

## Government latest assistance package



### To all our clients and friends,

We don't want to bombard people with emails, but we do want to ensure every business has the best information and advice in these uncertain times. The latest assistance packages from the government in terms of key help for businesses are as follows:

#### **Wages and salaries**

Any business which has sent staff home because there is no work for them can tap into an HMRC grant of 80% of salary for staff who are kept on, to a maximum of £2,500 per employee. We understand this includes March payroll. This is expected to be available by the end of April - so the cashflowing of it needs to be considered. The "unprecedented" measures will stop workers being laid off due to the crisis, chancellor Rishi Sunak said.

There is very little detail at present but we will keep you updated as we get info. We do appreciate the delay in getting the grant will cause issues for some business, but equally the measure has never been implemented before, so HMRC will have to work night and day to put systems in place. HMRC have therefore become Key Workers to the business sector and we do need to be patient whilst things are put in place, although I fully appreciate the stress this may cause.

This is a major assistance to businesses with employees who run bars, restaurants and cafes, as well as the supply chain behind them and countless shops and building contractors and their supply chains, who cannot operate with the social distancing measures that are currently in place. It will also apply to charities and the not for profit sector - basically to every employer and employee who may be worried that there is no work for them or who is currently in limbo.

For those who have informally or temporarily laid off staff, it is time to see what you can do to get them "back on the books", so that they can benefit from the measure. The more we retain our teams, the better shape our businesses will be in for a recovery. The more we protect as many individuals as we can, the better, as the impact on them will be lessened and consumer confidence and spending will return much quicker.

#### **Self-Assessment (Income Tax)**

The government is deferring all self-assessment payments due on 31st July 2020 to 31st January 2021. No application is required and it is automatic and interest free.

This is unlikely to be a major assistance measure to the self-employed and business people who do not have significant incomes - but it will provide a small amount of much needed help

to many, and the self-employed and business owners with higher income will benefit significantly.

We do advise all to plan for the end of the deferral - you will have to pay the tax due in January 2021 - make provision in your cashflow.

### **VAT deferral**

The government has announced that next quarter's VAT payment for ALL business will be deferred automatically, so no application is necessary - but you do need to file your VAT return on time.

This will be of major assistance to many businesses worried about cash flow. The pub and restaurant sectors will be massively helped, as they pay VAT on sales, but they do get charged VAT on many of their costs too like food supplies and wages. Other sectors will benefit very significantly as well.

Whilst the government guidance on Self-Assessment deferral above states that it is interest free, it is silent on the issue in relation to VAT (or maybe the publishers made a formatting error, as the interest free sentence is within the Self-Assessment section, rather than being a measure covering both it and VAT).

So we are not certain if the interest free status applies to VAT deferral; it is possible that businesses will be charged interest, but with the current rate of interest at about 4%, it is the cheapest money you can get on a short term loan, so best to take advantage of it while it is available!

You will have until 31st December 2020 to repay the VAT. Our understanding is that this will be an automatic deferral and no application will be necessary; you file your VAT return as normal and pay it when you want to up to 31st December 2020 - nine months credit, a truly big facility to all businesses.

Our advice is that if you can afford to make some payments then you should plan to set up a payment in 9 monthly instalments until the year end; it's easier than being faced with a lump sum payment at the end. But we do appreciate this may not be an option for some businesses that are currently closed and have no revenues at all for the short term, if that is the case, then plan ahead to repay the money from May or June when, with a fair wind, business should be back to some kind of normality.

The above two measures are very helpful - they offer a real safety net for people in jobs at the moment and allow their employers to avoid hard choices and keep amazing teams of employees together. They also mean the current quarter of VAT, which will include a lot of pre-crisis level trading, is deferred for 9 months. And we have no doubt that HMRC will keep things under review if and when the need arises.

### **Finally.....**

This crisis has the potential to engulf people and businesses, if they panic. The key is to remain calm. We have a government who, for once, is genuinely putting its money where its mouth is - "Whatever it Takes" seems to be real and tangible and it is happening today not tomorrow. It will get countless numbers of businesses, and people behind or within them, through this financially.

There will be businesses that do not make it, too many sadly, and we have to recognise that and do all we can to make sure as many as possible get through. There will also be businesses that do not get access to much, if any, support - there will be those that fall within the cracks between measures. We are actively lobbying to close those gaps through all means necessary and we believe that further help will be there, notably for the self-employed who are bearing a big brunt of the financial impact and whose concerns have yet to be fully addressed.

The most important thing is to remain calm, take advantage of the measures where you can and where you need to, make sensible decisions to keep teams together (you will need them when you are through this), pay bills on time where you can and discuss bills with suppliers where you need to. At the end of this businesses will recover. The most important thing is to make sure that you are one of us that is still standing and ready to grow again.