
Written 15 June 2020

C19 BUSINESS NEWS UPDATE

Today face masks become compulsory on public transport in England and the Government has outlined its recovery strategy.

The Coronavirus job retention scheme rules (CJRS) are changing, and these are outlined below and other Government news.

At the end of the newsletter are details of allowable expenses for home working.

Please contact us if you have any queries. Stay safe!

THE UK GOVERNMENT'S COVID-19 RECOVERY STRATEGY

The Government's roadmap for how and when the UK will adjust its response to the COVID-19 crisis.

Guidance

Our plan to rebuild: The UK Government's COVID-19 recovery strategy

Updated 12 June 2020

This document describes the progress the UK has made to date in tackling the coronavirus (COVID-19) outbreak and sets out the plans for moving to the next phase of its response to the virus.

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The strategy sets out a cautious roadmap to easing existing measures in a safe and measured way, subject to successfully controlling the virus and being able to monitor and react to its spread. The roadmap will be kept constantly under review as the epidemic, and the world's understanding of it, develops.

See: <https://www.gov.uk/government/publications/our-plan-to-rebuild-the-uk-governments-covid-19-recovery-strategy/our-plan-to-rebuild-the-uk-governments-covid-19-recovery-strategy>

NEW RULES ON FACE COVERINGS - ENGLAND

From Monday 15 June everyone must wear a face covering when travelling by public transport in England.

Under the new rules, operators will be able to prevent passengers who refuse to follow the rules from travelling and police will be able to issue fines of £100.

Over 3,000 extra staff will be deployed from Monday to support the travelling public, reminding people about the need to wear face coverings and helping vulnerable passengers.



See: https://www.gov.uk/government/news/new-rules-on-face-coverings-coming-in-on-monday-will-help-keep-passengers-safe?utm_source=0c5fbb95-f39e-4924-96f2-3a1286e728e3&utm_medium=email&utm_campaign=govuk-notifications&utm_content=immediate

MEETING PEOPLE FROM OUTSIDE YOUR HOUSEHOLD – ENGLAND

How you can see people that you do not live with while protecting yourself and others from coronavirus (COVID-19). The two ways possible now:

- meeting outdoors in a group of up to 6 people with those you do not live with, but you should do this while observing social distancing guidelines and keeping at least 2 metres apart
- single adult households – in other words adults who live alone or with dependent children only – can form a 'support bubble' with one other household. All those in a

support bubble will be able to spend time together inside each other's homes, including overnight, without needing to stay 2 metres apart. We are making this change to support the loneliest and most isolated. It is a targeted intervention to provide extra support to some of those most impacted by the most difficult effects of the current social restrictions, while ensuring we continue to keep the rate of transmission down

See: https://www.gov.uk/guidance/meeting-people-from-outside-your-household?utm_source=246a6066-50ac-4528-a7c8-998846fb74c7&utm_medium=email&utm_campaign=govuk-notifications&utm_content=immediate

CHANGES TO THE CORONAVIRUS JOB RETENTION SCHEME



Policy paper

Changes to the Coronavirus Job Retention Scheme

Published 12 June 2020

Wage caps are proportional to the house not worked.

	July	August	September	October
Government contribution: employer NICs and pension contributions	Yes	No	No	No
Government contribution: wages	80% up to £2,500	80% up to £2,500	70% up to £2,187.50	60% up to £1,875
Employer contribution: employer NICs and pension contributions	No	Yes	Yes	Yes
Employer contribution: wages	-	-	10% up to £312.50	20% up to £625
Employee receives	80% up to £2,500 per month			

See: <https://www.gov.uk/government/publications/changes-to-the-coronavirus-job-retention-scheme/changes-to-the-coronavirus-job-retention-scheme>

HOW DIFFERENT CIRCUMSTANCES AFFECT THE SELF-EMPLOYMENT INCOME SUPPORT SCHEME

Updated 12 June.

The Self-Employment Income Support Scheme currently allows you to claim a taxable grant worth 80% of your average monthly trading profits, paid out in a single instalment covering 3 months' worth of profits, and capped at £7,500 in total.

If you are self-employed or member of a partnership find out how your circumstances can affect your eligibility for the scheme.

If you are eligible you must make your claim for the first grant on or before 13 July 2020. This scheme is being extended.

Different circumstances may affect your eligibility.

How the grant works

If you receive the grant you can continue to work, start a new trade or take on other employment including voluntary work, or duties as an armed forces reservist.

The grant does not need to be repaid but will be subject to Income Tax and self-employed National Insurance.

HMRC will work out if you are eligible and how much grant you may get. But you can follow these steps to help you understand how we will do this and what you can do now.

To work out your eligibility HMRC will first look at your 2018 to 2019 Self-Assessment tax return. Your trading profits must be no more than £50,000 and at least equal to your non-trading income.

If you are not eligible based on the 2018 to 2019 Self-Assessment tax return, they will then look at the tax years 2016 to 2017, 2017 to 2018, and 2018 to 2019.

Find out how HMRC will work out your eligibility including if they have to use other years here: <https://www.gov.uk/guidance/how-hmrc-works-out-total-income-and-trading-profits-for-the-self-employment-income-support-scheme>

Grants under the Self-Employment Income Support Scheme are not counted as 'access to public funds', and you can claim the grant on all categories of work visa.



You must make the claim yourself. Your tax agent or adviser must not claim on your behalf as this will trigger a fraud alert, and you will have to contact HMRC. This will cause a significant delay to you receiving your payment.

How different circumstances affect the scheme:

Check if your circumstances affect your eligibility for the following situations:

- if your return is late, amended or under enquiry
- if you are a member of a partnership
- if you are on or took parental leave
- if you have loans covered by the loan charge
- if you claim averaging relief
- if you are non-resident or chose the remittance basis
- state aid
- adversely affected examples

See: <https://www.gov.uk/guidance/how-different-circumstances-affect-the-self-employment-income-support-scheme>

CHECK WHICH EXPENSES ARE TAXABLE IF YOUR EMPLOYEE WORKS FROM HOME DUE TO CORONAVIRUS (COVID-19)

Find out what equipment, services or supplies are taxable if your employees are working from home due to coronavirus (COVID-19).

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Who is not affected

Furloughed workers who are eligible for the Coronavirus Job Retention Scheme.

Type of equipment, service or supply

Mobile phones and SIM cards (no restriction on private use)

If you provide a mobile phone and SIM card without a restriction on private use, limited to one per employee, this is non-taxable.

Broadband

If your employee already pays for broadband, then no additional expenses can be claimed. If a broadband internet connection is needed to work from home and one was not already available, then the broadband fee can be reimbursed by you and is non-taxable.

In this case, the broadband is provided for business and any private use must be limited.

Laptops, tablets, computers, and office supplies

If these are mainly used for business purposes and not significant private use, these are non-taxable.

Reimbursing expenses for office equipment your employee has bought

If your employee needs to buy home office equipment to allow them to work from home, they will need to discuss this with you in advance.

If you reimburse your employee the actual costs of the purchase, then this is non-taxable provided there is no significant private use.

If you do not reimburse your employee, then they can claim tax relief for these purchases on their tax return or P87 as long as the amount claimed is incurred wholly, exclusively and necessarily in the performance of their duties of employment.

Your employees will need to keep records of their purchase and claim for the exact amount. For more information on the strict tests that need to be passed in order to qualify for tax relief see the guidance on Employment Income.

Additional expenses like electricity, heating or broadband

Payment or reimbursement to your employees of up to £4 a week (£6 a week from 6 April 2020) is non-taxable for the additional household expenses incurred when your employee is working from home.

If the claim is above this amount, then your employee will need to:

- check with you beforehand to see if you will make these payments
- keep receipts

Employer provided loans

A salary advance or loan to help your employee at a time of hardship counts as an employment-related loan.

Loans provided with a value less than £10,000 in a tax year are non-taxable.

Temporary accommodation

If your employee needs to self-isolate but cannot do so in their own home, you can reimburse hotel expenses and subsistence costs, these are taxable.

Employees using their own vehicle for business

You can pay approved mileage allowance payments of 45p per mile up to 10,000 miles (25p per mile thereafter) free of tax and National Insurance contributions.

If you do not pay mileage allowance, your employee can claim tax relief through their Personal Tax Account.

Significant private use

For items which are taxable, exemptions for work related benefits must show that there is no significant private use.

HMRC accepts that where:

- your policy about private use is clearly stated to your employee and sets out the circumstances in which private use may be made (this may include making the conditions clear in employment contracts or asking employees to sign a statement acknowledging company policy on what use is allowed and any disciplinary consequences if the policy is not followed)
- any decision of the employer not to recover the costs of private use is a commercial decision, rather than rewarding your employee

Significant private use should not be based on the time spent on different uses. It should be based on your employee's duties and the need for them to have the equipment or services provided so they can do their job.

Record keeping

You do not have to keep detailed records of every instance of private use to prove a claim for exemption.

How to report to HMRC

Taxable expenses or benefits

Any expenses or benefits which are related to coronavirus can be reported on your PAYE Settlement Agreement.

This means you can settle tax and National Insurance contributions on any expenses or benefits, even though the responsibility would usually be on your employee, or on both you and your employee.

This applies to coronavirus related items only, for example, a new desk can go onto the PAYE Settlement Agreement, but a new sofa cannot.

If you are currently payrolling benefits in kind, you may continue to report expenses and benefits through your payroll. You may also continue to report expenses and benefits through P11D returns.

Taxable benefit charge - returning office equipment

Equipment provided by employer

You may have supplied employees with office equipment so they could work from home. There is no tax charge when they return the equipment to you, so long as there's no transfer of ownership.

If you do transfer ownership of the equipment to an employee, at any time, this will become an employee benefit. The charge will be on the market value of the equipment at the time of the transfer, minus any amount the employee may have paid towards the equipment.

Equipment reimbursed by employer

Your employee may have agreed to buy their own home office equipment for use whilst working at home and you have reimbursed the exact expense. Unless you have specified that they must transfer ownership to you, the equipment is owned by your employee.

There is no benefit charge on the reimbursement. There is also no benefit charge if you let your employee keep the equipment as it is something that they already own.

Please contact us if you need assistance.

See also: https://www.gov.uk/guidance/check-which-expenses-are-taxable-if-your-employee-works-from-home-due-to-coronavirus-covid-19?utm_source=055d7327-38c3-4c2f-ac9d-b7c1657c05fe&utm_medium=email&utm_campaign=govuk-notifications&utm_content=immediate