

EDITION 4

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.

Self Employment Income Support Scheme

Last night the Chancellor outline the Government's scheme to help the self employed workers of the UK. This scheme will allow them to claim a taxable grant worth 80% of trading profits up to a maximum of £2,500 per month for the next 3 months and this may be extended if needed.

They can apply if they are a self-employed individual or a member of a partnership and:

- has submitted your Income Tax Self Assessment tax return for the tax year 2018-19
- traded in the tax year 2019-20
- are trading when they apply, or would be except for COVID-19
- intend to continue to trade in the tax year 2020-21
- have lost trading/partnership trading profits due to COVID-19

The self-employed trading profits must also be less than £50,000 and more than half of the income come from self-employment. This is determined by at least one of the following conditions being true:

- having trading profits/partnership trading profits in 2018-19 of less than £50,000 and these profits constitute more than half of total taxable income
- having average trading profits in 2016-17, 2017-18, and 2018-19 of less than £50,000 and these profits constitute more than half of the average taxable income in the same period
- If they started trading between 2016 and 2019, HMRC will only use those years for which they filed a Self-Assessment tax return.

The support will come in the form of a taxable grant which will be 80% of the average profits from the tax years 2016/17, 2017/18 and 2018/19 where applicable. To work out the average HMRC will add together the total trading profit for the tax years then divide by 3 (of the number of years applicable), and use this to calculate a monthly amount, up to a maximum of £2,500 per month for 3 months. The grant will be paid directly into the taxpayer's bank account in one instalment.

Unfortunately, the scheme cannot be applied for yet and payments are not expected until June 2020. HMRC will contact you if you are eligible for the scheme and invite you to apply online through the gov.uk website. Individuals do not need to contact HMRC now and HMRC request taxpayer not to do so, as this will only delay the urgent work being undertaken to introduce the scheme.

Once HMRC has received your claim and you are eligible for the grant, they will contact you to tell you how much you will get and the payment details. If you claim tax credits you'll need to include the grant in your claim as income.



Chartered Accountants and Registered Auditors

James Todd & Co is the trading name of James Todd & Co Limited, Registered Office:
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Registered No. 07350649 in England. Registered to carry on audit work in the UK and Ireland
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BE AWARE: If someone texts, calls or emails claiming to be from HMRC, saying that you can claim financial help or are owed a tax refund, and asks you to click on a link or to give information such as your name, credit card or bank details, it is a scam!

Limited Company Owner/Directors

As part of the announcements concerning the self employed, the Government has confirmed that dividends will not be included when determining the grant. This could prove problematic for owner/directors who go with a tax efficient low salary, high dividend remuneration package.

The salary element of the director's remuneration can be used to claim employment relief from the Government, but the director must furlough themselves to do this. This means that they are not to actively work in their company during this time, which could prove problematic for some as this would effectively mean temporarily closing the company.

The general advice is for the company to seek alternative assistance, such as business loans from banks under CBILS, time to pay arrangements and deferrals which HMRC are proving very willing to provide.

R&D Allowances

Whilst the initial reaction might be that this is very far from client's minds right now, if your business has incurred any costs associated with Research and Development then you could be entitled to a reduction in your Corporation Tax liabilities, with the possibility of going back to previous years and claiming a tax refund to help during this difficult time. If you think this might be an option for you then please contact us for further guidance on the matter.

Premium Credit

For those of you who owe past or recent fees to us we understand that payment in full may now become difficult. It would really help us to continue to operate if you would consider spreading the payment through our instalment facility. This will help you to spread the cost and help us to maintain sufficient cash-flow to keep as many staff operational as possible.

Through Premium Credit we are able to help our clients fund payment of our fees over period ranging from 6 to 12 months for a comparatively small finance charge. If this is something you would like to explore or setup then please feel free to contact us. The rates are as follows:

6 Months: 3.25% transaction fee plus £5 admin charge
10 Months: 5.25% transaction fee plus £5 admin charge
12 Months: 6.25% transaction fee plus £5 admin charge

To initiate this please contact victoria@jamestoddandco.co.uk and she will be happy to help to sort this out.



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Fee Protection Cover – Additional Services

It is worth reminding those clients who have taken up our Fee Protection Cover that this also comes with a range of additional advice services, such as employment and commercial law, and health and safety, which can be accessed via telephone and email using the details in your renewal documents. If you need any help with these please feel free to contact us using victoria@jamestoddandco.co.uk.

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 us to answer all queries more efficiently.



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