

## Advice from **Sandison Lang** – Questions to consider during this Corona virus pandemic

**Q: I am VAT registered. What is happening about VAT liabilities?**

A: You will still need to submit your VAT returns in the usual way and by the normal deadlines. However, the payments due between 20 March and 30 June 2020 are being deferred. This applies to the quarters ended 29 February, 31 March and 30 April 2020. The payments will instead be payable by 31 March 2021.

**Q: Is this automatic, or do I have to apply for it?**

A: The relief is automatic, however if you pay via Direct Debit you will need to cancel this to ensure the bank do not take the payment, the direct debit can be re-instated once VAT payments return to 'normal'. No interest will be levied on those who choose to defer payments.

**Q: What about my July tax payment for personal tax?**

A: The July payment is being deferred to January 2021. Those can afford to pay should continue to do so, but HMRC will not be requesting any money.

The deferral is automatic, so no application is needed, and no interest will be charged on the deferred payment. Originally, this was for the self-employed only but has since been extended to all self-assessment taxpayers.

**Q: I have a limited company. Are there any tax deferrals available for my company tax?**

A: Not in the same way. If businesses are struggling to pay their corporation tax, they will need to contact HMRC and discuss a payment plan. The number to call is 0800 0159 559. This is a helpline specifically for those struggling to pay as a result of coronavirus.

**Q: I employ staff and would like to access the Coronavirus Job Retention Scheme. What is this and how do I do it?**

A: The Coronavirus Job Retention Scheme has been brought in to assist employers cover wages costs without having to make employees redundant. It may be that an employee is unable to work due to self-isolation, for example, or because you do not have enough work for them.

You can make an employee 'furloughed' instead. This means that they cannot do any work for you, and the Government will pay a grant of up to 80% of all employment costs, capped at £2,500 per month. As an employer, you can then choose to top this up, if you wish. Staff should be furloughed for a minimum of 3 weeks. The guidance indicates the £2,500 cap is for all wage costs; this is likely to therefore include employer NI and pension, although we are waiting for confirmation.

We are expecting a separate portal to be set up by HMRC to enable businesses to apply for the Coronavirus Job Retention Scheme. Once we have further information on this, we will of course let you know, although this is currently expected to be in early April with the first payments being made possibly towards the end of April.

The payments will be backdated to 1 March 2020 and the scheme is currently set to be in place for three months, although the Chancellor has indicated this may be extended if necessary.

Please note that businesses receiving public money for staff funding, should not be claiming the furlough grant.

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**Q: I am self-employed. Are there any similar schemes?**

A: Yes, the Chancellor has announced a scheme to help the self-employed. The payments will again be the lower of 80% of profits of the cap of £2,500 per month and the following criteria must be met to qualify:

- Self-employment profits must be less than £50,000 per annum on average for the last three years
- Your 2018/19 tax return must have declared self-employment
- Your self-employment must be more than 50% of your total income

The amount you receive will be based on your average profits for the last three tax years (2016/17, 2017/18 and 2018/19). Those who started self-employment in the 2019/20 year will not qualify.

If you have not yet submitted your 2018/19 tax return, you will have until 23 April 2020 to submit this, to qualify for the payment.

The payment will not be made until June and will be a single 'lump sum' amount. This is taxable income, to be declared on the 2020/21 tax return. Those who qualify can continue to work, unlike employees. HMRC will contact those who qualify, when it is possible to make the claims.

**Q: What other financial reliefs are in place for businesses?**

A: The Coronavirus support measures also include:

- Small business grant funding of £10,000 for all businesses in receipt of small business rate relief or rural rate relief. Your local authority will write to you if you are eligible.
- The Coronavirus Business Interruption Loan Scheme, which offers loans of up to £5m for small and medium businesses through the British Business Bank. You should speak to your bank for further information and to apply for the scheme.
- A new lending facility from the Bank of England to support larger firms
- SSP can be reclaimed for small and medium sized businesses for sickness absence due to COVID-19. The SSP can be reclaimed for up to 2 weeks per employee. This will be a rebate scheme and we are waiting information on how the claims will be made.

The Chancellor is not introducing any measures for those who operate as a limited company and take dividends. The measures are only for salaries and the self-employed.

For more information, please get in touch with **Sandison Lang** below

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