



COVID-19 - Further coronavirus support following the Budget 2021

WITH THANKS TO JOANNA DRINKWATER BFP ACA, MANAGING DIRECTOR AT GRANT MCKNIGHT FOR ALLOWING MEMBERS OF THE SMALL PRACTITIONERS COMMUNITY TO SHARE THIS WITH THEIR CLIENTS.

Extension to the Coronavirus Job Retention Scheme (CJRS)

The CJRS has been extended until the end of September 2021.

The Government will continue to pay 80% of employees' usual wages for the hours not worked, capped at £2,500 per month, up to the end of June 2021.

For periods in July, CJRS grants will cover 70%, up to £2,187.50 per month.

In August and September, this will then reduce to 60%, up to £1,875 per month.

Employers will need to continue to pay their furloughed employees at least 80% of their usual wages for the hours they do not work during this time, up to a cap of £2,500 per month.

Employers must also continue to pay the associated Employer National Insurance contributions and pension contributions on subsidised furlough pay from their own funds.

For periods from 1 May 2021 onwards, employers will be able to claim for eligible employees who were on employers' PAYE payrolls on 2 March 2021. This means they must have made a PAYE Real Time Information (RTI) submission to HMRC between 20 March 2020 and 2 March 2021, notifying us of earnings for that employee.

See [HMRC's latest updated guidance for more information](#).

You can now make February Coronavirus Job Retention Scheme claims (CJRS)

You can now submit your claims for periods in February. These must be made by Monday no later than Monday 15 March.

If you can, it's best to make a claim once you're sure of the exact number of hours your client's employees will work so you don't have to amend the claim later.

Keep records that support the amount of CJRS grants claimed, in case HMRC needs to check them.

Self-Employment Income Support Scheme (SEISS) future grants confirmed

The SEISS will continue until September with a fourth and fifth grant.

Fourth and fifth grants will take into account submitted 2019-20 tax returns.

This means you may be able to claim if you were not eligible for previous grants if you submitted a 2019-20 tax return by 2 March 2021.

The fourth SEISS grant will be calculated based on 80% of three months' average trading profits, paid out in a single payment and capped at £7,500 in total.

The value of the grant is based on an average of trading profits for up to four tax years between 2016 to 2020, where available.

The grant will be available to claim from late April and eligibility will depend on whether you experienced a significant financial impact from coronavirus between February 2021 and April 2021.

As the calculation now takes into account the tax year 2019-20, grants received may be higher or lower in value than any previous SEISS payments.

The UK Government has also announced that there will be a fifth and final SEISS grant covering May to September. The amount of the fifth grant will be determined by how much your turnover has been reduced.

The grant will be worth 80% of three months' average trading profits, capped at £7,500, for those with a higher reduction in turnover (30% or more).

For those with a lower reduction in turnover, of less than 30%, then the grant will be worth 30% of three months average trading profits.

You will be able to claim the fifth grant from late July if eligible and further details will be provided in due course.

[See HMRC's policy paper for more information.](#)

VAT deferral

If you deferred VAT payments due between 20 March and 30 June 2020 and still have payments to make, you should pay by 31 March if you can.

If you cannot afford to pay by 31 March this year, you can now join the online VAT deferral new payment scheme to spread the payment.

The new scheme lets customers pay deferred VAT in equal monthly instalments, interest free. The earlier you join the scheme, the more months you have to spread the payments across, and the online service will close on 21 June 2021.

If you need more time to pay deferred VAT, you should contact HMRC.

[To join the scheme online and for further details please see the latest updated HMRC guidance](#)

Extension of reduced VAT rate for tourism, hospitality, holiday accommodation and attractions

Yesterday, the government further extended the VAT reduced rate of 5% for tourism and hospitality until 30 September 2021.

If you supply food and non-alcoholic beverages for consumption on your premises, for example, a restaurant, café or pub, you will only need to charge 5% VAT on supplies made up until 31 March 2021.

The temporary reduced rate of VAT on your supplies of hot takeaway food and hot takeaway non-alcoholic drinks will also apply.

You will also benefit from the temporary reduced rate if you supply sleeping accommodation in a hotel or similar establishment, make certain supplies of holiday accommodation, charge fees for caravan pitches and associated facilities or charge fees for tent pitches or camping facilities.

Also prepare for a new rate of 12.5% from 1 October 2021 to 31 March 2022.

[See HMRC's latest guidance for further information.](#)

Recovery Loan Scheme

A new loan scheme has been launched which ensures businesses of any size can continue to access loans and other kinds of finance up to £10 million per business once the existing COVID-19 loan schemes close.

Once received, the finance can be used for any legitimate business purpose, including growth and investment.

The government guarantees 80% of the finance to the lender to ensure they continue to have the confidence to lend to businesses.

Term loans and overdrafts will be available between £25,001 and £10 million per business. Invoice finance and asset finance will be available between £1,000 and £10 million per business. Finance terms are up to six years for term loans and asset finance facilities. For overdrafts and invoice finance facilities, terms will be up to three years.

No personal guarantees will be taken on facilities up to £250,000, and a borrower's principal private residence cannot be taken as security.

The scheme will launch on 6 April 2021 and is open until 31 December, subject to review.

Further details on how to apply and details of accredited lenders will be released in due course.

[For more information see HM Treasury's latest guidance.](#)

Changes to the Kickstart Scheme

The Kickstart Scheme has changed. Employers can now apply for a Kickstart Scheme grant by either applying online themselves or by applying through a Kickstart gateway who is already working with the Kickstart Scheme.

The Scheme provides funding to create new job placements for 16-to-24-year olds on Universal Credit who are at risk of long term unemployment.

Employers of all sizes can apply for funding which covers 100% of the National Minimum Wage for 25 hours per week for a total of 6 months, the associated employer National Insurance contributions and employer minimum automatic enrolment contributions.

Employers can spread the start date of the job placements up until the end of December 2021.

[See the latest updated guidance for further details.](#)

The Local Restrictions Support Grant (LRSB (Closed) Addendum)

The latest available grant; "LRSB (Closed) Addendum" supports businesses that were open as usual, but were then required to **close between 5 November and 2 December 2020 and from the 5 January 2021 onwards** due to the national restrictions may be eligible for a one-off grant for each eligible period.

Your business may be eligible if it occupies property on which it pays business rates (and is the ratepayer), has been required to close because of the national restrictions and has been unable to provide its usual in-person customer service from its premises.

For example, this could include non-essential retail, leisure, personal care, sports facilities and hospitality businesses.

It could also include businesses that operate primarily as an in-person venue, but which have been forced to close those services and provide a takeaway-only service instead.

The grant will be based on the rateable value (RV) of the property on the first full day of local restrictions.

If your business has a property with an RV of £15,000 or less, you may be eligible for a cash grant of £2,001 for the first payment cycle (5 Jan to 15 Feb) and up to £2,0096 for the second payment cycle (16 Feb to 31 Mar).

If your business has a property with an RV over £15,000 and less than £51,000, you may be eligible for a cash grant of £3,000 for the first payment cycle and £3,143 for the second.
If your business has a property with an RV of £51,000 or above, you may be eligible for a cash grant of £4,500 for the first cycle and £4,714 for the second.

[Visit your local council's website to find out how to apply and see the latest updated HMRC guidance for more details.](#)

Self Assessment Late Payment Penalties

Self Assessment customers will not be charged the initial 5% late payment penalty if they pay their tax or make a Time to Pay arrangement **by 1 April**.

The deadline of 31 January has not changed, but this year, because of the impact of COVID 19, HMRC is giving taxpayers more time to pay or set up a payment plan.

Payment plans or payments in full must be in place by midnight on 1 April to avoid a late payment penalty.

For more details see the self-serve Time to Pay facility which allows customers to spread the cost of their tax liabilities into monthly instalments until January 2022.

HMRC recognises the pressure affecting customers due to the pandemic, and anyone worried about paying their tax should contact HMRC for help and support on 0300 200 3822.

Publishing information about employers' CJRS claims

HMRC are now publishing a monthly list of employers who claimed under the CJRS for periods from December onwards on the government website, as part of HMRC's commitment to transparency and to deter fraudulent claims.

This will include employer names, Company Registration Numbers (for those who have one) and banded amounts of how much the claim was for.

This means employers' information may appear differently to the list of company names we published in January.

Employees will also be able to check if a CJRS claim has been made on their behalf through their online Personal Tax Account (PTA).

If they do not already have a PTA, they can set one up by going to GOV.UK and searching 'Personal Tax Account: sign in or set up'.

If publishing these details would result in a serious risk of violence or intimidation to your business or others, you can request that details of claims are not published.

[See the HMRC guidance for further details.](#)

What should I do if I suspect fraud?

HMRC will check claims, and payments may be withheld or need to be paid back if a claim is found to be fraudulent or based on incorrect information.

[You need to report fraud to HMRC if you have evidence to suggest an employer is abusing the scheme.](#)

SME Brexit Support Fund

This government announced that small and medium-sized businesses (SME's) can get up to £2,000 through the SME Brexit Support Fund to help with training or professional advice.

The grants can be used for training on how to complete customs declarations, how to manage customs processes and use customs software and systems as well as specific import and export related aspects including VAT, excise, and rules of origin.

The fund will be administered through the existing Customs Grant Scheme and will open for applications next month.

[See the latest Brexit guidance for more information.](#)

Brexit: How do the new VAT rules for goods under £135 affect me?

The new VAT model for goods under £135 ensures goods from EU and non-EU countries are treated in the same way, and that UK businesses are not disadvantaged by competition from VAT free imports.

The new system also addresses the problem of overseas sellers failing to pay the right amount of VAT when they sell goods in the UK which has meant that UK businesses were often undercut and lost out on business.

For buying goods from outside the UK which don't exceed £135 in value the seller, or online marketplace (OMP) if sold through one, must now charge and account for VAT when the goods are sold.

Business to Business sales are also covered by the new rules. Where the UK VAT registered business provides the OMP or direct seller with its VAT registration number, the responsibility to account for VAT is with the UK VAT registered business customer, who will account for it if the goods are supplied in Great Britain using a 'reverse charge' procedure Northern Ireland, using Postponed VAT Accounting.

If a valid UK VAT number is not provided, the direct seller or OMP, must treat the transaction as though it were a business to consumer sale and charge VAT accordingly.

These new measures have been introduced to address VAT non-compliance in response to the UK's exit from the EU.

From 1 January 2021 the same rules will apply to imports of goods arriving from non-EU and EU countries.

[See HMRC's latest updated guidance for more information.](#)