

Following the outbreak of COVID-19 in the UK we wanted to give our clients a quick update. This is a general update on matters as they arise or change, 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.

Companies House Filing Deadlines

Companies House have confirmed that there will be the ability to apply for a three month extension period to file accounts to avoid companies incurring penalties as the deal with the impact from COVID-19. Whilst this does bring a degree of comfort, it is our intention to still meet the 9 month filing deadlines wherever possible and will be proceeding as normal. There is also this possibility that companies who have extended or shortened their period ends may not be eligible.

HMRC Submissions

Although HMRC have confirmed extensions to the time for pay for VAT, waiving the second payment on account for self-assessment and are generally showing leniency with paying liabilities at this difficult time, they have not made any concessions on the requirement to file on time. It is therefore imperative that all filing deadlines are met and we will very much be working on this basis.

The only exception to this is the Corporation Tax Return, as the company is not liable to a flat rate penalty for late submission of a tax return if the return is delivered no later than the last day for the delivery of those accounts to the registrar of companies.

The Coronavirus Job Retention Scheme: furlough guidance

The following is our understanding of this policy and how this will work based on the information published so far.

Key policy objectives of the scheme

Overall objective is to keep people at home while enabling employers to retain staff who will be needed when they begin to rebuild their businesses in the future. This will enable work to begin again with a critical core who have the necessary knowledge.

Rules as outlined in official statements released at 23 March 2020

1. Furloughed members of staff must not work for the employer during the period of furlough.
2. Furlough is from 1 March 2020, so can be backdated. It will last for at least 3 months and will be extended if necessary. Note that while the scheme is backdated to the beginning of March as it is intended to support all those employed then, a firm will only be eligible to claim the grant once they have agreed the furlough with their staff and staff have stopped working for the employer. This will of course be subject to employment law in the usual way.
3. It is available to employees on the payroll at 29 February 2020.
4. All UK businesses are eligible, 'any employer on the country, small or large, charitable or non-profit' to use the Chancellor's words.
5. The scheme pays a grant (not a loan) to the employer.



Chartered Accountants and Registered Auditors

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6. The grant will be paid to the employer through a new online system which is being built for this purpose.
7. The employer will pay the employee through payroll, using the Real Time Information (RTI) system as usual, as required by the employment contract. This contract may be renegotiated but that is a matter for employment law. So RTI system reporting of payroll will continue.
8. Scheme will be administered by HMRC:
 - Relevant employees must be designated as furloughed employees.
 - Employers will submit information to HMRC through a new online portal.
 - As this will take time to build, businesses should look to the Coronavirus Business Interruption Loan Scheme to support cash flow in the meantime. The narrative used in the information released so far says 'if your employer cannot cover staff costs due to COVID-19 they may be able to access support...'. This is a conditional phrase which may relate to existing funds available to the employer. We do not yet know how these might be determined, nor whether there is a bar of some description.
9. Maximum grant will be calculated per employee and is the lower of:
 - 80% of 'wages'. The notes published so far, use the phrase 'wage for all employment costs up to a cap of £2,500 per month'. It is our understanding that this includes employers' NIC and pension contributions. Wages will be determined by reference to a defined period (yet to be announced).
 - £2,500 per month.

In addition, we have received some frequently asked questions and answers:

1. For furloughed staff is the 80% grant based on gross pay – what are wages costs mentioned and how are employees with irregular hours calculated? [The government have not provided guidance on this yet, we are expecting to have additional information by the end of the week.](#)
2. Can Directors furlough?
[It currently only talks about employees, and employees where it would be an alternative to redundancy and they have been sent home doing no work for the Company. We are hoping there will be further clarity on this shortly.](#)
3. Are the promised grants available to business who have opted to close or does the business have to be 'closed down' by the government to qualify?
[As far as we are aware at the moment the grants are available for a three month period and can be backdated to March 1st and become effective from the day that the employee is sent home and asked not to work.](#)
4. If only part of the business is closed how do we make the selection about who to furlough?
[You should use a selection process as per usual redundancy criteria.](#)
5. Is there a minimum start date for employees to be entitled to be furloughed? What if an employee started a month ago?
[There hasn't been any communication about minimum start date, just that the person is an employee, so assuming that the employment relationship has already begun and that this measure is used as an alternative to redundancy. Where you have an employee who has been offered a](#)

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job and not yet started you would be expected to withdraw that offer is the work is not there prior to them starting.

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.

We are dealing with an unprecedented level of queries at the moment and we appreciate your understanding at this time. We would recommend emailing queries where at all possible, particularly in relation to bookkeeping and payroll, as it will enable to answer all queries more efficiently.



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