

Written 10 May, 2021

## **BUSINESS NEWS - SCOTLAND**

Welcome to our round up of the latest business and Covid-19 news for our clients. Please contact us if you want to talk about how these updates affect your business. We are here to support you through these tough times.

### **The focus is on recovery from Covid**

Following the Scottish parliament election results, in which the Scottish Nationalist Party claimed a fourth consecutive victory, Ms Sturgeon has stated her priority was the pandemic, but she still intended to hold an independence referendum once the crisis has passed. The UK Prime Minister, Boris Johnson, has called for a Covid recovery summit. In letters sent to the leaders, the Prime Minister highlighted the Covid vaccine rollout as an example of "Team UK in action", with the UK procuring doses at scale, and he urged them to continue the "cooperative spirit".

This week we learnt that more than 35million people in the UK have had at least one jab and in Scotland over 53% have had a first dose and 26% their second.

There is more unease over the India Covid variant in the UK which has been made a variant of concern. Scientists also believe it is at least as transmissible as the variant detected in Kent last year. The current vaccines used in the UK are thought to offer some protection against variants but can never completely stop all infections, particularly among the vulnerable or elderly. News of a booster jab, probably from September for the over 50's is awaited.

### **Bank of England latest Monetary Policy Report**



The latest Bank of England (BOE) monetary policy report published last week set out their economic analysis and inflation projections. Their initial analysis that Covid has hit spending, incomes and jobs in the UK, stating the Pandemic has put a big strain on UK businesses' cash flow and is threatening the livelihoods of many people. This analysis is not unsurprising because all regions of the UK are still in some form of lockdown and have been for some

time. The BOE then confirm vaccines are now helping the UK economy recover rapidly as more people are vaccinated, restrictions to control the spread of the virus are being lifted. They also comment that inflation is 0.7%, but they expect it to rise to around the 2 % target this year as people may also become more confident about spending and as the high street opens back up. Interest rates remain at 0.1% to help keep inflation within target.

### **The good news in the BOE report!**

The good news is the BOE predicts the economy to expand by 7.25% this year, with Government spending helping to limit job losses. There is also the good news that fewer jobs are being lost and earlier predictions of 7.75% unemployment will not happen, and they predict around 5.5% later this year.

### **The Office for National Statistics (ONS) business impacts and insights report**

The ONS latest figures show the percentage of businesses currently trading has increased from 77% in early April to 83% in late April 2021. This is now at a similar level to that seen in mid-December 2020 (Business Insights and Conditions Survey (BICS)).

In the period ending 3 May 2021, the proportion of working adults that had travelled to work (both exclusively and in combination with working from home) in the last seven days was 60%. This proportion has been gradually increasing since mid-February (44% in the period 10 to 14 February 2021).

Estimates for UK seated dinner reservations on Saturday 1 May 2021 were at 71% of the level seen on the same Saturday of 2019, up 9 percentage points from the equivalent figure in the previous week. This follows the reopening of restaurants, cafés and bars in Scotland and Wales on 26 April 2021, and Northern Ireland on 30 April 2021.

### **Are you ready for the “Bounce back”?**

All of us must agree that the “Bounce back” in the economy is good news and many of our clients are reporting increased activity as the lockdown eases and economy returns to somewhere near normal over the next few months. Of course there are uncertainties about new virus variants, but all the indicators are pointing to a summer recovery, with the economy being repaired by the end of this year.

Please talk to us about planning for the future, we are here to help drive your business forward!

### **BREXIT - HMRC Guidance on moving goods between GB and the EU**

HMRC have recently sent letters to VAT-registered businesses in Great Britain trading with the EU, or the EU and the rest of the world.

They explain what businesses need to do to comply with the new rules and processes for moving goods between Great Britain and the EU, including:

- making sure they have a UK Economic Operator Registration and Identification (EORI) number
- ensuring they are ready to make customs declarations
- checking if their goods are eligible for the preferential zero duty rates
- preparing for the end of staged import controls on 1 January 2022

<https://www.gov.uk/government/publications/letters-to-businesses-about-importing-and-exporting-goods-between-great-britain-and-the-eu>

### **Making Tax Digital (MTD) for VAT – end of “soft landing”**

MTD for VAT currently applies to VAT registered businesses with taxable turnover in excess of £85,000, the current VAT registration threshold. From 1 April 2022, MTD for VAT is being extended to all VAT registered businesses.

HMRC have updated their guidance in VAT Notice 700/22 regarding MTD for VAT:

<https://www.gov.uk/government/publications/vat-notice-70022-making-tax-digital-for-vat>

This publication is essential reading for all VAT registered business as some of the content has the force of law.

The notice:

- explains the digital records businesses must keep, and ways to record transactions digitally in certain special circumstances
- explains what counts as compatible software, and when software programs do and do not need to be digitally linked where a combination of programs is used
- gives examples of when digital links are required

Section 4 alerts businesses to the end of the “soft landing” period:

HMRC gave a period of time (known as the soft landing period) during the first 2 years of Making Tax Digital, to help businesses put digital links in place between all parts of their functional compatible software. Businesses were not required to have digital links in place until their first VAT Return period, **starting on or after 1 April 2021**.

During the soft landing period, if a digital link was not established, HMRC accepted the use of ‘cut and paste’ or ‘copy and paste’ as being digital links.

The soft landing period has now ended.

### **Latest version of CEST to check employment status of workers**

With the extension of the “off-payroll” working rules to large and medium-sized organisations from 6 April 2021, HMRC have updated their Check Employment Status for Tax (CEST) diagnostic tool to assist those organisations in determining whether the new rules apply to workers supplying their services through personal service companies (PSCs).

<https://www.gov.uk/guidance/check-employment-status-for-tax>

Note that once the determination has been carried out the end user organisation is required to issue the worker, and the fee payer making payments to the PSC, with a Status Determination Statement.

### **The housing market**

The pandemic has had many unexpected economic effects, but some of the most surprising have been on the property market. Some experts predicted house price falls as a result of Brexit and from the economic fallout of lockdown. In fact, the market boomed up and down the country for much of last year. But when according to lender Nationwide the upward trend

faltered in March, falling 0.2% month-on-month the doomsayers were back, and keen to point to the end of the upward trend.



Assessing what is really going on in the housing market is actually a challenge. Figures are subject to delay, there are several ways to interpret them, and most of the sources of information do not cover the entire country. Figures from the Nationwide Building Society do cover the entire UK and seem to be one of the more accurate measures. But the 0.2% month-on-month fall they pointed out in March needs to be compared with a much larger 0.7% rise in February. Regardless of this the actual number of homes sold in the UK hit a record in March as buyers and sellers attempted to complete deals before the end of the stamp duty holiday.

In the March budget, the Chancellor extended the Stamp Duty holiday by six months until the end of September. This will see a tapering of support, gradually lowering the nil-rate band from June. The extension applies to all transactions in England and Northern Ireland, meaning buy-to-let investors and homebuyers will continue to benefit from tax savings.

Many experts suggest prices could continue to grow, at least for the next few months. Recent weeks have seen huge demand from buyers and a serious shortage of homes for sale, and it is likely that prices are still heading upwards.

What's more record low interest rates mean very low cost mortgages, helping people move up the housing ladder.

There is also a change in peoples focus. Those trapped inside by months of lockdown and looking at a world where working from home is the norm, rather than the exception, may have reassessed their goals. Extra room for a home office, a bigger garden and an attractive environment may be more important than they once were. The entire market may be buoyant, but larger homes outside the big conurbations may enjoy the most dramatic price growth of all.

Please contact us if you are thinking of moving home and we can introduce you to a Financial Adviser who will be able to assist.

## **COVID-19 GOVERNMENT SUPPORT NEWS**

Below is our weekly roundup of changes to government support information generally and for businesses, employers and the self-employed.

### **The Office for National Statistics (ONS) - older workers during the Pandemic report**

The ONS have published their report on the demographic and economic characteristics of older workers aged 50 years.

The main points are that while the impact of the pandemic has been greatest for younger workers, older workers aged 50 years and over have been affected to a greater extent than those in the middle age groups.

In December 2020 to February 2021, those employees aged 50 years and over were more likely to report working fewer hours than usual (including none) in the past week because of the pandemic than those aged under 50 years, with those aged 65 years and over the most likely to say they had worked reduced hours.

Over a quarter of furloughed employments are people aged 50 years and over (1.3 million), with 3 in 10 of older workers on furlough thinking there is a 50% chance or higher that they will lose their job when the scheme ends. Older people who become unemployed are more likely to be at risk of long-term unemployment than younger people.

See: [Living longer - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk/living-longer-office-for-national-statistics)

### **Kickstart Scheme grant – new information for employers**

Changes have been made to show that the Department for Work and Pensions (DWP) may ask employers for their records to show how funding has been spent. There is new information on how the funding is calculated for each young person. Also an update that employers will receive an email telling them how to inform DWP about start dates or if someone leaves the job early.

See: [Apply for a Kickstart Scheme grant - GOV.UK \(www.gov.uk\)](https://www.gov.uk/apply-for-a-kickstart-scheme-grant)

### **Information for Kickstart gateways**

Information for Kickstart gateways on how to help employers with the Kickstart Scheme and how to add jobs or employers to the grant agreement has also been updated for the changes noted above.

See: [Help employers with the Kickstart Scheme \(Kickstart gateway\) - GOV.UK \(www.gov.uk\)](https://www.gov.uk/help-employers-with-the-kickstart-scheme)

### **Coronavirus Job Retention Scheme (CJRS) Update**

The Coronavirus Job Retention Scheme has been extended until 30 September 2021. [Find out more about how the scheme is changing.](#)

Claims for furlough days in April 2021 must be made by 14 May 2021.

You can no longer submit claims for claim periods ending on or before 31 October 2020.

See: [Check if you can claim for your employees' wages through the Coronavirus Job Retention Scheme - GOV.UK \(www.gov.uk\)](https://www.gov.uk/check-if-you-can-claim-for-your-employees-wages-through-the-coronavirus-job-retention-scheme)

## **New HMRC Guidance on CJRS Furlough Scheme**

On 6 May 2021 HMRC issued further updates on the Coronavirus Job Retention Scheme (CJRS) which employers need to take account of in preparing grant claims from 1 May 2021 onwards.

For periods starting on or after 1 May 2021, you can claim for employees who were employed on 2 March 2021, as long as you have made a PAYE Real Time Information (RTI) submission to HMRC between 20 March 2020 and 2 March 2021, notifying a payment of earnings for that employee.

Details of eligible employees:

<https://www.gov.uk/guidance/check-which-employees-you-can-put-on-furlough-to-use-the-coronavirus-job-retention-scheme>

Wage costs:

<https://www.gov.uk/guidance/claim-for-wage-costs-through-the-coronavirus-job-retention-scheme>

Claims procedure:

<https://www.gov.uk/guidance/claim-for-wages-through-the-coronavirus-job-retention-scheme>

How much you can claim, including examples:

<https://www.gov.uk/guidance/calculate-how-much-you-can-claim-using-the-coronavirus-job-retention-scheme>

As usual please contact us if you need assistance in making a CJRS Furlough claim or you would like us to check earlier claims.

## **Paying CJRS Grants Back**

If you have claimed too much through the Coronavirus Job Retention Scheme, or you would like to make a voluntary repayment because you do not want or need the grant to pay your employees' wages, tax and National Insurance and pension contributions, you can either:

- [correct it in your next claim](#) (your new claim will be reduced, and you'll need to keep a record of the adjustment for 6 years)
- [get a payment reference number](#) and pay HMRC back within 30 days (only if you're not correcting it in your next claim)

<https://www.gov.uk/guidance/pay-coronavirus-job-retention-scheme-grants-back>

## **The latest Coronavirus Job Retention Scheme (CJRS) statistics**

This latest release provides analysis of claims for periods up to 31 March 2021. The data used includes claims submitted to HMRC by 14 April 2021.

See: [Coronavirus Job Retention Scheme statistics: 6 May 2021 - GOV.UK \(www.gov.uk\)](#)

## **DVLA Coronavirus (COVID-19) update**

The DVLA state online services have not been impacted by the COVID-19 pandemic and are running as normal. DVLA have been busy adding new online services since March 2020 to make it easier for customers.

You can complete most transactions online which means you do not need to post an application or speak to DVLA contact centre. If you apply online, you should receive your driving licence within 5 days (it can take up to 6 weeks if you post your applications to them).

Your V5C log book should be received within 6 weeks.

Here are some of our most popular online services:

- [Apply for a driving licence](#)
- [Renew a driving licence](#)
- [Replace a driving licence](#)
- [Tell us you've sold a vehicle](#)
- [Change your address](#)
- [Tax a vehicle](#)
- [Keep or assign a private \(personalised\) registration online](#)
- [Apply for a duplicate V5C log book](#)

See: [DVLA Coronavirus \(COVID-19\) update - GOV.UK \(www.gov.uk\)](#)

## **Travelling abroad**

Guidance for British people travelling abroad during the pandemic, if they are legally permitted to travel under current UK COVID-19 restrictions has been updated.

Regional restrictions are below:

England: [\(COVID-19\) Coronavirus restrictions: what you can and cannot do - GOV.UK \(www.gov.uk\)](#)

Scotland: [Coronavirus in Scotland - gov.scot \(www.gov.scot\)](#)

Wales: [COVID-19 alert levels | Sub-topic | GOV.WALES](#)

Northern Ireland: [Coronavirus \(COVID-19\) regulations guidance: what the restrictions mean for you | nidirect](#)

See: [Travel abroad and coronavirus \(COVID-19\) - GOV.UK \(www.gov.uk\)](#)

## **Private providers of coronavirus testing**

The lists of, and information about, private providers who have self-declared that they meet the government's minimum standards for the type of commercial COVID-19 testing service they offer has been updated to include new providers of tests.

See: [Private providers of coronavirus testing - GOV.UK \(www.gov.uk\)](#)

## **Marine Fund Scotland**

This fund will support investments and jobs in seafood sectors, the marine environment and coastal communities in Scotland. It replaces the European Maritime and Fisheries Fund (EMFF) following the UK's exit from the EU. The EMFF supported the sustainable growth of

the marine economy in coastal communities, in sectors such as fishing, aquaculture and seafood processing.

The fund is being launched under the Blue Economy policy approach and the developing Blue Economy Action Plan (BEAP).

Eligibility is for projects is in the following areas:

- commercial fishing
- aquaculture
- processing and marketing
- seafood-related operations at ports and harbours
- aspects of environmental protection and improvement of the marine environment within the scope of the categories above
- aspects of coastal community support where they directly relate to the categories above

Applications must set out clearly defined activities that will deliver measurable outcomes, which in turn will support agreed priorities for Scotland's marine economy.

An explanation of the 3 agreed priorities, plus a list of identified outcomes and example activities are available in the fund guidance document. Marine Scotland will confirm you have submitted an application within 3 working days of receipt of the signed application (via email is acceptable). They will aim to make funding decisions 6 to 8 weeks after your complete application is received.

To be considered for grant funding from the Marine Fund Scotland, an application form and necessary supporting documents must be submitted during the application phase. Currently funding is only available for this financial year, so your project must be complete by 31 March 2022.

Please read the fund guidance for full details of eligibility and terms and conditions before submitting your application here: [Marine Fund Scotland \(findbusinesssupport.gov.scot\)](https://findbusinesssupport.gov.scot)

### **Market and Festival Attendance Fund**

Screen Scotland will fund online attendance at international festivals and markets for screenwriters, directors and producers based in Scotland, in order to enable them to virtually meet potential partners, access global markets and promote their completed projects. The Market and Festival Attendance Fund will support online attendance at key UK markets and festivals where attendance presents a significant opportunity for the filmmaker or advances the realisation of projects in development.

During this period of COVID-related restrictions on travel, the fund will only be open to writers, directors and producers taking part in online events.

This means you cannot include costs for travel and accommodation in your application, but you can include costs such as accreditation and childcare.

This will be reviewed on an ongoing basis in line with guidance from the Scottish Government.

The fund aims to support the continued development of a skilled and diverse screen workforce in Scotland. It fosters real professional opportunities and sustainable careers by supporting the professional and creative development of both emerging and established filmmaking talent and promoting their work and Scottish filmmaking internationally.

Writers, directors or producers based in Scotland, with a relevant project in active development or a completed film screening in competition are eligible.

See: [Market and Festival Attendance Fund \(findbusinesssupport.gov.scot\)](https://findbusinesssupport.gov.scot)

### **How to report self-isolation support payments**

If you have self-isolated due to coronavirus (COVID-19) and live in Scotland, you may be entitled to a lump sum payment of £500 through the [Self Isolation Support Grant](#).

If you are required to file a Self-Assessment tax return, these payments must be included as income. These payments are taxable but are exempt from Class 2 and Class 4 National Insurance contributions.

This guidance from HMRC explains how to report these payments on your Self-Assessment tax return, with information on:

- what to do if you are an employee (or both employed and self-employed, or employed and a partner in a trading partnership)
- what to do if you're self-employed or a partner in a trading partnership
- what to do if you've submitted a return without the required adjustments

See: [How to report self-isolation support payments \(findbusinesssupport.gov.scot\)](https://findbusinesssupport.gov.scot)