



Review

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Getting up and running after the lockdown

As lockdown restrictions lift across the UK, businesses are preparing for a new working environment. The Chancellor may have begun winding down the schemes that have supported businesses through the pandemic, but government-backed loans and the furlough scheme will remain factors for some time yet.

Now, the long road to recovery begins for the UK economy. Businesses will need to consider how they can safely reopen workplaces and take stock of the challenges and opportunities stemming from the coronavirus (COVID-19) pandemic, all whilst planning for the future.

Staying safe

The ability to implement social distancing in the workplace will be key to a successful return. However, it will mean reduced capacity in most workspaces, so staffing requirements and working patterns will have to be reviewed.

Crucial to managing a flexible return to work will be the technological capabilities that support a combination of office and remote working. Updated hygiene practices will also be vital to a safe return, especially if a business is expecting to welcome visitors onto its premises. Firms will need to consider measures such as creating one-way walkthroughs, installing hand sanitising stations, opening more entrances and exits and changing seating layouts in break rooms.



Keep the cash flowing

There will be major challenges for businesses that need to fulfil order books, maintain stocks and overcome supply chain delays. However, managing cashflow will be paramount for businesses that are aiming to exit the lockdown and recover successfully. Understanding the cash position in the short and medium-term will help firms assess which steps they need to take in order to keep the business moving and profitable.

Lowering costs

When a business is facing cashflow issues, lowering costs is a key element in turning the situation around. When some firms are experiencing a dip in profits, action needs to be taken to correct the underlying problem. Regardless of the size of the business, discretionary and non-crucial costs can be decreased or cut out entirely.



Finding funding

Many businesses are likely to need some additional help as they start back up again. Existing banks and lenders should be the first port of call, but remember there are other sources of finance available.

Interest rates are near zero, while numerous government funding options are helping ensure businesses remain open and operational. These include the various government COVID-19 support schemes.

Additionally, businesses must make sure that they utilise the tax reliefs available to them. There are various reliefs for business owners which can assist with tax planning. We can offer advice and guidance to make sure your business is benefiting from the appropriate reliefs.

The road ahead

The road ahead may not be an easy one. It is unlikely to be straightforward and setbacks are probable. However, careful planning will help businesses be prepared to take advantage of a surge in economic activity and the return of market confidence.

Our team can help businesses with a range of financial planning issues. For more information, please contact us.

Inside this issue ■ Chairs, tables and tax: working from home ■ A plan for jobs
■ Business Round-up ■ Tax Tip ■ Reminders for your diary

Chairs, tables and tax: working from home

The coronavirus (COVID-19) has seen an upsurge in homeworking. For many people, there are questions on the tax on the equipment required.

What if I contribute to employee costs?

You can look to reimburse some specified costs incurred by employees when working from home without income tax or national insurance consequences by making a nominal fixed payment, or a larger contribution.

- **Nominal payment:** you can pay £6 per week or £26 per month to employees paid monthly (£4 and £18 respectively before 6 April 2020) in recognition of costs for heating, lighting and increased use of metered water. This is the simplest route to take. You don't have to justify the expenditure and your employee doesn't have to keep records.

To qualify, payment must be in respect of reasonable additional household expenses incurred by the employee carrying out the duties of their employment at home. It must also be in the context of a formal homeworking arrangement. This is defined as an employer-employee arrangement whereby some or all of their duties will regularly be performed at home.

HMRC has confirmed that employees working from home because their workplace shut or because they were following advice to self-isolate were covered by the rules on homeworking expenses, and the requirement for 'regular' homeworking should therefore be met in these circumstances.

- **Larger contribution:** you can potentially reimburse more than £6/£26, though this will involve providing analysis of costs and is more cumbersome. We are happy to advise in detail on the best approach to suit your circumstances.

Can employees claim tax relief themselves?

Employees can claim online, by phone or post or via their self assessment tax return, if they usually file one. They can be directed here for further help: bit.ly/2Z0pt0E.

Do normal rules on taxable benefits still apply during the COVID-19 lockdown?

Broadly, yes. In most cases, it's (tax) business as usual. So, for example, you can provide one mobile phone and SIM card per employee, with no restriction on private use, and it doesn't count as a taxable benefit. Or you can provide an asset, like a computer for work at home and it will usually be exempt from tax, provided the arrangement fits three conditions:

- it's provided solely to enable the employee to perform the duties of the employment
- any private use is not significant; and
- it isn't an 'excluded' benefit – such as a car.

Where employees are paid travel and subsistence expenses to get to a temporary workplace, and furlough or homeworking interrupts this, the usual time clock still runs. So for tax purposes, a 'temporary' workplace won't qualify as temporary after 24 months, and the 24 months includes time furloughed or homeworking. For HMRC guidance covering areas like volunteer fuel and mileage costs and paying or refunding transport costs, see bit.ly/3hU65v7 and bit.ly/3fTea1s.

Are there any new COVID-19 rules?

Yes. They cover the position where you reimburse an employee who has bought home office equipment: a table, chair or monitor, for example. Normally, reimbursement after an employee purchases the item would be taxable. But from 16 March 2020 to 5 April 2021, a temporary exemption from income tax and national insurance exists, so long as:

- equipment is obtained solely to enable the employee to work from home because of the pandemic
- it would have been exempt from income tax if provided directly to your employee, either by you or on your behalf
- such arrangements are available to all your employees generally on similar terms.

Care will be needed regarding current and future ownership of the equipment. We are happy to advise further.

What about employer provided cars?

Despite cars going nowhere during lockdown, the usual guidelines on company car rules mostly still apply for furloughed employees and those working at home because of COVID-19. The car is still treated as 'available for private use' for tax purposes.

HMRC will accept a car is unavailable in limited circumstances, applying only where COVID-19 restrictions on movement prevent it being returned to the employer, or collected.



For more information, please contact us.





A plan for jobs

Chancellor Rishi Sunak used his recent Summer Economic Update to announce a £30 billion plan to create and protect jobs as government support for the economic recovery from the coronavirus (COVID-19) pandemic moves into a new phase. As part of his 'plan for jobs', the Chancellor introduced a Job Retention Bonus to support the phasing out of the furlough scheme, a VAT reduction for businesses in the hospitality and tourism sector and a temporary reduction in Stamp Duty Land Tax (SDLT). Here, we look at what these measures mean for businesses and individuals.



The Job Retention Bonus

The Coronavirus Job Retention Scheme (CJRS) is being gradually wound down and will end in October, to be replaced by a Job Retention Bonus. This will see UK employers receive a one-off payment of £1,000 for each furloughed employee who is still employed as of 31 January 2021. To qualify for the payment, the employee must be paid at least £520 on average in each month from November to January. Payments will be made from February 2021.



Kickstarting the job search

To address the ongoing challenges that the economy faces, the government has a large-scale plan to support people in finding jobs, enable them to gain the skills they need to get jobs and provide targeted help for young people to get into work.

The flagship £2 billion Kickstart Scheme aims to create high-quality, subsidised six-month placements for young people at risk of long-term unemployment. Other measures include a boost to the National Careers Service, enhanced work search support and payments for employers who hire new apprentices.



Eat Out to Help Out

Pubs and restaurants have been amongst the worst affected by the COVID-19 lockdown and Mr Sunak's innovative 'Eat Out to Help Out' scheme aims to give them a boost.

It entitles every diner to a 50% discount of up to £10 per head on their meal at any participating restaurant, café, pub or other eligible food service establishment and is valid Monday to Wednesday throughout August. Participating establishments will be fully reimbursed for the 50% discount. Further details are available here: bit.ly/3edB9D0.

In order to further support the hospitality and tourism sector, the Chancellor cut the rate of VAT from 20% to 5%. This applies to supplies of food and non-alcoholic drinks from restaurants, pubs, bars, cafés and similar premises, as well as to accommodation and admission to attractions, including theme parks and zoos, across the UK. See here for further guidance: bit.ly/2DrjsTR.



Stamp duty boost for property market

In response to a stalling property market, the government temporarily increased the nil-rate band of residential SDLT in England and Northern Ireland from £125,000 to £500,000. This applies from 8 July 2020 until 31 March 2021.

Both Scotland and Wales have their own versions of SDLT, namely the Land and Buildings Transaction Tax (LBTT) and the Land Transaction Tax (LTT). The Scottish government has raised the threshold at which LBTT is paid from £145,000 to £250,000. This applies from 15 July 2020 until 31 March 2021. The Welsh government has also raised the threshold at which LTT is paid from £180,000 to £250,000, effective from 27 July 2020 until 31 March 2021. However the tax reduction in Wales will not apply to purchases on additional properties, including buy-to-let and second homes.

Additionally, the Chancellor announced a £2 billion Green Homes Grant, providing at least £2 for every £1 homeowners and landlords spend to make their homes more energy efficient, up to £5,000 per household. For those on the lowest incomes, energy efficiency measures will be fully funded up to £10,000. The scheme aims to upgrade over 600,000 homes across England.

Changes to tax rules and rates can be complex. We would be only too pleased to provide any further assistance you may need.

Business Round-up

VAT reverse charge on construction services delayed

HMRC has announced a five-month delay to the introduction of the domestic VAT reverse charge for construction services, due to the impact of the coronavirus (COVID-19) pandemic on the sector.

The change will now apply from 1 March 2021 and will overhaul the way VAT is payable on building and construction invoices as part of a move to reduce fraud in the sector. Under the domestic reverse charge, the VAT-registered businesses customer receiving the service will have to pay the VAT owed straight to HMRC instead of paying the supplier, if they report via the Construction Industry Scheme (CIS).

The change was originally scheduled to come into effect from 1 October 2019 but was deferred for 12 months after industry bodies highlighted concerns about the lack of preparation and the impact on businesses. The start date has now been put back from 1 October 2020 to 1 March 2021.

For businesses to be excluded from the reverse charge because they are end users or intermediary suppliers, they must inform their subcontractors, in writing, that they are end users or intermediary suppliers. This is to make sure both parties are clear in regard to whether the supply is excluded from the reverse charge. It reflects recommended advice published in HMRC guidance and brings certainty for subcontractors as to the correct treatment for their supplies.

HMRC stated that it will continue to focus additional resources on identifying and tackling existing perpetrators of fraud in the construction supply chain. It will also work closely with the sector to raise awareness and provide additional guidance and

support to ensure all businesses will be ready for the new implementation date.

Pension savers warned over scams and transfers

The Pensions Regulator (TPR) has issued a warning to savers over the dangers of scams and making transfers during the coronavirus (COVID-19) pandemic.

The warning followed the publication of figures by Action Fraud, which showed that over £5 million of fraud has been reported since February, with reports totalling over 2,100.

According to the fraud prevention body Cifas, the most common COVID-19 scams Britons have been targeted with during the pandemic include pension scams, where fraudsters convince their victims to transfer their pension pots or release funds.

The TPR has also produced a factsheet for savers who have a defined benefit (DB) pension.

The factsheet tells savers that they do not need to rush a decision about their pension and should seek advice first. It also reminds DB pension holders that transferring into another type of arrangement is unlikely to be in their best interest.

Commenting on the issue, Charles Counsell, Chief Executive of the TPR, said: 'These figures once again show the true devastation of scams. We know, on average, victims of pension scams lose £82,000.

'Anyone can be a victim, and COVID-19 has created the sort of environment fraudsters thrive in. That's why it is vital savers don't rush decisions about their retirement funds.'

Tax Tip



Employing family members

Have you considered employing family members in your business? As long as you can justify their involvement, you can employ them in your business. In a limited company, they can be remunerated with a salary, receive benefits, and be included in your company pension scheme. If you are in a partnership, taking your non-minor children into the partnership and gradually reducing your own involvement can be a very tax-efficient way of passing on the family business.

Please get in touch to discover the most tax-efficient way to involve your family in your business.

Reminders for your diary

August 2020

- 2 Deadline for submitting P46(Car) for employees whose car/fuel benefits changed during the quarter to 5 July 2020.
- 19 PAYE, Student loan and CIS deductions are due for the month to 5 August 2020.

September 2020

- 1 New Advisory Fuel Rates (AFR) for company car users apply from today.

- 19 PAYE, Student loan and CIS deductions are due for the month to 5 September 2020.
- 30 End of CT61 quarterly period.

October 2020

- 1 Due date for payment of Corporation Tax for period ended 31 December 2019.
- 5 Deadline for notifying HMRC of new sources of taxable income or gains or liability to the High Income Child Benefit Charge for 2019/20 if no tax return has been issued.

- 14 Due date for income tax for the CT61 quarter to 30 September 2020.

- 19 Tax and NICs due under a 2019/20 PAYE Settlement Agreement.

PAYE, Student loan and CIS deductions are due for the month to 5 October 2020.

PAYE quarterly payments are due for small employers for the pay periods 6 July 2020 to 5 October 2020.

- 31 Deadline for submitting 'paper' 2019/20 self assessment returns.