

EDITION 6

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.

Placing Employees/ Directors on Furlough

Enclosed with this latest update are proposed template letters to enable employers to formally go through the process of placing their employees on furlough when required. We would like to stress that these are generic letters and not specific to individual businesses or circumstances.

It is important that the process of furloughing employees is formalised in order to protect employers and ensure that the employee is clear on the process being followed. If you are having to select employees who are to be furloughed against those which are not, you need to be very clear in your reasons for doing so, as much you would be if you were going through a redundancy process. This is because being placed on furlough might be suitable or beneficial to some but less so for others.

If you feel that you need additional HR advice, those clients who subscribe to the Croner Taxwise fee protection cover we offer will be entitled to free advice through the HR helpline. If you do not have the number for this then please contact us. There is also a free employment law advice service available (see below), although this will just give you advice to implement yourself. We are also happy to put clients wanting a full HR service in touch with our HR providers.

Free Employment Law Advice

A free employment law advice service is available at www.employersdirect.org.uk or 0800 4640968 for UK businesses. We have road tested them ourselves and found them to be very helpful, although they will only provide advice for you to follow, as opposed to a full HR service.

Overtime in Furlough Calculation

We have received a number of queries asking if salaried employees have regular overtime would this be included in the Furlough calculation to arrive at their 80%.

It is clear in the legislation that fees, commission and bonuses should not be included.

If the employee has variable pay and has been employed (or engaged by an employment business) for a full twelve months prior to the claim, you can claim for the higher of either the same month's earnings from the previous year or average monthly earnings from the 2019-20 tax year.

If the employee has been employed for less than a year, you can claim for an average of their monthly earnings since they started work.

If the employee only started in February 2020, use a pro-rata for their earnings.



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.

Lavant Office
1&2 The Barn, Oldwick
West Stoke Road
Chichester, West Sussex
PO18 9AA

Chichester Office
16 Northgate
Chichester
West Sussex
PO19 1BJ

t: 01243 776938

e: info@jamestoddandco.co.uk

w: www.jamestoddandco.co.uk

Employer's NI and Pension under Furlough

In addition to employer NI, the government will also pay the minimum auto-enrolment pension scheme contributions employers have to pay on staff wages for furloughed staff. The employer minimum contribution rate is 3%, while employees have to pay 5%.

HMRC have confirmed employees pay income tax, NICs and any other deductions from their furloughed wages.

The Treasury says the latest move could save businesses an extra £300 a month for each employee under the scheme.

New guidance has also confirmed that those made redundant after 28 February 2020 can be re-employed and placed on furlough, and those on furlough will also be permitted to volunteer without risking their pay.

Suspension of IR35

The Government have confirmed that they have delayed by one year the implementation of their controversial reforms to IR35, cracking down on "off payroll workers".

The lack of support offered to contractors at this time in comparison to those employed is also seen to weaken the new IR35 measures for subcontractors being treated as "employees for tax purposes". If the Chancellor has offered the same level of support, there would have been little argument against IR35, but this differentiation could support the position that the risk lies with the contractor and not with the customer.

Relaxation on Insolvency Rules

The government has announced changes to the insolvency regulations retrospectively for three months from 1 March 2020 for company directors so they can keep their businesses going without the threat of personal liability. This is to enable UK companies undergoing a rescue or restructure process to continue trading, with the aim of giving them breathing space. This will also include enabling companies to continue buying essential supplies, such as energy, raw materials or broadband, while attempting a rescue, and temporarily suspending wrongful trading provisions

It is thought that UK laws could be brought in line with US chapter 11 bankruptcy rules, which enable companies' time to pay off their debts while remaining in business.

Relaxation of Annual Leave Rollover

Under current EU law all workers are entitled to 28 days paid annual leave and employers can suffer financial penalties if this is not taken. However, there is no requirement for employers to allow workers to carry over any under taken leave into following years.



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.

Lavant Office
1&2 The Barn, Oldwick
West Stoke Road
Chichester, West Sussex
PO18 9AA

Chichester Office
16 Northgate
Chichester
West Sussex
PO19 1BJ

t: 01243 776938

e: info@jamestoddandco.co.uk

w: www.jamestoddandco.co.uk

Changes to the regulations will now allow workers to carry up to four weeks leave into the next two years, easing the pressure on both employer and employee for the leave to be taken during this difficult time.

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.

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.



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.

Lavant Office
1&2 The Barn, Oldwick
West Stoke Road
Chichester, West Sussex
PO18 9AA

Chichester Office
16 Northgate
Chichester
West Sussex
PO19 1BJ

t: 01243 776938

e: info@jamestoddandco.co.uk

w: www.jamestoddandco.co.uk

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.



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.

Lavant Office
1&2 The Barn, Oldwick
West Stoke Road
Chichester, West Sussex
PO18 9AA

Chichester Office
16 Northgate
Chichester
West Sussex
PO19 1BJ

t: 01243 776938

e: info@jamestoddandco.co.uk

w: www.jamestoddandco.co.uk