Written 21 June, 2021

BUSINESS NEWS ENGLAND

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!

Covid -19 Update

The government has announced a 4-week pause at Step 3. Step 3 restrictions remain in place. It is expected that England will move to Step 4 on 19 July, though the data will be reviewed next week in case the risks have reduced. The government will continue to monitor the data and the move to Step 4 will be confirmed one week in advance.

Some restrictions change today and there are new rules on:

- weddings and civil partnership ceremonies and wedding receptions or civil partnership celebrations
- commemorative events following a death such as a wake, stone setting or ash scattering
- large events pilots
- care home visits
- domestic residential visits for children

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

Pension Contributions are tax efficient for employee and employer

Pension contributions to approved pension funds on behalf of employees and directors continue to be a tax-free benefit provided the annual input limit is not breached. The contributions are also deductible for the employer provided incurred wholly and exclusively for the purposes of the trade and paid before the end of the accounting period of the business.

For most taxpayers, the annual input limit is £40,000 and this limit includes contributions by the employee and contributions made by the employer on their behalf. It is also possible to take advantage of unused relief from the previous three fiscal years.

Payments into the pension by the employing business will be deductible against business profits. Currently this will only save 19% corporation tax but from 1 April 2023 will save 25% where profits exceed £250,000 and 26.5% where profits are between £50,000 and £250,000. Note that these limits are divided by the number of associated companies, i.e., under common control.

There are provisions for exceptionally large contributions where the deduction is spread over 2, 3 or 4 years.

Although the contribution on behalf of the employee or director may be tax free, they are generally not able to access the fund until age 55.

There have been several "schemes" devised over the years to exploit the pension rules.

HMRC warn employers not to use Unfunded Pension Arrangements

HMRC are currently attacking a marketed tax avoidance scheme using unfunded pension arrangements to avoid corporation tax, income tax and national insurance contributions.

HMRC strongly believes these arrangements do not work and will seek to challenge anyone promoting or using these arrangements and make sure the correct tax is paid.

The arrangements involve a company creating an unfunded pension obligation to pay one or more of their directors a pension. This is to create an expense in the company accounts to reduce the company's profit. The intended result of this step is to reduce the amount of Corporation Tax payable.

With many of these arrangements, the company then transfers the pension obligation to a closely associated third party. The third party is usually a relative or colleague of the director due to receive the pension. The intended result of this step is a payment to the director or a closely associated third party, with no immediate liability to Income Tax and National Insurance contributions.

Users of these arrangements may pay considerable fees to use them yet may still have to repay the tax claimed to be avoided, as well as interest and a penalty.

Disguised remuneration: tax avoidance using unfunded pension arrangements (Spotlight 58) - GOV.UK (www.gov.uk)

HMRC Employer Bulletin June 2021

HMRC publishes the **Employer Bulletin** 6 times a year, giving employers and agents the latest information on topics and issues that may affect them.

June's bulletin covers updates and information on:

- COVID-19
- PAYE
- tax and changes to guidance
- customer support

Carbon Capture, Usage and Storage Competition

£20 million in grant funding for innovative projects to reduce the cost of deploying carbon capture, usage and storage technology is now available. The Department for Business, Energy and Industrial Strategy (BEIS) is looking to support the deployment of advanced carbon, capture, usage and storage (CCUS) technologies within the UK. Applications will open on 28 June 2021. You will have until 8 August 2021 to apply.

Up to £20 million grant funding will be available to:

- support innovation in novel CCUS technology increasing its technology readiness level (TRL)
- demonstrate and de-risk next generation CCUS technologies to allow it to deploy commercially from 2025
- reduce the cost of deploying CCUS and create competitive pressure on current available technology
- Projects will be split into 2 lots:
- Lot 1 CCU: for projects primarily focused on developing technology for carbon capture and usage
- Lot 2 CCS: for projects primarily focused on developing technology for carbon capture and storage
- Projects will be considered for grant applications of:
- up to £50,000 for industrial, waste or power sector companies performing analysis on next generation CCUS technology that are most suited to their site or industrial sector
- up to £1 million for projects developing and piloting mid-stage (TRL 3-5) CCUS technology
- up to £5 million for projects demonstrating late-stage (TRL to 6-8) CCUS technology at intermediate scale at site

Find out more about the CCUS Innovation 2.0 Competition

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.

Claim for wages through the Coronavirus Job Retention Scheme

Information about changes from 1 July 2021 has been added and claims for furlough days in June 2021 must be made by 14 July 2021.

The Coronavirus Job Retention Scheme has been extended until 30 September 2021. From 1 July 2021, the government will pay 70% of wages up to a maximum cap of £2187.50 for the hours the employee is on furlough.

Employers will top up employees’ wages to make sure they receive 80% of wages (up to £2,500) in total for the hours the employee is on furlough. The caps are proportional to the hours not worked.

See: [Claim for wages through the Coronavirus Job Retention Scheme - GOV.UK (www.gov.uk)]

Kickstart Scheme grant

If you are an employer looking to create jobs for young people, you can apply for funding as part of the Kickstart Scheme.

The Kickstart Scheme provides funding to create new jobs 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 (or the National Living Wage depending on the age of the participant) for 25 hours per week for a total of 6 months
- associated employer National Insurance contributions
- minimum automatic enrolment pension contributions

Employers can spread the job start dates up until 31 December 2021. You will get funding until 30 June 2022 if a young person starts their job on 31 December 2021.

Further funding is available to provide support so that young people on the scheme can get a job in the future.

There is now a link to a video walkthrough of the online application in the ‘How to apply – Apply online’ section.

See: [Apply for a Kickstart Scheme grant - GOV.UK (www.gov.uk)]

Kickstart Scheme employer resources

If you have been offered Kickstart Scheme funding, you can use these resources to show your support for the scheme.

See: [Kickstart Scheme employer resources - GOV.UK (www.gov.uk)]

Eviction protection extended for businesses most in need

Businesses that have had to remain closed during the pandemic and are unable to pay rent on their commercial property will continue to be protected from eviction, giving them the breathing space they need and helping to protect jobs, the government has announced.

In order to give places such as nightclubs and other hospitality businesses the help they need to recover from the pandemic, legislation will be introduced to ringfence outstanding unpaid rent that has built up when a business has had to remain closed during the pandemic. Landlords are expected to make allowances for the ringfenced rent arrears from these specific periods of closure due to the pandemic and share the financial impact with their tenants.

The legislation will help tenants and landlords work together to come to an agreement on how to handle the money owed – this could be done by waiving some of the total amount or agreeing a longer-term repayment plan.

This agreement should be between the tenant and landlord and, if in some cases, an agreement cannot be made, the law will ensure a binding arbitration process will be put in place so that both parties can come to a formal agreement. This will be a legally binding agreement that both parties must adhere to.

In order to ensure landlords are protected, the government is making clear that businesses who are able to pay rent, must do so. Tenants should start paying their rent as soon as restrictions change, and they are given the green light to open.

The existing measures in place to protect commercial tenants from eviction will be extended to 25 March 2022. This is to ensure that the sectors who are unable to open have enough time to come to an agreement with their landlord without the threat of eviction.

Statutory demands and winding up petitions will also remain restricted for a further three months to protect companies from creditor enforcement action where their debts relate to the pandemic.

The extension applies to all businesses, but the new measures that will be introduced by primary legislation will only cover those impacted by closures. This mean that rent debt accumulated before March 2020 and after the date when relevant sector restrictions on trading are lifted, will be actionable by landlords as soon as the tenant protection measures are lifted.

The arbitration process will be delivered by private arbitrators but in accordance with guidelines which we will set out in the legislation, and they will have to go through an approval process to prove their impartiality.

A government response to the call for evidence on commercial tenancies will be published in due course.

The Ministry of Justice have confirmed that the restriction on the use of the Commercial Rent Arrears Recovery (CRAR) process by landlords will also be extended. The total number of days' outstanding rent required for CRAR will remain at 554 days. This measure will continue to provide protection to tenants of commercial leases with rent arrears accumulated during the coronavirus period, while protections from forfeiture for business tenancies are in place under the Coronavirus Act 2020.

See: Eviction protection extended for businesses most in need - GOV.UK (www.gov.uk)

Private providers of coronavirus (COVID-19) 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.

See: Private providers of coronavirus (COVID-19) testing - GOV.UK (www.gov.uk)

Right to work checks

The following temporary changes were made on 30 March 2020 and remain in place until 31 August 2021 (inclusive):

- checks can currently be carried out over video calls
- job applicants and existing workers can send scanned documents or a photo of documents for checks using email or a mobile app, rather than sending originals

- employers should use the Employer Checking Service if a prospective or existing employee cannot provide any of the accepted documents

You must continue to check the prescribed documents set out in right to work checks: an employer's guide or use the online right to work checking service.

See: Coronavirus (COVID-19): right to work checks - GOV.UK (www.gov.uk)

landlord right to rent checks

As a result of the government's announcement to extend the date for the easing of lockdown restrictions and social distancing measures, the temporary COVID-19 adjusted right to rent checks will now end on 31 August 2021. From 1 September 2021, landlords and letting agents will revert to face-to-face and physical document checks as set out in legislation and guidance. This will ensure landlords and letting agents have sufficient notice to put measures in place to enable face-to-face document checks.

See: Coronavirus (COVID-19): landlord right to rent checks - GOV.UK (www.gov.uk)

Welcome Back Fund - England

The Welcome Back Fund is providing councils across England a share of £56 million from the European Regional Development Fund (ERDF) to support the safe return to high streets and help build back better from the pandemic. This funding builds on the £50 million Reopening High Street Safely Fund (RHSSF) allocated to councils in 2020.

Version 2 of the guidance and FAQ have now been added. The guidance to help local authorities and partners to deliver activities supported through the Welcome Back Fund can be seen here: Welcome Back Fund - GOV.UK (www.gov.uk)

Local Restrictions Support Grants (LRSG), Restart Grant, Additional Restrictions Grant (ARG): guidance for local authorities

This is guidance for local authorities on paying grants to support businesses during national lockdown periods and periods of local restrictions.

Change have been made for the ARG guidance as Step 4 of the roadmap out of restrictions has been delayed for up to 4 weeks. The government have updated the guidance to account for this and extended the spending allocation deadline to 30 July 2021.

See: Local Restrictions Support Grants (LRSG), Restart Grant, Additional Restrictions Grant (ARG): guidance for local authorities - GOV.UK (www.gov.uk)

Check if you're eligible for the coronavirus Additional Restrictions Grant

The Additional Restrictions Grant (ARG) supports businesses that are not covered by other grant schemes or where additional funding is needed.

Local councils have the freedom to determine the eligibility criteria for these grants. However, the government expect the funding to help businesses that are severely impacted by the restrictions.

Local councils are encouraged to support:

- businesses from all sectors that may have been severely impacted by restrictions but are not eligible for the Restart Grant scheme, including those which do not pay business rates

- businesses from sectors that remain closed or severely impacted by the extended restrictions, even if those businesses have already been in receipt of Restart Grants. This may include the travel and tourism sector, wedding industries, nightclubs, theatres, events industries, wholesalers, English language schools, breweries, freelance and mobile businesses including caterers, events, hair, beauty and wedding related businesses

See: Check if you're eligible for the coronavirus Additional Restrictions Grant - GOV.UK (www.gov.uk)