source=b2a33ba1-696b-4b53-9598-1d205a82173a&utm_medium=email&utm_campaign=govuk-notifications&utm_content=immediate

Coronavirus Bounce Back Loan

29 lenders have now signed up for the scheme which enables smaller businesses to borrow between £2,000 and up to 25% of their turnover up to a maximum of £50,000 more quickly.

The government guarantees 100% of the loan and there won't be any fees or interest to pay for the first 12 months. After 12 months, the interest rate will be 2.5% a year. The scheme is open to applications until 31 January 2021. If you already have a Bounce Back Loan but borrowed less than you were entitled to, you can top up your existing loan to your maximum amount. You must request the top-up by 31 January 2021.

See: https://www.gov.uk/guidance/apply-for-a-coronavirus-bounce-back-loan?utm_source=cebb0aea-33f3-4b92-9430-88cd3e8ff7cf&utm_medium=email&utm_campaign=govuk-notifications&utm_content=immediate

Payment Deferral/Deregistration from Money Laundering Supervision Due to Covid-19

If you were due to renew money laundering supervision with HMRC between 1 May and 30 September 2020 you were able to either:

- defer payment for up to 6 months
- deregister if you had stopped trading due to coronavirus

If you continued to operate and carry out activity covered by the Money Laundering Regulations (MLR), you needed to:

- stay registered with HMRC
- meet your obligations under the MLR, to protect your businesses and the UK from criminal activity

If you chose to defer you did not need to tell HMRC if you decided to defer payment. HMRC will contact you by email to remind you about your new payment due date.

You did not need to be supervised by HMRC, if you:

- temporarily closed your business due to coronavirus
- stopped all MLR activity

See: https://www.gov.uk/guidance/get-a-payment-deferral-or-deregister-from-money-laundering-supervision-due-to-coronavirus-covid-19?utm_source=a6ecb6a0-c74a-49a9-

[bb4f-b19793f7a8e6&utm_medium=email&utm_campaign=govuk-notifications&utm_content=immediate](https://www.gov.uk/guidance/vat-reduced-rate-for-hospitality-holiday-accommodation-and-attractions?utm_source=9d5d8e6e-ddac-4fee-a3c3-f63ea210c5f2&utm_medium=email&utm_campaign=govuk-notifications&utm_content=immediate)

VAT: Reduced Rate for Hospitality, Holiday Accommodation & Attractions

The government made an announcement on 8 July 2020 allowing VAT registered businesses to apply a temporary 5% reduced rate of VAT to certain supplies relating to:

- hospitality
- hotel and holiday accommodation
- admissions to certain attractions

The temporary reduced rate will continue to apply to supplies made between 15 July 2020 and 31 March 2021.

See: https://www.gov.uk/guidance/vat-reduced-rate-for-hospitality-holiday-accommodation-and-attractions?utm_source=9d5d8e6e-ddac-4fee-a3c3-f63ea210c5f2&utm_medium=email&utm_campaign=govuk-notifications&utm_content=immediate

VAT On Admission Charges to Attractions

Guidance has been updated to reflect that the VAT reduced rate for tourism and hospitality has been extended to 31 March 2021.

See: https://www.gov.uk/guidance/vat-on-admission-charges-to-attractions?utm_source=78de1193-e548-4f83-a4f2-97bd4118a7ff&utm_medium=email&utm_campaign=govuk-notifications&utm_content=immediate

England Local Restriction Support Grant for Open Businesses

The Local Restrictions Support Grant (LRSG (Open)) supports businesses that have been severely impacted due to temporary local restrictions. Businesses that have not had to close, but which have been severely impacted due to local tier 2 or tier 3 restrictions, may be eligible for LRSG (Open).

Eligible businesses may be entitled to a cash grant from their local council for each 14-day period under local restrictions.

Local councils have the discretion to provide grant funding for businesses under this scheme. They will use their discretion in identifying the right businesses to receive this funding, based on their application process.

See: https://www.gov.uk/guidance/check-if-youre-eligible-for-the-coronavirus-local-restrictions-support-grant-for-open-businesses?utm_source=edc153fa-e3a8-448d-b45f-60a63a9e462e&utm_medium=email&utm_campaign=govuk-notifications&utm_content=immediate

Closing Certain Businesses & Venues in England

There is updated information about business and venue closures in England, reflecting the introduction of local restriction tiers that came into effect on 2 December 2020.

See: https://www.gov.uk/government/publications/further-businesses-and-premises-to-close?utm_source=f5d52f74-160b-45b4-9377-be1906975ef0&utm_medium=email&utm_campaign=govuk-notifications&utm_content=immediate