



June 2020

NEWSLETTER

The New Normal?

Shortly after I sent out my last Newsletter in March, everything changed as the country went into lockdown. Suddenly, businesses had to find new ways to work, if they could continue working at all.

I immediately took the decision that all of my staff could work from home, while I work in the office with the door locked. When one of my staff needs something from the office, they will call in during my lunch hour (12 to 1p.m.) and if they need to work in the office for longer than that, then I will stay at home until they leave. In that way we can avoid there ever being more than one person in the office.

Books can still be delivered or collected on the doorstep, but phone first to make sure that someone will be in. As each of my staff may call into the office only once a week, it will take a little longer to complete each job as the files are passed back and forth between me and them. It also means that books will often be at home with one of my staff members, so not available in the office if the client needs something from them.

This new way of working is going very well so far, with no apparent loss in productivity. The only thing I cannot do is have a meeting with a client at the end of a job, so I am having to do that by telephone. I may also have to keep the client's books, which I would normally give back at that final meeting, until they can be collected.

SEISS

The Self-Employed Income Support Scheme is the main form of grant to help small businesses through the Covid-19 crisis. Contrary to what many people seem to think, it is not a grant available to every self-employed person, but only to those whose business has been adversely affected by Covid-19. Unfortunately, that misconception was reinforced by HMRC's own online eligibility checker, which looks only at information on past tax returns before giving a message that the person is eligible to claim; what it really should say is that the person is eligible if the business has been adversely affected.

"Adversely affected" means that the business has suffered a financial loss through closure, a reduction in work or a reduced capacity to do it, because the proprietor or employees are ill with Covid-19 or having to self-isolate because they or family members are showing symptoms. Claims have to be made by taxpayers, not their accountants.

The scheme is aimed at people on moderate incomes who are dependant on their business for their livelihood, so excludes those with profits over £50,000 or with other income (commonly pensions) which is greater than the profits. There are two phases:

1. The first grant covers March to May and will pay 80% of business profits for three months, up to a maximum of £2,500 a month, or £7,500 in total. The first payments were made in May and the deadline for claiming is 13 July.
2. The second grant covers June to August and will pay 70% of business profits for three months up to a maximum of £2,190 a month, or £6,570 in total. Applications will open in August.

Both grants will be treated as business income for the tax year 2020/21 and will be liable to Income Tax and NI in the normal way.

Many people who had to stop trading completely will have claimed Universal Credit, which is a monthly benefit assessed for self-employed people on a rather crude calculation of receipts and payments. The SEISS grants have to be included as business receipts, so could well wipe out any entitlement to Universal Credit in the months when they are claimed.

CJRS

The Coronavirus Job Retention Scheme has been working well for three months, with employers making monthly claims, so I see no point in repeating the basic rules here. Instead I shall concentrate on the changes as the scheme is phased out.

1. From 10 June, no more employees can be furloughed, unless they are returning from parental leave.
2. The claim for periods up to 30 June must be made by 31 July.
3. From 1 July, furloughed employees can be brought back to work part-time and the scheme will continue to pay 80% of wages for the balance of normal hours.
4. From 1 August, claims will no longer include employer's National Insurance and pension contributions, just 80% of basic wages up to a maximum of £2,500 a month.
5. From 1 September, the grant will be up to 70% of wages up to a maximum of £2,187.50 a month.
6. From 1 October, the grant will be cut to 60% of wages up to a maximum of £1,875 a month.
7. The scheme will close on 31 October.

Because of these changes, claims will now have to be made in calendar months, even where the employee is paid weekly. Where a week's wages spans two calendar months, then it will have to be split between the two separate claim periods.

Scams

All of these coronavirus support schemes create opportunities for fraudsters to contact taxpayers, pretending to be the government or HMRC ready to pay out money. Be wary of any e-mails of that type and never give away your bank details, log-in and password.

When you make a claim under SEISS or CJRs, the only acknowledgement will be onscreen and the money will be paid into your bank account without any further communication.

Fraudulent Claims

Anyone who claims SEISS or CJRS when not eligible is committing fraud, which is a criminal offence. To make a valid claim, your business must have been adversely affected by Covid-19, so do not be persuaded by friends who say that "everyone else has claimed" so you should too. There will be severe penalties for fraudulent claims.