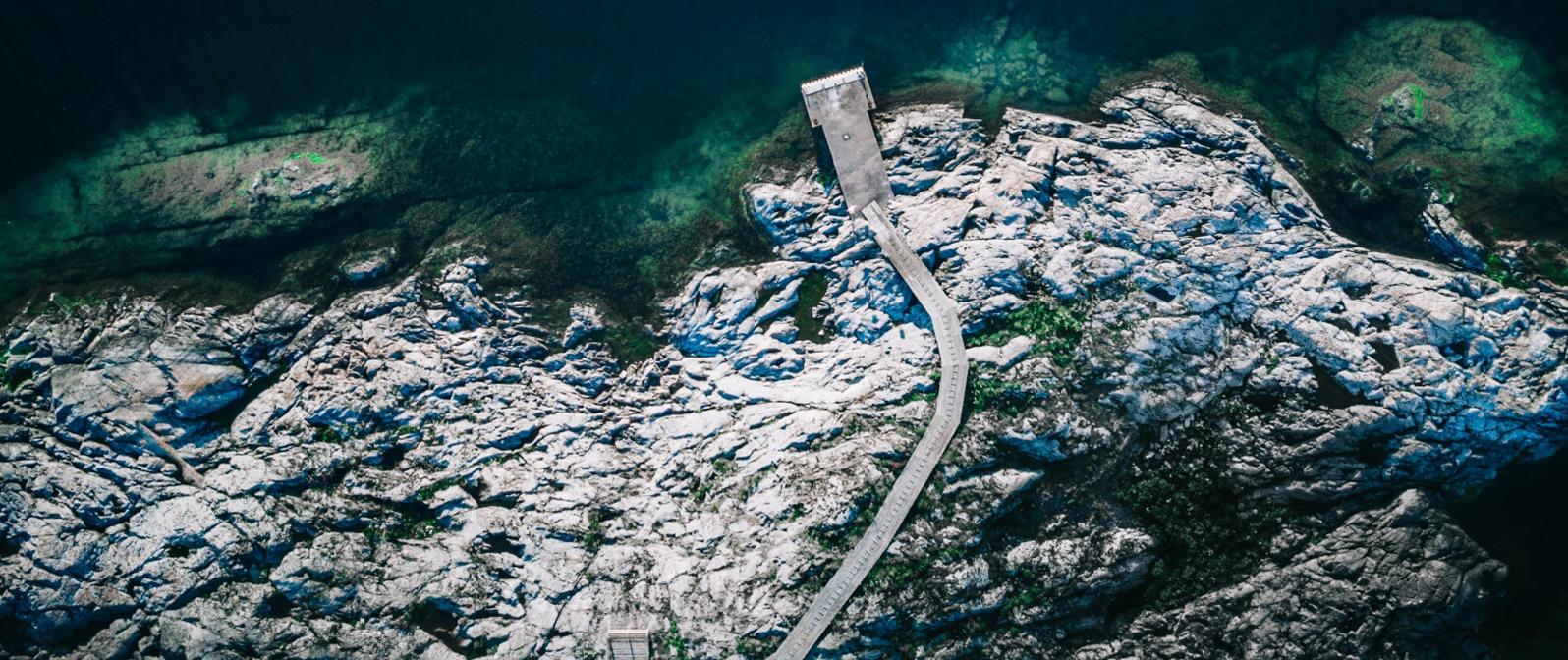


Covid-19 Update 27.3.20



Covid-19

We now have an understanding of the government's support for the self employed and welcome the news that the portal for accessing grant funding for small businesses is now open. We also outline the main support for individuals and some key tax developments in this latest update.

We have been working closely with clients as they navigate these challenging times. As key decisions have to be made quickly, please be reassured that our expert team is available outside of working hours for advice and support. Immediate points of contact are:

Stephen McConnell, Business Services Partner

For enquires relating to cash flow, government support, applying for business grants, loans and funding.

Tel: 07801 549351

Email: stephenmcconnell@bakertillymm.co.uk

Donal Lavery, Consulting Partner

For enquiries relating to HR and company/employee restructuring

Tel: 07803 508675

Email: donallavery@bakertillymm.co.uk

Our Partner group is available by phone outside normal working hours as well as Saturday and Sunday. All Partners, Directors and senior staff have access to email at all times. Additional out of hours contact details:

Anne Fitzpatrick, Partner	07712 877606
John O'Rourke, Partner	07966 478026
Joanne Small, Partner	07715 419839
Tom Penman, Partner	07810 636804
David McClean, Partner	07984 823800

Self-Employed Income Support Scheme

This scheme allows self-employed individuals or members of partnerships to claim a taxable grant worth 80% of trading profits up to a maximum of £2,500 per month for the next 3 months.

Eligibility

Self-employed individuals or a member of a partnership that:

- have submitted their 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

Self-employed trading profits must also be less than £50,000 and more than half of the income comes 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 the 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 trading started between 2016-19, HMRC will only use those years for which a Self-Assessment tax return was filed.

If an Income Tax Self-Assessment tax return was not submitted for the tax year 2018-19, this must be done by 23 April 2020.

HMRC will use data on 2018-19 returns already submitted to identify those eligible and will risk assess any late returns filed before the 23 April 2020 deadline in the usual way.

How much is available

A taxable grant of 80% of the average profits from the tax years (where applicable):

- 2016 to 2017
- 2017 to 2018
- 2018 to 2019

To work out the average HMRC will add together the total trading profit for the 3 tax years (where applicable) then divide by 3 (where applicable), and use this to calculate a monthly amount. It will be up to a maximum of £2,500 per month for 3 months. The money will be paid directly into a bank account, in one instalment.

How to apply

This scheme is not yet open. HMRC will contact those who are eligible for the scheme and invite them to apply online. Individuals do not need to contact HMRC now and doing so will only delay the urgent work being undertaken to introduce the scheme.

The scheme will be accessed through www.gov.uk. **If someone texts, calls or emails claiming to be from HMRC, saying that financial help can be claimed or a tax refund is owed, and asks recipients to click on a link or to give information such as name, credit card or bank details, it is a scam.**

After application

Once HMRC has received the claim and if eligible for the grant, HMRC will tell applicants how much they will get and the payment details. Those claiming tax credits will need to include the grant in the claim as income.

Other help

The government is also providing the following additional help for the self-employed:

- deferral of Self Assessment payments due in July 2020
- deferral of VAT payments due from 20 March 2020 until 30 June 2020
- increased amounts of Universal Credit
- Business Interruption Loan Scheme

Directors of their own company paid through PAYE may be able to get support using the Job Retention Scheme.

Grant Funding

What grants are available?

A grant of £10,000 will be provided to all small businesses who are eligible for the Small Business Rate Relief Scheme (ie all businesses with a NAV up to £15,000). This will benefit around 27,000 businesses.

A grant of £25,000 will be provided to companies in the retail, tourism and hospitality sectors with a rateable value between £15,000 and £51,000. This should assist 4,000 businesses.

The schemes will be administered by the Department for the Economy and Invest Northern Ireland working with the Department of Finance's Land & Property Services.

How will eligible businesses be identified?

The ratings system will be used as the mechanism to identify eligible businesses in Northern Ireland and last year's rating list will be the basis for payment. A number of businesses are ineligible and these are given at the link below.

How will businesses receive payment?

The focus will be on issuing payments as quickly as possible. Payments will be made directly into the bank accounts of eligible businesses. Bank details are held for just over 9,000 of small businesses who qualify and payment can be expedited to those companies.

When will businesses receive payment?

The immediate focus has been on putting in place the system for issuing the £10,000 grant. Additional processes are underway for the £25,000 grant for the hospitality, tourism and retail sectors.

Registration is now open for businesses to apply for the £10,000 Small Business Grant Scheme

<https://www.nibusinessinfo.co.uk/content/coronavirus-business-support-grant-schemes>

Tax Update

As part of the Governments pledge to do "Whatever it takes to support business" they have issued a number reliefs/relaxations around tax payments and deadlines to assist businesses.

Tax Helpline

HMRC has set up a Tax Helpline to offer support to businesses affected by Coronavirus. Businesses and individuals concerned about paying their tax liabilities can phone 0800 024 1222 for practical help and advice. We are told that HMRC is recruiting an additional 2000 experienced call handlers to provide this service.

The helpline can assist with:

- Agree time to pay arrangements
- Suspend debt collection
- Potentially cancelling penalties and interest where you have had administrative difficulties in contacting HMRC.

VAT

No VAT payments are payable between 20th March 2020 and 30th June 2020, businesses will have until 5th April 2021 to pay any VAT liabilities (arising in this period). This automatically applies to all businesses, with no need to claim the relief. Vat returns due in the above period should be submitted as normal, and businesses can reclaim any VAT repayments in the normal way.

Income Tax liabilities

The second payment on account of Income Tax for 2020/2021 would normally be payable on 31 July 2020. We are advised that these payments will not now be due until 31 January 2021. This provides a cashflow advantage in July 2020, but individuals need to be aware that it may lead to much higher tax liability becoming due on 31 January 2021.

Accounts Filing Deadline Extension

Businesses will be given an additional three months to file accounts with Companies House to help them avoid penalties as they deal with the impact of Covid-19. This joint initiative between the government and Companies House will allow companies to prioritise managing the impact of Covid-19.

Companies must apply for the extension and we will work with those clients who would benefit from this extension in the submission of their application.

Government Support for Individuals

With reductions in working hours employees and employers may need to seek support from government.

Universal Credit ('UC')

For the self-employed, employed, gig workers or zero hours contracts workers who have Covid-19 or are advised to stay at home on government advice and who are not eligible for statutory sick pay ('SSP'), the universal credit may be applied for. In Northern Ireland, the eligibility criteria is as follows:

- be aged 18 or over (16 or 17 in certain circumstances – see link 3 below)
- be under State Pension age
- not be in full time education or training (unless exemptions apply - see link 3 below)
- not have savings over £16,000.

A joint claim must be made by couples and each person's income and savings will be taken into account to determine eligibility and the amount of UC awarded. Couples are classed as two people who live in the same household and are either married to each other, civil partners or living together as if they are married.

The standard monthly allowances are:

Your circumstances	Monthly Standard Allowance
Single and under 25	£251.77
Single and 25 or over	£317.82
In a couple and you're both under 25	£395.20
In a couple and either of you are 25 or over	£498.89

The above amounts can be increased if the claimant(s) have children, however, there is a 'two child' policy which means that additional UC will only be provided for a maximum of two children.

Additional UC may be available for rent and some home service charges. Details are available link 4 below.

Applications for UC can be made at <https://www.gov.uk/apply-universal-credit>.

New Style Employment Support Allowance ('ESA')

ESA can be available in addition to or instead of UC. However, unlike UC, the amount of savings an individual holds has no bearing on the availability of ESA.

The main eligibility criteria is that an individual will usually need to have been working within the last 2 to 3 years, and have made (or been credited with) Class 1 or Class 2 NIC. This can either be through employment or self-employment.

Link 5 below provides a number of scenarios that an individual might find themselves in and an indicator is given as to whether they will be eligible for ESA based on their circumstances in these scenarios.

The rate of ESA is up to £57.90 a week if you're aged under 25 or up to £73.10 a week if you're aged 25 or over.

To claim ESA, form NSESAF1 should be completed. Due to Covid-19 it is not necessary to produce a 'fit note' (i.e. a sick note) from a doctor.



If more details are required, the following links provide good overviews of what support is available for low paid workers, self-employed workers etc:

1. <https://www.gov.uk/government/publications/guidance-to-employers-and-businesses-about-covid-19/covid-19-guidance-for-employees>
2. <https://www.understandinguniversalcredit.gov.uk/coronavirus/>
3. <https://www.nidirect.gov.uk/articles/you-claim-universal-credit>
4. <https://www.nidirect.gov.uk/articles/universal-credit-payments-and-advance-payments>
5. <https://www.gov.uk/employment-support-allowance/how-to-claim>

Please contact us to discuss any aspect in more detail.

We understand the tremendous pressure many business owners are currently facing and would urge you to contact us out of normal working hours if it would be of assistance.

Contact details

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