

Following the outbreak of COVID-19 in the UK we wanted to give our clients a quick update on our continuity of service, actions which should be taken and the help that is currently available. This is a general update and we would recommend that anyone who has any specific queries get in touch with us. We will also provide further regular updates and communication through the coming weeks.

### **Continuity of Service at James Todd & Co**

The James Todd & Co internal platform is cloud hosted and all members of our team have the ability to work away from the office. We have therefore made the decision to temporarily close the offices to all clients and non-essential staff until further notice. Bookkeeping and accounting records can still be delivered to our Lavant office but we would ask that this be prior appointment only, so that no journey is wasted. We will let you know as soon as our offices are open, but we will be continuing to work in our full capacity and ensure that all deadlines are met.

Email communication should remain fully operational and we will be diverting our telephone systems so that incoming calls can be dealt with.

### **Action Point**

We would strongly recommend that any clients who have Direct Debits for VAT setup with HMRC and who are wishing to take advantage of the payment deferrals (outlined below) cancel these with their bank as soon as possible, as they will likely be processed otherwise.

### **Help Available**

The government has announced a raft of measures aimed at both businesses and individuals in order to support them during the Coronavirus crisis. Here is an at a glance summary of the main proposals. There is a dedicated Gov.uk page on these measures which is constantly being updated: <https://www.gov.uk/government/publications/guidance-to-employers-and-businesses-about-covid-19/covid-19-support-for-businesses>

### **Support for Businesses**

#### Coronavirus Job Retention Scheme

HMRC will set up a new online portal so that ALL UK employers, regardless of size, will be eligible for assistance where an employee has been designated as a 'furloughed worker.' HMRC will reimburse 80% of furloughed workers wage costs, up to a cap of £2,500 per month. The current plan is that this will be in place for 3 months, at which point it will be reviewed. This will be backdated to 1 March 2020.

Employers must set out which of their employees are 'furloughed workers' and inform particular employees.

Furlough is the equivalent of lay off. So you can lay off staff, continue to pay them and recover 80% of that cost up to £30k per annum.



#### **Chartered Accountants and Registered Auditors**

James Todd & Co is the trading name of James Todd & Co Limited. Registered Office: 1&2 The Barn, Oldwick, West Stoke Road, Lavant, Chichester, West Sussex, PO18 9AA. Registered No. 07350649 in England. Registered to carry on audit work in the UK and Ireland and regulated for a range of investment business activities by the Institute of Chartered Accountants in England and Wales. A member of the ICAEW Practice Assurance Scheme.

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The current guidance states 'You will remain employed while furloughed. Your employer could choose to fund the differences between this payment and your salary, but does not have to'

Changing the status of employees remains subject to existing employment law and, depending on the employment contract, may be subject to negotiation.

#### Deferment of VAT payments

VAT payments can be deferred for up to 3 months. Again, all UK businesses will be eligible and the scheme will run between 20 March 2020 and 30 June 2020. There is no need to apply for this scheme. Businesses will be given until the end of 2020/2021 to settle outstanding VAT liabilities that have accumulated as a result of the 3-month deferral.

#### Time to Pay

Any business that pays tax to the UK government and has outstanding tax liabilities will be able to apply for their case to be reviewed by HMRC with a view to arranging a bespoke time to pay agreement. This applies to all businesses including the self-employed. HMRC has set up a dedicated helpline on 0800 0159 559.

#### Statutory Sick Pay

Employers will be able to reclaim up to 2 weeks of SSP payments per employee where those SSP payments related to Coronavirus. This applies to all UK employers with 250 employees or less as at 28 February 2020. The reclaim will not be via RTI, instead, HMRC will set up a new portal to facilitate this.

#### IR35 for the Private Sector

Changes to the IR35 off-payroll working rules in the private sector have been delayed by 12 months to April 2021.

#### Business Rates

HMRC will introduce a business rates holiday for retail, hospitality and leisure businesses in England for the 2020/2021 tax year. No action is required and this will apply to your next council tax bill in April 2020 meaning that there would be no rates payable for those businesses for 2020/2021.

#### Cash Grants

The retail, hospitality and leisure sectors in England can also apply for a cash grant of up to £25,000 per property. For rateable values of under £15,000, they will receive £10,000. Between £15,001 and £51,000, they will receive a grant of £25,000. No action is required as local authorities will write to eligible businesses. Smaller businesses within the Small Business Rate Relief or Rural Rate Relief will of £10,000.

#### Business Interruption Loan Scheme – (Updated 23/03/2020 @ 12.32pm)

The British Business Bank will launch a scheme from the week commencing 23 March 2020 to support businesses with a turnover of no more than £45 million per year. The government will provide lenders with a guarantee of 80% on each loan. This applies for loans of up to £5m in value and for up to 6 years. No interest will be charged for the first 12 months.



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The scheme is now open for applications as from Monday 23 March. To apply, you should talk to your bank or one of the 40 accredited finance providers (not the British Business Bank) as soon as possible, to discuss your business plan.

The major high street banks are on this list of 40 providers. Gov.uk states that more information can be found on their websites.

#### Corporate Financing Facility – (Updated 23/03/2020 @ 2.26pm)

The Bank of England will shortly announce plans to buy short term debt from larger companies that are ‘fundamentally strong’. We are currently waiting for a definition of ‘fundamentally strong’.

However, on Monday 23 March the Bank of England updated their site to set out the eligibility criteria: <https://www.bankofengland.co.uk/news/2020/march/the-covid-corporate-financing-facility>

#### Companies House

If a company’s accounts are unlikely to be filed on time owing to being affected by Coronavirus then an application can be made to extend the period allowed for filing. If an application is not made and there is a late filing then the normal penalty regime would apply, so it is important to make the application ahead of the deadline.

#### **Support for individuals**

##### Income Tax

The 2nd payment on account of tax that is due by 31 July 2020 will be deferred until 31 January 2021. Self-employed taxpayers are eligible for this deferment. There is no need to apply for this offer to apply. No penalties or interest for late payment will apply during this deferral period.

##### Statutory Sick Pay

Individuals will be eligible for SSP for the first day of absence if the absence is Covid-19 related. The individual will need to visit <https://111.nhs.uk/> in order to obtain an isolation note in line with advice issued from Friday 20 March. They will still be entitled to the normal maximum of 28 weeks in any 3-year period with the same employer, however, there is no need to wait for 3 working days before they would be eligible where Covid-19 applies.

The self-employed will be eligible to make a claim for Universal Credit or new style Employment and Support Allowance. Self-employed people will receive a rate equivalent to SSP.

##### Mortgage and rent holiday

Tenants, as well as mortgage borrowers, can apply for a 3 month payment holiday. Interest will continue to be charged on any amount that they owe. The government has announced that they intention is that no one can be evicted from their home over the next 3 months where this applies.

#### Statutory Residence Test (SRT) – (Updated 24/03/2020 @ 9.44am)

HMRC have updated their manuals to account for the impact of Covid-19. They have set out what they consider to be ‘exceptional days.’ See RDRM11005. Exceptional days are days that can be disregarded in trying to establish whether an individual is a resident in the UK.



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