

7 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

Last week the UK saw the milestone of three quarters of UK adults receiving the first dose of vaccine and over half of the population having both doses.

The four nation recovery summit took place on Thursday on how to emerge from the Covid pandemic and topics discussed were working together, presentations on the United Kingdom's COVID-19 context and an assessment of the COVID impact on the economy and public services. Following the meeting there were expressions from leaders to continue with these in the future. We will see how the four nations summit progresses over the next few months.

The governments approach to reopening international travel saw Portugal move to amber list to guard public health against variants of concern following first traffic light review. A number of countries have been moved to the red list. See: [Red, amber and green list rules for entering England - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/red-amber-and-green-list-rules-for-entering-england)

Recovery of VAT on Electric car charging

The government are committed to encouraging more and more people to drive electric cars and have reduced or eliminated the income tax benefits of providing electric company cars or charging points for employees. Since 6 April 2019 there has been no taxable benefit for employees where they use an electric charging point at their place of work, provided the facility is available to all staff. But what are the VAT implications of the supply of electricity and what if public charging points are used?

HMRC have issued Revenue and Customs Brief 7 (2021) which explains HMRC's policy concerning the VAT treatment of charging of electric vehicles when using charging points situated in various public places.

The brief clarifies that supplies of electric vehicle charging through charging points in public places are charged at the standard rate of VAT. It also explains when input tax can be recovered for charging electric vehicles for business purposes.

The HMRC brief confirms that input tax can be recovered on electricity used to fuel a car intended for business use where:

- The charging takes place at the business premises of the VAT-registered business

- The charging is at the home of a sole proprietor

VAT cannot be recovered where the charging is at the home of an employee as the supply is then not made to the company.

Where employees charge an employer's electric vehicle (for both business and private use) at the employer's premises the employee needs to keep a record of their business and private mileage so that the employer can work out the amounts of business use and private use for the vehicle.

It is hoped that a simpler system can be found such as a scale charge similar to that used for the supply of fuel for private use.

See: [Revenue and Customs Brief 7 \(2021\): VAT liability of charging of electric vehicles - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/briefings/2021/05/revenue-and-customs-brief-7-2021-vat-liability-of-charging-of-electric-vehicles)

Output VAT on the supply of private road fuel

HMRC have amended the VAT road fuel scale charges with effect from 1 May 2021. Businesses must use the new scales from the start of the next prescribed accounting period beginning on or after 1 May 2021.

The valuation rate tables:

- set out the new scale charges (a VAT inclusive amount)
- show the VAT to be charged if you account for VAT on an [annual, quarterly or monthly](#) basis
- must be operated in accordance with the [notes to the valuation table](#)

Notes to the CO2 emission figures

You will need to check your car's [CO2 emissions figure](#) if you cannot get this from your log book.

Where the CO2 emission figure is not a multiple of 5, the figure is rounded down to the next multiple of 5 to determine the level of the charge.

For a bi-fuel vehicle which has two CO2 emissions figures, the lower of the 2 figures should be used. For cars which are too old to have a CO2 emissions figure, you should identify the CO2 band based on engine size. If its cylinder capacity is:

- 1,400cc or less: use CO2 band 140
- 1,401cc to 2,000cc: use CO2 band 175
- 2,001cc or above: use band 225 or more

Using the table

You need to choose the correct road fuel charge based on the CO2 emission and the length of your VAT accounting period (either 1 month, 3 months or 12 months).

You will need to apportion the fuel scale charge if you change car during the accounting period and, at the end of the period, you do not own or have not been allocated the car.

You need to work out how much of the accounting period you used each car for, and record this as a percentage of the accounting period. You must apply this percentage to each road fuel scale charge to get a total figure.

See: [VAT road fuel scale charges from 1 May 2021 to 30 April 2022 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/vat-road-fuel-scale-charges-from-1-may-2021-to-30-april-2022)

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 (CJRS)

The CJRS has been extended until 30 September 2021

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

See: [Claim for wages through the Coronavirus Job Retention Scheme - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/claim-for-wages-through-the-coronavirus-job-retention-scheme)

Find examples to help you calculate your employees' wages - CJRS

HMRC have published examples to help you calculate your employee's wages, National Insurance contributions and pension contributions if you are claiming through the CJRS.

Specifically the example for how to calculate the amount you should claim for an employee who is flexibly furloughed during June 2021 has been updated.

See: [Find examples to help you calculate your employees' wages - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/find-examples-to-help-you-calculate-your-employees-wages)

Self-Employment Income Support Scheme (SEISS) update

SEISS fourth grant

Claims for the fourth grant have now closed. The last date for making a claim was 1 June 2021.

SEISS fifth grant

A fifth grant covering May 2021 to September 2021 will be open to claims from late July 2021.

The grant is taxable and will be paid out in a single instalment. Guidance for claiming the grant will be available by the end of June 2021.

To be eligible for the grant you must be a self-employed individual or a member of a partnership.

You must have traded in the tax years:

- 2019 to 2020 and submitted your tax return on or before 2 March 2021
- 2020 to 2021

You must either:

- be currently trading but are impacted by reduced demand due to coronavirus
- have been trading but are temporarily unable to do so due to coronavirus

To work out your eligibility for the fifth grant, HMRC will first look at your 2019 to 2020 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're not eligible based on your 2019 to 2020 tax return, HMRC will then look at the tax years 2016 to 2017, 2017 to 2018, 2018 to 2019 and 2019 to 2020.

You must declare that:

- you intend to continue to trade
- you reasonably believe there will be a significant reduction in your trading profits due to reduced business activity, capacity, demand or inability to trade due to coronavirus from May 2021 to September 2021

You must keep evidence that shows how your business has been impacted by coronavirus resulting in less business activity than otherwise expected.

How the fifth grant works

The amount of the fifth grant will be determined by how much your turnover has been reduced in the year April 2020 to April 2021. HMRC provide more information and support by the end of June 2021 to help you work out how your turnover was affected.

The amount of the grant

Turnover reduction	How much you will get	Maximum grant
30% or more	80% of 3 months' average trading profits	£7,500
less than 30%	30% of 3 months' average trading profits	£2,850

When can you claim the grant?

The online claims service for the fifth grant will be available from late July 2021.

If you are eligible based on your tax returns, HMRC will contact you in mid-July 2021 to give you a date that you can make your claim from.

See: [Self-Employment Income Support Scheme fifth grant - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/self-employment-income-support-scheme-fifth-grant)

VAT deferral – apply online by 21 June 2021

The VAT deferral new payment scheme is open for all businesses who deferred paying VAT due between 20 March and 30 June 2020 and were unable to pay in full by 31 March 2021.

If you apply to spread your payments between 20 May and 21 June you can pay in eight instalments.

21 June is the deadline for you to join this scheme.

You may be charged a 5% penalty and/or interest if you do not sign up to the VAT deferral scheme by the deadline of 21 June, or pay in full by 30 June, or get in touch with HMRC to make an alternative arrangement to pay by 30 June 2021.

See: [Pay VAT deferred due to coronavirus \(COVID-19\) - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/pay-vat-deferred-due-to-coronavirus-covid-19)

Coming to the UK for seasonal agricultural work on English farms

Advice for seasonal agricultural workers coming to England to pick fruit and vegetables on farms, and their employers, has been updated with new guidance on travelling from a country or territory listed as red, amber or green.

See: [Coming to the UK for seasonal agricultural work on English farms - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/coming-to-the-uk-for-seasonal-agricultural-work-on-english-farms)

Red, amber and green list rules for entering England

Countries rated as red, amber or green for Coronavirus (COVID-19) and the rules you must follow to enter England.

See: [Red, amber and green list rules for entering England - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/red-amber-and-green-list-rules-for-entering-england)