Written 1 June 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.

Will the lockdown end soon?

The latest step in lockdown easing took place on Monday 17 May. Most councils moved from level three to level two where indoor socialising without the two metre rule is allowed. This was updated on 21 May and some Scottish communities moved to level 1.

This month we hope that more of us will move into level 1 which allows six people from three households to meet inside and stay overnight and no need to physically distance from family and friends in a private home.

Check in Scotland App

The Check In Scotland service and app was launched last month which allows you to log your contact details with any business or venue displaying the Check In Scotland Test and Protect QR code poster.

You can choose between using the Check In Scotland online form to check in and out of venues or the Check In Scotland app. You can download the Check In Scotland app from the Apple App Store and the Google Play Store.

Early signs of the “Bounce back”?

Scotland’s onshore GDP is estimated to have increased by 2.1% in March, with growth in many sectors of the economy despite the ongoing restrictions for some customer-facing services.

Output remained 5.4% below pre-pandemic levels in February 2020 and is 0.9% below the recent high point in October before restrictions were imposed over the winter months.

In March there was growth in each of the production, construction and services sectors, but output remained relatively subdued in many sectors while restrictions continued. Overall output in the services sector grew by 1.6%.

Output in the production sector increased by 3.0% in March, including 1.9% growth in the manufacturing subsector. Output in the construction sector is estimated to have increased by 5.7%.

See: [Monthly GDP Estimate: March 2021 - gov.scot (www.gov.scot)]

What's next?

The recovery or "bounce-back" should pick up steam as further restrictions on our movement continue and as the virus is controlled.

Scotland's recovery from the coronavirus (COVID-19) pandemic will be driven by a programme to build a "modern, high-tech economy" while staying true to enduring values of fairness and compassion, First Minister Nicola Sturgeon said last week.

Outlining her priorities for Government to Parliament, she added that tackling the pandemic remained the immediate priority but people in Scotland should have the right to decide their future when the current crisis has passed.

In addition to vaccinating all adults in Scotland, the government's plan for its first hundred days includes publishing a NHS Recovery Plan to achieve a 10% increase in inpatient, day case, and outpatient activity for those who had treatment or care postponed due to COVID-19.

Recognising the importance of economic recovery, the First Minister said that the government would continue its support for specific business sectors, such as food and tourism and establish a Rural Entrepreneur Fund to support Scotland's rural economy.

Our view is that once economic recovery is durably underway, public finances will need to be returned to a more sustainable path and this is one of the future challenges faced by our country. The government has to choose a fine line between raising taxes to start paying down the massive borrowings but at the same time stimulate economic recovery and save jobs.

Most businesses will be focussing short term on their recovery and in the medium term on being resilient, improving profitability and growing turnover. If you think taxes will rise to fund government spending, we recommend all businesses should map out a range of scenarios with "what if" analysis to understand their available future strategies for success. For example, here is a smaller business's "what if" scenario planning results:

Reducing expenses by	10%	may only increase profits by	£ 4,000
Increasing "sales" by	5%	may increase profits by	£ 6,000
Increasing "prices" by	5%	may increase profits by	£ 7,500
Increasing "prices" by	5%	= the same profit as before even if you **lose** volume of	6%
Decreasing "prices" by	5%	= the same profit **only** if you **increase** volume by	7%

Please talk to us about scenario planning – we have the tools to help you prepare for the future and set realistic and achievable targets.

Are you trading with the EU?

If your business moves goods between the UK and countries in the EU, they will need to follow new customs and tax rules.

Their business will be affected by the new rules if they:

- buy goods from an EU seller and bring them into the UK
- send goods they've sold to a buyer in an EU country
- have not exchanged money, but need to move equipment they use for their business, between the UK and the EU.

You can now apply for the SME Brexit Support Fund. Smaller businesses can get up to £2,000 to pay for practical support, including training or professional advice to adjust to new customs, rules of origin and VAT rules when trading with the EU. Applications must be received before 30 June.

See: Apply for a grant to help small and medium-sized businesses new to importing or exporting - GOV.UK (www.gov.uk)

HMRC Webinars

You can attend HMRC webinars to help you adjust to the new rules. HMRC webinars explain existing guidance and give you the opportunity to ask general questions. You will also be able to see responses to other peoples' questions and the guidance HMRC signpost to for extra help and support.

Importing – actions you need to take before making your supplementary declaration

To support those who have delayed their customs import declarations, HMRC explain the actions you need to take before you can make a supplementary declaration and how intermediaries can help you do this. Please register to take part if your clients have imported goods since 1 January 2021 and not yet completed a customs declaration for them.

See: Registration (gotowebinar.com)

Customs Import Declarations: an overview.

If you are planning to import and you want to understand the full declarations process, please register for this webinar: Registration (gotowebinar.com)

Exporting: what you need to do to keep your goods moving.

A webinar with an overview of the actions to take now when exporting goods from Great Britain to the EU and moving goods between Great Britain and Northern Ireland.

Key processes include – zero-rated VAT, customs declarations, using an intermediary as well as licences, certificates, and authorisations.

See: Registration (gotowebinar.com)

Trader responsibilities when using an intermediary.

This webinar explains your responsibilities as a trader if you choose to use an intermediary to complete import or export declarations for their business. These are complex and an intermediary can save them a lot of time.

Please register here: Registration (gotowebinar.com)

Reimburse private fuel by 6 July to avoid fuel benefit

One consequence of the recent periods of lockdown is that employees may have driven fewer private miles in their company cars, particularly where they have not been driving to the office.

If they are to avoid being taxed on the provision of private fuel they need to fully reimburse their employer for the cost of private fuel by 6 July 2021 for the 2020/21 tax year. If not the benefit needs to be reported on the employee's form P11d for 2020/21.

Note that the CO2 emissions percentage for the car is multiplied by the £24,500 notional list price used to calculate the benefit for 2020/21. For example, a director driving a Mercedes Benz E200 saloon company car (CO2 emissions 169g per km) would be assessed on 37% = £9,065 for 2020/21. If they are a higher rate taxpayer that would mean £3,626 tax. That would be an awful lot of private fuel!

In addition to the tax payable by the director on the provision of private fuel there would be £1,251 Class 1A national insurance contributions payable by the employer.

Note that the private fuel benefit is an all or nothing benefit. There must be full reimbursement by 6 July 2021 to eliminate the benefit. The simplest method would be to multiply private miles by the HMRC advisory fuel rate for the vehicle which is amended every 3 months.

Advisory fuel rates from 1 June 2021

These are the suggested reimbursement rates for employees' private mileage using their company car from 1 June 2021. Where there has been a change the previous rate is shown in brackets.

Engine Size	Petrol	Diesel	LPG
1400cc or less	**11p** **(10p)**		**8p** **(7p)**
1600cc or less		**9p**	
1401cc to 2000cc	**13p** **(12p)**		**9p** **(8p)**
1601 to 2000cc		**11p**	
Over 2000cc	**19p** **(18p)**	**13p** **(12p)**	**14p** **(12p)**

Note that for hybrid cars you must use the petrol or diesel rate. You can continue to use the previous rates for up to 1 month from the date the new rates apply.

For earlier quarterly figures see: Advisory fuel rates - GOV.UK (www.gov.uk)

Recovery of Input VAT on Employee Fuel

These HMRC advisory fuel rates may also be used to calculate input VAT that may be claimed by the employer where an employee uses their own car for business journeys. The tax free reimbursement amount continues to be 45p per mile (plus 5p per passenger) so for an 1800 cc diesel car 11p of the 45p is deemed to be diesel and 20/120 of that amount, 1.83 pence per mile, may be reclaimed by the employer provided there are petrol station receipts to cover the amounts claimed.

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.

£3.75 million to improve rural connectivity

Mobile coverage in some of the most rural parts of Scotland will be improved with an additional £3.75 million investment. A further nine masts are earmarked for the Scottish Borders, Highlands, Angus and island communities, along with three to replace masts removed earlier this year.

Marking the latest phase of the Scottish 4G Infill (S4GI) infrastructure programme, the masts will provide more rural homes and businesses with 4G mobile connectivity for the first time.

See: £3.75 million to improve rural connectivity - gov.scot (www.gov.scot)

Promoting tourism - New £3 million fund to help industry rebuild.

Tourism organisations will be able to apply for funding to promote key visitor destinations in a responsible and sustainable way, helping the sector to recover from the coronavirus (COVID-19) pandemic.

Administered by VisitScotland, the £3 million Destination and Sector Marketing Fund will support eligible groups develop strong visitor marketing campaigns that position Scotland as a year-round destination to the UK and Irish markets.

The fund opens for applications on 1 June and will be split into three tiers, focusing on city, regional and national tourism groups. It is part of the £25 million investment in the tourism sector and will help deliver the post-Covid recovery programme developed by the Scottish Tourism Emergency Response Group (STERG) and the Scottish Tourism Recovery Task Force.

See: Promoting tourism - gov.scot (www.gov.scot)

Funds open for drugs services

Four separate funds - worth a total of £18 million - to support improvements to drugs services are open for applications.

Applications are open to not-for-profit organisations working in the drugs sector, including Integration Authorities, Alcohol and Drug Partnerships, third sector organisations and grassroots/community organisations. Each scheme will run for five years, and multi-year funding will be available with grants awarded on a rolling basis.

The funds are:

- a £5 million Local Support Fund (previously referred to as a Communities Fund) to increase capacity in community and third sector organisations

- a £5 million Improvement Fund to improve outreach services, treatment, rehabilitation and aftercare, with dedicated support for women
- a £3 million Families and Children Fund to support children, young people and families affected by drug use
- a £5 million Recovery Fund for additional residential rehabilitation capacity

See: [Funds open for drugs services - gov.scot (www.gov.scot)]()

Coronavirus Job Retention Scheme (CJRS) templates

HMRC has issued a template with the details of the employees you are claiming for (on or after 27 May 2021).

If you are claiming for 16 to 99 employees on or after 27 May 2021, you will need to upload a file containing the following information for each employee:

- full name
- National Insurance number (or payroll reference number if you do not have this)
- payroll reference number (sometimes called a pay identify or staff number)
- furlough start and end date (using the format DD/MM/YYYY)
- full amount claimed (pounds and pence)
- normal hours (using decimals, for example 7.5)
- actual hours worked (using decimals)
- furloughed hours (using decimals)
- if they have returned from statutory leave and you then put them on furlough

Your template may be rejected if you do not give the information in the right format. If your template is rejected, you will see a message on the screen and your claim will not be processed.

You will need to make sure that you:

- provide only the employee information requested here - you might be asked again, or your template may be rejected
- submit one line per employee for the whole period
- do not break up the calculation into multiple periods within the claim
- do not split data by contract type (for example, those paid weekly and monthly should be claimed for together)

- do not provide more or less columns than needed
- upload your file as an.xlsx, using the template on this page when you claim

If we submit your claim we will contact you beforehand to gather the right information. Please talk to us if you need assistance if you submit your claims.

See: Download a template if you're claiming for 16 to 99 employees through the Coronavirus Job Retention Scheme - GOV.UK (www.gov.uk)

How to pay CJRS grants back

A new section to the guidance has been added by HMRC called 'How to correct overclaims in your next claim'. On the webpage below you can find out how to pay all or some of your grant back if you have overclaimed, or if you do not need the grant and want to make a voluntary repayment.

If you have claimed too much through the CJRS, 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 will 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 are not correcting it in your next claim)

See: Pay Coronavirus Job Retention Scheme grants back - GOV.UK (www.gov.uk)

Companies House webinars

Join Companies House latest live webinars for quick and useful guidance. The webinars cover a range of topics, including:

- starting a limited company and your responsibilities to Companies House and HMRC
- how intellectual property such as patents, trademarks and copyrights can affect your business
- guidance on starting a community interest company (CIC)
- how to register company mortgages and other charges at Companies House
- how to restore a company to the register

During the webinar, you can ask questions using the on-screen text box. Their online team of experts will do their best to answer all your queries, or direct you to helpful guidance.

If you missed a webinar, you can watch a recording of the presentation and you can also **sign up for email alerts** to hear about their latest live webinars.

See: Companies House webinars - 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 for new providers.

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

How tests and testing kits for coronavirus (COVID-19) work

The different types of tests and testing kits for COVID-19, and the specifications for manufacturers has been updated. A section on testing for international travel has been added to the document 'for patients, the public and professional users: a guide to COVID-19 tests and testing kits'.

See: How tests and testing kits for coronavirus (COVID-19) work - GOV.UK (www.gov.uk)

Closure of the Trade Credit Reinsurance scheme

The Trade Credit Reinsurance Scheme allows eligible insurers to apply for a reinsurance agreement that covers domestic and overseas trade. The scheme was extended by 6 months to 30 June 2021 and approved under relevant state aid rules.

Participating insurers

These are the participating insurers:

- American International Group UK Limited
- Atradius UK
- Coface UK Branch
- Credendo – short-term non-EU risks
- Euler Hermes UK, a branch of Euler Hermes SA (NV)
- Markel International Insurance Company Limited
- Nexus Trade Credit
- QBE UK Limited and QBE Europe SA/NV
- Zurich Insurance plc

The scheme is available until 30 June 2021, backdated to 1 April 2020.

The government has stated that the scheme has benefited over half a million businesses, protecting more than an estimated £575 billion of business turnover through providing around £210 billion in insurance cover in total under the scheme.

The government comments “Given the positive outlook for economic recovery in 2021, the successes of the scheme in maintaining cover in the credit insurance markets, appetite for new business within participating insurers, and the continued successes of the vaccine rollout now is the right time to begin winding down government support.”

See: Joint statement on the closure of the Trade Credit Reinsurance scheme - GOV.UK (www.gov.uk)

Airport and Ground Operations Support Scheme - financial assistance to the aviation industry

The Notification of the Airport and Ground Operators Support Scheme gives funding to airports and airport ground crews affected by COVID-19.

The aim was to open the scheme in January (2021) and ensure grant payments were made to eligible businesses by the end of the financial year. Grant payments would be made using powers in sections 7 and 8 of the act.

Section 8(8) of the act states that financial assistance for any one project shall not exceed £30 million, except so far as such excess has been authorised by a resolution of the House of Commons. The need to act and ensure that support was provided promptly meant that the government were previously unable to seek such authorisation from the House of Commons.

Section 8(9) of the act provides that the Secretary of State for transport, Mr Robert Courts MP shall lay a statement concerning the financial assistance before each House of Parliament if they are satisfied that the payment or undertaking to pay financial assistance in excess of £30 million was urgently needed and it would have been impracticable to obtain the approval of the Commons House of Parliament by way of a resolution.

The need to provide support to airports and ground handlers, who play a vital role in the infrastructure of the country, made it impracticable to seek authorisation by way of a resolution, for payments under the scheme in excess of £30 million and I therefore tabling this statement. The details of the spend on the scheme, which opened for applications at the end of January, are:

The government states it remains committed to supporting the sector and has recently announced that the scheme will be renewed for the first 6 months of the financial year 2021/22. Consent for the use of powers in sections 7 and 8 of the act for the renewed scheme will be sought separately.

See: Airport and Ground Operations Support Scheme - financial assistance to the aviation industry - GOV.UK (www.gov.uk)