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From: Armstrong & Co

Subject: COVID-19 update 25 Mar 2020

Greetings!

Re:

I am sending this email to all clients. For many of you, much of it will not apply, but a non-targetted email is the quickest way to get this out to those who can benefit from it. If you know of anyone who you think may be helped by reading it, please feel free to forward it to them.

I hope you, your family and friends are all well and that you are staying safe. We are living in very difficult and uncertain times and can only hope that it will not be too long before we are on the other side of the COVID-19 pandemic.

My office is now closed to all visitors until further notice. All staff are now working from home unless attendance is unavoidable. All contact should be made by email at: armcoat4a@yahoo.co.uk

The phones are unlikely to be answered, as at most times, there will be nobody at the office.

At this moment in time you need to access all the help you can. You are probably aware, even if just vaguely, of some of the assistance being provided by the Government. This email will try to pull as much of this together but at this stage we have not been notified of the precise way most of these will be implemented.

If you have any specific queries, please email me at the above email address and I will do my best to respond.

I also strongly recommend that you follow the link below to the MoneySavingExpert website, which has a dedicated section relating to help and guidance relating to the COVID-19, is updated daily and as well as business advice, covers more general help topics, particularly on State Benefits, which are beyond my expertise.

<https://www.moneysavingexpert.com/latesttip/>

At the moment the Government is providing assistance to:

1. Employers - by helping you retain employees who may otherwise be laid off and enhancing the Statutory Sick Pay scheme,
2. Individuals - by deferring income tax payments,
3. Businesses - by deferring VAT payments, cancelling business rates and making one-off grants to some restricted categories, financially encouraging banks to make business loans and offering protection from eviction from commercial premises.
4. All taxpayers - making it easier to get time to pay tax liabilities, where you are having difficulty paying at the moment.

Unfortunately, there is currently no assistance targeted specifically at the self-employed. However, Martin Lewis of MoneySavingExpert (see link above) claims to have had it confirmed to him that something is being prepared and that an announcement will be made any day now. As a self-employed person myself, I hope this is true.

There is also no guidance specifically for small owner/managed limited company businesses, particularly where no staff are employed. This is typical of small service companies. Questions about whether directors are to be treated differently to other staff have not yet been answered. Presumably, if directors can avail themselves of furloughed status (see below) they cannot work and so the business has to cease activity. The problem with this class of company is that wages paid are usually low with most income extraction being through dividends, which are unlikely to be supported in this scheme. No detailed guidance has yet been issued and so these are areas of uncertainty.

Below I have provided more details about the above 4 areas of assistance, broken down into:

- tax time to pay
- tax incentives
- grants
- loans

Tax Time to Pay

1. All businesses and the self-employed, experiencing financial difficulties can apply for help to HMRC.
2. If you have current outstanding tax liabilities and cannot pay them.
3. You should call a dedicated HMRC helpline on 0800 0159 559 as soon as you can.
4. This line is open:
 1. Mon-Fri: 8:00 to 20:00
 2. Sat: 8:00 to 16:00
5. It may be busy so you will need to be patient. Calling early (8.00am to 9am) is best as it will be less busy.
6. Each case is decided on its merits but HMRC staff, at this time, are likely to be more sympathetic than before or in the future.
7. You will need to explain your situation and have some idea of a payment schedule, so think about it and jot down some notes, before you call.

Tax Incentives

1. **Income Tax**

1. All those who are due to pay the second instalment of their 2019/20 self-assessment payment on account by 31 Jul 2020 can defer this until 31 Jan 2021.
2. This is a deferment only and is a cash flow easing measure.
3. However, it means there will be a larger than normal payment on 31 Jan 2021, which will be made up of the balance due for 2019/20 (which will be higher because of the deferment) and the first payment on account of 2020/21.
4. We will claim to reduce the first payment on account for 2020/21, if it appeared that your tax liability will be lower for that year.

2. **VAT**

1. Any VAT due between 20 Mar 2020 and 30 Jun 2020 can be deferred but will need to be paid by 5 Apr 2021.
2. In most cases this will apply to the VAT Quarters ending Feb 2020, Mar 2020, Apr 2020.
3. No application is required; you simply don't pay the vat.
4. If you have a direct debit in place, you will need to cancel this temporarily.

3. **Statutory Sick Pay (SSP)**

1. SSP due to COVID-19 is being enhanced.
2. Available for 2 weeks if off work due to COVID-19.

3. Employers will be able to reclaim the cost of SSP paid from the Government.
4. Employers must keep a record of staff absences and amount of SSP paid.
5. GP fitness note NOT required.
6. Employee doesn't have to be sick themselves, their absence can be due to self-isolation because a member of their household has symptoms.
7. The mechanism for claiming back SSP has not been published yet but it could take the form of reduction of PAYE payments or repayments from HMRC.

Grants

1. **Coronavirus Job Retention Scheme**

1. HMRC will reimburse 80% of an eligible workers wage costs.
2. You can pay the remaining 20% of their wages to top up their pay but cannot reclaim this.
3. This reimbursement will be capped at £2,500 per employee.
4. The worker needs to be a "furloughed worker"; which means someone who you would have laid off but for the scheme.
5. They need to be told that they have been furloughed.
6. They cannot continue to undertake any work for you whilst they are furloughed and should be sent home.
7. Changing their status must be implemented according to any requirements of their employment contract.
8. They are still your employees and will return to their previous roles once the crisis is over.
9. The system to implement this has not yet been set up and the small print/conditions have not been published. Guidance is likely to be provided on:
 1. Calculation of payments. Someone on a regular wage will be straightforward but not where their pay fluctuates between pay period.
 2. Who is eligible? Restrictions may be placed on Directors' pay, possibly influenced by shareholdings or whether the business continues to operate.
 3. How to claim. This is a novel scheme and current HMRC systems are not geared up for this. An online portal is being set up to register employees. Structural changes will need to be made to these systems and this takes time.

2. **Business rates relief**

1. This applies to businesses in the retail, hospitality, leisure and nursery sectors only.
2. Nurseries will be those paying business rates for premises occupied by providers on Ofsted's Early Years Register or mainly used for the provision of the Early Years Foundation Stage.
3. You do not need to apply or take any action. Your Local Authority will reissue any bills already sent out.
4. If you believe you should be eligible, but have not received an amend or Nil bill, you should contact the Rates Department at your Local Authority.

3. **Retail and Hospitality Grant Scheme cash grants**

1. The grants are:
 1. £10,000 for businesses with rateable values up to £15,000, and
 2. £25,000 for business with rateable values between £15,000 and £51,000.
1. This applies to businesses in the retail, hospitality and leisure sectors only.
2. It includes premises being used as shops, restaurants, cafes, drinking establishments, cinemas and live music venues, for assembly and leisure, as hotels, guest and boarding premises and self-catering accommodation.
3. It is automatic and does not need to be applied for.
4. Your Local Authority will contact you if you are eligible, probably based on

your Rates category. It may take some time for these letters to be sent out.

5. If you believe you should be eligible, but have not received any communication, you should contact your Local Authority.

4. **Small Business Grant Scheme**

1. The grant is £10,000 for eligible businesses.
2. These are all small businesses that occupy premises and already receive Small Business Rate Relief, Rural Rate Relief or Tapered Relief.
3. It is automatic and does not need to be applied for.
4. Your Local Authority will contact you if you are eligible. It may take some time for these letters to be sent out.
5. If you believe you should be eligible, but have not received any communication, you should contact your Local Authority.

5. **Protection from eviction for commercial tenants**

1. Commercial tenants who cannot pay their rent because of COVID-19 will be protected from eviction.
2. No business will automatically forfeit their lease and be forced out of their premises if they miss a payment up until 30 June.
3. This is not a rental holiday. All commercial tenants will still be liable for the rent and will need to be paid eventually.

Loans

1. **Coronavirus Business Interruption Loan Scheme**

1. This scheme makes available loans up to £5m with repayment periods of up to 6 years.
2. The Government will make payments to cover the first year's interest and fees.
3. The loan is not from the Government, it is provided by commercial lenders, such as High Street banks, etc.,
4. The Government will provide a guarantee of up to 80% to the lenders if the loan is defaulted on.
5. Loans will only be provided based on the lenders usual lending criteria, including business plans, viability, etc and so requires a degree of work and planning.
6. Application is made to one of the accredited lenders. There is a list on the British Business Bank website.

If you've got this far, **thank you**. Now you need to try and apply the above to your particular circumstances.

For businesses with employees who are considering or have already laid off some staff, there are valuable incentives to keep them on and get reimbursed by the government.

If you are eligible and in one of the designated sectors there is very valuable relief from rates.

If you have tax payment problems, depending on the tax, you can either automatically defer payment or apply to HMRC for time to pay.

However, if you are self-employed or the director/owner of a small limited company business, there is at present little direct monetary assistance available regarding maintaining your income. As indicated earlier, for the self-employed, we are hopeful this will change soon. For the small director/owner limited company there seems to be little direct targeted help available where business income has declined.

Remember to email me at armcoat4a@yahoo.co.uk if you have any specific questions.

Best wishes

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