
Written 13 July 2020

C19 BUSINESS NEWS UPDATE

It has been a busy week with new Government initiatives on reduced VAT, updates to the Job Retention Scheme (CJRS), Eat to Help Out scheme and the reopening of certain businesses.

The reduced VAT scheme starts on the 15 July so talk to us if you have any concerns. The CJRS has become more complicated especially around recording accurate information on flexible furloughed employees so do ask us about our spreadsheet to help you record employees time worked and time on Furlough.

VAT – REDUCED RATE OF 5%

The government made an announcement on 8 July 2020 allowing VAT registered businesses to apply a temporary 5% reduced rate of VAT to certain supplies relating to:

- hospitality
- hotel and holiday accommodation
- admissions to certain attractions

The temporary reduced rate will apply to supplies that are made between 15 July 2020 and 12 January 2021.

Reduced rate for hospitality, holiday accommodation and attractions

Hospitality

If you supply food and non-alcoholic beverages for consumption on your premises, for example, a restaurant, café or pub, you're currently required to charge VAT at the standard rate of 20%. However, when you make these supplies between 15 July 2020 and 12 January 2021 you will only need to charge 5%.

You will also be able to charge the reduced rate of VAT on your supplies of hot takeaway food and hot takeaway non-alcoholic drinks.

More information about how these changes apply to your business can be found in Catering, takeaway food (VAT Notice 709/1). See: <https://www.gov.uk/guidance/catering-takeaway-food-and-vat-notice-7091>

Hotel and holiday accommodation

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
- charge fees for tent pitches or camping facilities

More information about how these changes apply to your business can be found in Hotels and holiday accommodation (VAT Notice 709/3). See: <https://www.gov.uk/guidance/hotels-holiday-accommodation-and-vat-notice-7093>

VAT on admission charges to attractions

If you charge a fee for admission to certain attractions where the supplies are currently standard rated, you will only need to charge the reduced rate of VAT between 15 July 2020 and 12 January 2021.

However, if the fee you charge for admission is currently exempt that will take precedence and your supplies will not qualify for the reduced rate.

This applies to:

- shows
- theatres
- circuses
- fairs
- amusement parks
- concerts
- museums
- zoos
- cinemas
- exhibitions
- similar cultural events and facilities

Examples of where the reduced rate may apply could be attractions such as:

- a planetarium
- botanical gardens
- studio tours
- factory tours

More information about how these changes apply can be found in VAT: Admission charges to attractions.

See: https://www.gov.uk/guidance/vat-on-admission-charges-to-attractions?utm_source=b70c8e4c-efcb-4e66-a3aa-6dbc482ad5f6&utm_medium=email&utm_campaign=govuk-notifications&utm_content=immediate

CORONAVIRUS JOB RETENTION SCHEME (CJRS) - INDIVIDUALS YOU CAN CLAIM FOR WHO ARE NOT EMPLOYEES

From 1st July “Flexible Furlough” was introduced and the calculations and time recording of full-time, part-time and fully furloughed employees has become more complicated.

Changes are occurring regularly as the Government and HMRC make clarifications to the scheme. If you have any queries regarding your claim talk to us first.

The latest changes are outlined below:

Steps to take before calculating your claim using the Coronavirus Job Retention Scheme

Wording has been added to make it clear that HMRC will not decline or seek repayment of any grant based solely on the particular choice between fixed or variable approach to calculating usual hours, as long as a reasonable choice is made

See: https://www.gov.uk/guidance/steps-to-take-before-calculating-your-claim-using-the-coronavirus-job-retention-scheme?utm_source=e431e0b9-f22e-4543-b2b9-01c631e87961&utm_medium=email&utm_campaign=govuk-notifications&utm_content=immediate

HMRC has issued further guidance on the CJRS Individuals you can claim for who are not employees:

You can claim a grant for individuals who are not employees - as long as they're paid via PAYE. The groups you can claim for include:

- office holders (including company directors)
- salaried members of Limited Liability Partnerships (LLPs)
- agency workers (including those employed by umbrella companies)
- limb (b) workers
- Contingent workers in the public sector
- Contractors with public sector engagements in scope of IR35 off-payroll working rules (IR35)

Individuals who are paid through PAYE but not necessarily employees in employment law, can continue to be furloughed from 1 July as long as you have previously submitted a claim for them for a furlough period of at least 3 weeks between 1 March and 30 June 2020.

See: https://www.gov.uk/government/publications/individuals-you-can-claim-for-who-are-not-employees?utm_source=1cc1078c-073c-45c9-a179-daa90bd46bb3&utm_medium=email&utm_campaign=govuk-notifications&utm_content=immediate

Paying employee taxes and pension contributions

There is also an update on 'Paying employee taxes and pension contributions' section and added wording to section on employee rights to make it clear that you can continue to claim for a furloughed employee who is serving a statutory notice period.

See: https://www.gov.uk/guidance/claim-for-wage-costs-through-the-coronavirus-job-retention-scheme?utm_source=0d23eb32-d558-4713-ba3e-58ea7cf51edb&utm_medium=email&utm_campaign=govuk-notifications&utm_content=immediate

The process HMRC is developing to recover overclaimed grant amounts through the tax system

Information has been added about the process HMRC is developing to recover overclaimed grant amounts through the tax system.

If you have made an error in a claim and do not plan to submit further claims, you should contact HMRC to let them know about the error and find out how to pay back any overclaimed amounts. Once you have contacted HMRC you will be given a payment reference number and directed to make a payment.

The Government are introducing legislation to recover overclaimed grant amounts through the tax system. If you repay any overclaimed grant amounts back through the above methods then this will reduce or, if the full amount is repaid, prevent any potential tax liability under that legislation. Further guidance on this will be issued in due course.

If you have made an error that has resulted in an underclaimed amount, you should contact HMRC to amend your claim. As you are increasing the amount of your claim, they need to conduct additional checks.

See: https://www.gov.uk/guidance/claim-for-wages-through-the-coronavirus-job-retention-scheme?utm_source=5334b049-902e-4fdd-bfc2-9a7c1c222c4c&utm_medium=email&utm_campaign=govuk-notifications&utm_content=immediate

Please talk to us about CJRS claims – we have an information collection spreadsheet to help you and we can estimate your claim ahead of making it.

HMRC INVITES HOSPITALITY INDUSTRY TO REGISTER FOR EAT OUT TO HELP OUT

Registrations for the Eat Out to Help Out Scheme start today (13 July 2020).

Restaurants and other establishments serving food for on-premises consumption can now sign up to a new government initiative aimed at protecting jobs in the hospitality industry and encouraging people to safely return to dining out.



The Eat Out to Help Out registration service went live this morning on GOV.UK, allowing businesses to join the scheme announced last week by Rishi Sunak MP, Chancellor of the Exchequer.

Restaurants, bars, cafes and other establishments who use the scheme will offer a 50% reduction, up to a maximum of £10 per person, to all diners who eat and/or drink-in throughout August.

Customers do not need a voucher as participating establishments will just remove the discount from their bill. Businesses simply reclaim the discounted amount through an online service, supported by HM Revenue and Customs (HMRC). Claims can be made on a weekly basis and will be paid into bank accounts within five working days.

The scheme is open to eligible establishments across the UK and can be used all day, every Monday to Wednesday, between 3 and 31 August 2020.

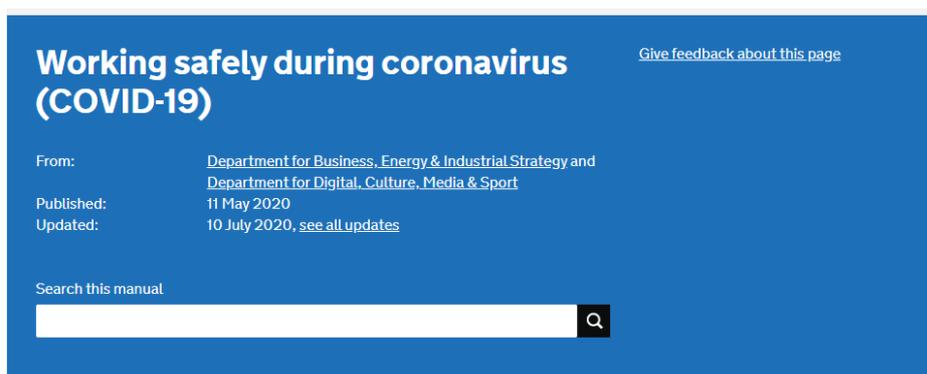
For details on how the scheme works see: https://www.gov.uk/guidance/register-your-establishment-for-the-eat-out-to-help-out-scheme?utm_source=4783ef6b-1939-4072-8311-f58a0a39e451&utm_medium=email&utm_campaign=govuk-notifications&utm_content=immediate

The Government has provided marketing resources for the Eat Out to Help Out scheme. There are posters, images and other promotional materials for use by establishments who are taking part in the Scheme.

See: https://www.gov.uk/government/publications/eat-out-to-help-out-scheme-promotional-materials?utm_source=eca9b856-2878-4866-8cd8-8cca1cba1c39&utm_medium=email&utm_campaign=govuk-notifications&utm_content=immediate

WORKING SAFELY DURING CORONAVIRUS

The Government has updated its guidance on working safely to include shops and branches to include guidance on mass gatherings in the workplace (section 1.1).



See: https://www.gov.uk/guidance/working-safely-during-coronavirus-covid-19?utm_source=2a9e03d0-7c76-4778-9517-339fabda9adf&utm_medium=email&utm_campaign=govuk-notifications&utm_content=immediate

HOW TO TREAT CERTAIN EXPENSES AND BENEFITS PROVIDED TO EMPLOYEES DURING CORONAVIRUS (COVID-19)

This guidance has been updated to reflect the controversy that Covid-19 tests were “reported to be taxable” in the press, on the employee as a benefit in kind.

Coronavirus tests provided by the government, as part of its national testing scheme, are not treated as a benefit in kind for tax purposes.

This means that if you employ healthcare workers and other eligible front-line staff who get a test through this programme, there is no tax due and you do not need to report a benefit to HMRC.

If you’re providing antigen testing kits to your employees, outside of the government’s national testing scheme, either directly or by purchasing tests that are carried out by a third party, no Income Tax or Class 1A National Insurance contributions will be due.

The Government is legislating for this through regulations, and guidance will be updated shortly.

See: https://www.gov.uk/guidance/how-to-treat-certain-expenses-and-benefits-provided-to-employees-during-coronavirus-covid-19?utm_source=04461678-a77d-4e74-9d59-9813c6b763f4&utm_medium=email&utm_campaign=govuk-notifications&utm_content=immediate

COMING TO THE UK FOR SEASONAL AGRICULTURAL WORK ON ENGLISH FARMS

With an outbreak of the virus on a Worcestershire / Herefordshire farm this weekend it is ironic that on Friday the Government issued revised guidance on Friday for seasonal agricultural workers coming to England to pick fruit and vegetables on farms, and their employers.

See: https://www.gov.uk/guidance/coming-to-the-uk-for-seasonal-agricultural-work-on-english-farms?utm_source=158d1045-39cb-42d7-ba95-33b0b44fd77a&utm_medium=email&utm_campaign=govuk-notifications&utm_content=immediate

TRAVELLERS EXEMPT FROM BORDER RULES IN THE UK

This guidance explains who will be exempt from new border rules in the UK introduced due to coronavirus.

See: https://www.gov.uk/government/publications/coronavirus-covid-19-travellers-exempt-from-uk-border-rules?utm_source=fedab814-d346-4786-a55c-d635c3d6a2fc&utm_medium=email&utm_campaign=govuk-notifications&utm_content=immediate

COUNTRIES AND TERRITORIES EXEMPT FROM ADVICE AGAINST 'ALL BUT ESSENTIAL' INTERNATIONAL TRAVEL

The Foreign and Commonwealth office has updated its global advisory against 'all but essential' travel, exempting destinations that no longer pose an unacceptably high risk for British travellers.

See: https://www.gov.uk/guidance/coronavirus-covid-19-countries-and-territories-exempt-from-advice-against-all-but-essential-international-travel?utm_source=afba4056-ae58-4493-8634-a594d726e60a&utm_medium=email&utm_campaign=govuk-notifications&utm_content=immediate

COMPANIES HOUSE (CH) TO RESTART THE VOLUNTARY STRIKE OFF PROCESS

In March 2020, CH introduced temporary easement measures to suspend voluntary strike off action in response to coronavirus (COVID-19) and they have reviewed these measures each month.

Following the July review, this temporary measure will be lifted from 10 September 2020. From this date, CH restart the process to dissolve companies that have applied for voluntary dissolution.

If you've filed an application to strike off your company (DS01)

On 10 September 2020 CH restart the process of removing your company from the register. You may have received a letter from Companies House stating that your company will be struck off within 2 months if no objections are received, but your company is still listed on the Companies House register.

CH may have suspended strike off action because they have received an objection to your application for strike off, or this could be due to the temporary measures to suspend voluntary strike off action during the coronavirus outbreak.

When voluntary strike off action restarts from 10 September - if there are no objections to dissolution and the 2-month period from the publication of the Gazette notice has expired, your company will be struck off shortly afterwards.

Objections to a strike off application

Any person with an interest in a company which is nearing strike off should register an objection to dissolution at Companies House. If you've already registered an objection, but the time period for that objection is due to expire - you'll need to register your objection again if it's still required.

When CH receive an objection to strike off, they will respond to advise whether the objection has been accepted or rejected. Every response will give a deadline and if they receive no further evidence that action is progressing by that date, they will resume the process to remove the company from the register.

It's important to send any objection to CH as early as possible after publication of the Gazette notice and at least 2 weeks before the notice expiry date.

Applications from 10 July 2020

If you're going to file an application to strike off your company from today onwards, these changes will not affect your company. The easements for voluntary dissolution apply to applications for strike off registered at Companies House before 10 July 2020.

If your application is acceptable, it will be registered, and a notice published in the Gazette. If there are no objections to the dissolution, your company will be struck off in around 2 months' time.

Compulsory strike off

The compulsory strike off process is still paused. CH continue to review this measure on a monthly basis and publish any changes on our website.

See: https://www.gov.uk/government/news/companies-house-to-restart-the-voluntary-strike-off-process?utm_source=f1abe436-0adb-4789-aca7-3ff51e3f0fe5&utm_medium=email&utm_campaign=govuk-notifications&utm_content=immediate

RE-OPENING OF BUSINESSES AND VENUES FROM 11 AND 13 JULY

The Digital, Culture, Media and Sport Secretary Oliver Dowden gave the 9 July 2020 daily press briefing on the government's response to the coronavirus pandemic and from 11 July outdoor swimming pools and outdoor water parks can open. From 13 July the following businesses and venues are open:

- Spas
- Nail bars and salons and beauty salons
- Tanning booths and salons
- Massage parlours
- Tattoo parlours
- Body and skin piercing services

Guidance to ensure safe reopening of businesses and venues from 13 July can be seen:

<https://www.gov.uk/government/publications/further-businesses-and-premises-to-close/further-businesses-and-premises-to-close-guidance>

DEFER YOUR SELF-ASSESSMENT PAYMENT ON ACCOUNT DUE TO CORONAVIRUS (COVID-19)

Choose how and when you can delay making your second payment on account for the 2019 to 2020 tax year.

You have the option to defer your second payment on account if you are:

- registered in the UK for Self-Assessment and
- finding it difficult to make your second payment on account by 31 July 2020 due to the impact of coronavirus

You can still make the payment by 31 July 2020 as normal if you are able to do so.

The June 2020 Self-Assessment statements showed 31 January 2021 as the due date for paying the July 2020 Payment on Account. This is because HMRC updated their IT systems to prevent customers incurring late payment interest on any July 2020 Payment on Account paid between 1st August 2020 and 31 January 2021. The deferment has not been applied for all customers by HMRC and it remains optional.

HMRC will not charge interest or penalties on any amount of the deferred payment on account, provided it's paid on or before 31 January 2021.

See: https://www.gov.uk/guidance/defer-your-self-assessment-payment-on-account-due-to-coronavirus-covid-19?utm_source=5d97ee4d-9a24-4553-9a8e-56287f4de9f3&utm_medium=email&utm_campaign=govuk-notifications&utm_content=immediate