

Throgmorton - COVID-19: Government Support for Businesses

VAT

No business will have to make any VAT payments between 20 March 2020 and 30 June 2020. The payment deferral is automatically in place and no specific HMRC applications are necessary. Any amounts that are due to HMRC during this period will not need to be paid until the end of the 2020/21 tax year. Further details on the practical applications as we currently understand them are:

- VAT returns in this period will still need to be filed on time;
- The deferral applies to all UK VAT registered businesses;
- The deferral will apply to the February, March and April VAT quarter return payments plus any monthly returns in that period;
- VAT Payments on Account ('PoA') will also not need to be paid in this period. This affects the POA's which need to be made in March, April, May and June;
- Any businesses which pay VAT by direct debit should cancel this direct debit for the relevant payment(s); and
- HMRC will continue to repay any VAT due to businesses by way of repayment or refund in the deferral period.

Personal and Business Tax

Individuals' Payments on Account

The second Payment on Account for individuals, with reference to the tax year 2019/20, which would otherwise have fallen due on 31 July 2020, has now been delayed until 31 January 2021. However, HMRC have confirmed that this relaxation applies to only self-employed individuals, such as partners. This is an automatic extension, therefore no HMRC applications are necessary.

In addition, HMRC have confirmed to us that there will be no interest or penalties charged on these second payments on account, up to the new due date of 31 January 2021.

While this deferment may provide welcome cashflow relief to some, it will mean that the second Payment on Account will ordinarily fall due on 31 January 2021 along with:

- Any 2019/20 Balancing Payment (if relevant); and
- The first Payment on Account for 2020/21.

Understanding actual 2019/20 profit levels (once draft tax computations are available later in the year), and attempting to forecast 2020/21 profits, will therefore be important in managing cashflow.

Time to Pay

In addition to the above, HMRC have also offered a Time to Pay arrangement for those individuals (and firms) who suffer financially due to COVID-19. They are willing to organise a payment arrangement on any outstanding tax liabilities.

Payroll

Government's Job Retention Scheme Furloughed workers

If employers cannot cover staff costs due to COVID-19, they may be able to access support to continue paying part of their employees' wages, to avoid redundancies.

This allows employers to claim a grant of up to 80% of salary for all employment costs, up to a cap of £2,500 per month.

The Government intends for the Coronavirus Job Retention Scheme to run for at least 3 months from 1 March 2020, but this will be extended if necessary.

This is in place for all with an employment contract (including apprentices).

The scheme will be relevant for all employees in employment before 1 March 2020.

Statutory Sick Pay ("SSP")

SSP is being managed in varying ways but if the sickness is COVID-19 related it will be operational immediately and not hold the employee to the three waiting days.

Company Secretariat

Filing accounts with Companies House

It is possible to notify Companies House of a delay in filing accounts due to COVID-19 and Companies House will immediately grant a 3-month extension. Applications can be made through a fast-tracked online system which should take 15 minutes to complete. It is important to note that the application to extend the period allowed for filing must be done before the deadline.

Holding Board Meetings

Given the move to social distancing, boards are having to use virtual meetings. This can be done by telephone or video conference.

Use of electronic means is likely to be covered by the articles of association. However, as long as all the required formalities are followed (e.g. obtaining express consent of each director to hold meetings by such means) then the board could hold virtual meetings.

If you are considering appointing a Chairperson, of a board meeting, who is located outside the intended jurisdiction of tax residence of the entity, we would recommend seeking advice first.

Holding Shareholders Meetings including Annual General Meetings (AGM)

It is important to check the articles of association for any prohibitions on holding virtual meetings. Companies should also ensure that shareholders are able to attend, speak and vote at the meeting.

It may also be possible to defer or postpone the meeting. However, it is important to note that public companies must hold their AGM within six months after its accounting reference date.

Human Resources (“HR”)

Our HR team can help you to manage and react to the changing demands, particularly those mentioned above, on your business and on your employees safety and wellness.

Our specialist functions can help you in the short term by sharing advice and expertise in the following areas:

- Provision of Furlough Leave processes, scripts, and documentation - including contract amendment.
- Work-From-Home;
- Flexible working;
- Contagious Diseases and Sickness;
- Care for Dependents;
- Employee Tracking and attendance management;
- Resource management including how to manage new employees or new starters recruited prior to Covid-19
- Employee Engagement;
- Employee Communications;
- Redundancy and reorganisation;
- Managing poor conduct and abuse of policy; and
- Business Travel Policy.

Longer term services

- Outsourced HR support, across the breadth and depth of HR, to compliment your existing team and give you the ongoing service assurance that you want;
- HRIS implementation to help you gain and utilise better insights into your workforce;
- HR Management – Organisation design and development in the “post-COVID-19” world;
- Optimising your Resources - Working differently “post-COVID-19” to place less importance on face to face time and expensive real estate where remote working has proven to be the successful and less risky business model; and
- Business Continuity Planning (BCP) – Re-design and implementation learning from the current experience.

If you need further information please do not hesitate to get in touch with your usual Throgmorton contact or **Kerry Kelly** at kerry.kelly@throgmorton.co.uk or **Adam Hewitson** at adam.hewitson@throgmorton.co.uk.