

COVID-19

Coronavirus briefing, helpful advice and tips –

9th November 2020



The Government announced on 5 November that it is providing further support to businesses this winter, with an extension to the Coronavirus Job Retention Scheme (CJRS). It has also increased the third income support grant for the self-employed.

Coronavirus Job Retention Scheme (CJRS) extended until 31 March

The CJRS, or furlough scheme as many call it, will now remain open until 31 March 2021. There is no gap in eligibility between the previously announced end-date of CJRS (31 October) and this extension. The extended CJRS scheme provides support from 1 November.

While the extended CJRS will enable businesses to claim either shortly before, during or after running payroll, employers logging into their HMRC portal to make a claim for November will not be able to do so before 8 am on 11th November.

Unfortunately, this means employers operating weekly payrolls will need to cover the cost of furloughed employees' wages until the portal opens for November claims. Claims made for November must be submitted to HMRC by no later than 14 December 2020. Claims for November 2020 month onwards have to be submitted within 14 days.

What are the rules?

- The Government scheme will provide employees with 80% of their current salary for hours not worked. This is capped at £2,500 per employee, per month and will be reviewed in January.
- There is no employer contribution required to wages for hours not worked. Employers will have to cover the costs of national insurance and employer pension contributions for hours not worked.
- Employers can top up employees' wages should they wish.

Who is eligible?

- Employees will only need a 7-day qualifying period, rather than the 21 days required previously.
- The scheme includes all employees who were employed and on the PAYE Real Time Information (RTI) submission on or before 30 October 2020. The employer must have made an RTI submission to HMRC between 20 March 2020 and 30 October 2020, notifying a payment of earnings for that employee.
- There is no requirement for the employee to have been included in a previous CJRS claim.
- Employers don't have to have submitted a CJRS claim before to be eligible.
- Employees can be fully or flexi-furloughed under the extended scheme.

- Employers will be able to re-employ and furlough employees who have been made redundant or stopped working. This will be possible provided the former employee was included on an RTI submission to HMRC from 20 March to 23 September, and was made redundant or stopped working for the employer after 23 September.

What you need to check

- If employers are thinking of using the scheme for the first time, or for employees not previously furloughed, they will need to ensure that a new furloughing agreement is in place with the employee.
- Employers who have previously used the scheme should consider whether the agreements used previously remain valid. Check whether the agreement was time limited or open ended: if the agreement was time limited to 31st October or earlier, employers will need to update their agreements.
- If an employee has returned to working their usual hours since a period of furlough and the employer has written to them to say they're no longer subject to the furlough agreement, they will probably need a new furlough agreement.

Job Retention Bonus

This will no longer be paid in February 2021 as CJRS will be available at this time. At the appropriate time an alternative incentive will be put in place.

Loan schemes' deadlines extended

Businesses will continue to be able to apply to banks for some government-backed support loans until 31 January 2021.

The loans are: the Bounce Back Loan Scheme, Coronavirus Business Interruption Loan Scheme, Future Fund, and Coronavirus Large Business Interruption Loan Scheme. This will give businesses two extra months to make loan applications (relative to the current deadline of 30 November).

The Bounce Back Loan Scheme rules are being adjusted to allow those businesses who have borrowed less than their maximum (i.e. the lower of £50,000 or less than 25% of their turnover) to top-up their existing loan.

'Real' Living Wage rises

The Government has announced that employees who work for an employer who has voluntarily signed up to the "real living wage" will receive a pay boost of 20p to £9.50 an hour. Real living wage employers in London will pay £10.85 an hour, a 10p rise.

This is not to be confused with the compulsory National Living Wage, which is currently £8.72 an hour for anyone over the age of 25.

The Local Restrictions Support Grant /the Additional Restrictions Support Grant

Businesses in England that are forced to close due to national or local restrictions could receive up to £3,000 per month say the Government.

Local Authorities, subject to local eligibility, receive funding to support eligible businesses. The Local Authorities of each area are posting up details on their websites as to how they will administer the schemes. We recommend businesses view their local council's websites and newsfeeds to find out about eligibility, how to apply and when.

Specific help for hard-hit sectors

- The Government state that backdated cash grants for businesses in Tier 2/3 areas in England are available. Businesses in the hospitality, leisure and accommodation sectors that suffered from reduced demand due to local restrictions introduced between 1 August and 5 November will receive backdated grants at 70% of the value of closed grants, up to a maximum of £2,100 per month for this period.
- Reduced VAT for hospitality, accommodation and attractions until the end of March 2021.
- Business rates relief for hospitality, retail, leisure and nurseries until the end of March 2021.

Self-Employment Income Support Scheme (SEISS) grant increased in UK

Many self-employed people who are experiencing reduced demand or can't trade because of the effect of the COVID-19 pandemic are also receiving more help. The third grant under the Self-Employment Income Support Scheme (SEISS) has been increased by the Government. It covers November to January and has been raised to 80% of average trading profits - up to a maximum of £7,500. You will be able to apply for the grant from 30th November.

Who is eligible?

- You must have been previously eligible for the schemes first and second grants, though you may not have claimed.
- You must declare that you are continuing to trade but are impacted by reduced demand due to coronavirus or were previously trading but due to coronavirus are temporarily unable to do so.
- The scheme is open to those with a trading profit of less than £50,000 in 2018-19, or an average trading profit of less than £50,000 from 2016-17, 2017-18 and 2018-19.
- HMRC use existing information to identify those eligible and invite applications.

A fourth SEISS grant has been promised, covering February to April 2021. Details have yet to be announced.

Delayed tax payments

As reported previously, some self-employed people have been given the option of delaying their tax payments through the self-assessment system. They can opt to take a payment plan, giving more time to pay their full tax bill. Check your eligibility on the HMRC website.

Please contact us if you would like any further guidance on these issues or a chat about other ways to protect your business.

Best wishes

The Wise & Co Team