

7 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.

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. We will have to see how or if future summits progress.

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: [Portugal placed on amber travel list - gov.scot \(www.gov.scot\)](https://www.gov.scot/news/portugal-placed-on-amber-travel-list/)

Monthly Economic Brief - May 2021

This Monthly Economic Brief provides an update on the latest economic data for Scotland, up to the end of May, covering a period when the Scottish have been in lockdown restrictions since the end of December.

The latest GDP data shows that Scottish GDP fell 2.1% over the first quarter of 2021. The fall was expected given the restrictions in place over the period, but it is less than other forecasts had projected. Overall, Scotland's GDP in March remained 5.4% below its pre-pandemic level.

Consumer surveys have signalled further strengthening of activity for April and May, supported by higher proportions of businesses returning to trading and indications that consumers are returning to retail and recreation spaces. This has also been reflected in the labour market in which the reopening of businesses have been accompanied by a decrease in the number of employments on the furlough scheme coupled with signs of increased recruitment activity. 327,100 people remained on the furlough scheme at the end of March, although survey data suggest that this is continuing to decline.

The report concludes "Overall, optimism regarding the outlook has improved in recent months, both domestically and internationally and the coming months have the potential to see improved optimism translate into stronger activity. However, significant downside risks

from the pandemic remain in place while the longer term implications of economic scarring from the pandemic are yet to fully emerge.”

See: [Monthly Economic Brief - May 2021 - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/monthly-economic-brief/may-2021/pages/10-to-12.aspx)

More than 240,000 EU citizens able to Stay in Scotland

With three weeks to go to apply, more than a quarter of a million applications have been made by EU Citizens to remain in Scotland.

Europe Minister Jenny Gilruth has requested that the UK Government make a series of urgent changes to the EU Settlement Scheme (EUSS) - including extending the 30 June deadline.

In total 263,220 applications have been made by EU Citizens to Stay in Scotland, with 250,040 concluded – 141,220 people have been granted settled status, and 102,000 granted pre-settled status.

See: [More than 240,000 EU citizens able to Stay in Scotland - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/monthly-economic-brief/may-2021/pages/10-to-12.aspx)

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 \(www.gov.uk\)](#)

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 are 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)

Taxi and Private Hire Vehicle Driver and Operator Support Fund

This grant is for licensed taxi or private hire drivers and operators in Scotland, who are experiencing financial challenges as a result of the coronavirus pandemic.

Taxi and private hire drivers

If you are a licensed taxi or private hire driver experiencing financial challenges as a result of the coronavirus pandemic, and who previously received a one-off grant of £1,500, you may now be eligible for a second grant payment.

This support is separate from any other funding you may have received from the Scottish or UK Government. For example, if you have applied to the Self-Employed Income Support Scheme, you may still be eligible.

To be eligible for this fund, drivers must:

- have previously received a grant from the Taxi and Private Hire Driver Support Fund earlier in 2021
- have a current local authority taxi or private hire driver licence which is valid as at 3 June 2021

Taxi operators

If you are a taxi operator experiencing financial challenges as a result of the coronavirus pandemic, you may be eligible for a grant based on the number of vehicle licences you hold:

- owner/operators with one vehicle - a single award of £1,000
- owner/operators with 2 to 9 vehicles - a single award of £3,000
- owner/operators with 10 to 49 vehicles - a single award of £7,000
- owner/operators with 50 or more vehicles - a single award of £15,000

If you are eligible for a grant, your local authority will get in touch with you.

To be eligible for this fund, operators must:

- be an individual or company holding a valid taxi or private hire vehicle licence as at 3 June 2021
- have experienced loss of income (50% of turnover, compared with 2019) and incurred overhead costs and expenses (confirmed by self-certification)

In addition, taxi and private hire drivers and operators applying for support **must not**:

- have breached COVID-19 regulations
- have connections to tax havens, as set out in the coronavirus regulations

The Department for Work and Pensions has confirmed that any grants received through the Taxi and Private Hire Vehicle Driver Support Fund will not affect any Universal Credit payments you are receiving. You will still need to declare the grant to the Department for Work and Pensions.

For drivers, your local authority will automatically pay the grant to you if you are eligible. Local councils will begin to process payments towards the end of week commencing 7 June 2021, or earlier if possible.

For taxi operators, local authorities will contact you to confirm your status and progress applications. Local councils will begin to contact all eligible vehicle licence holders from mid-June and will aim to make payments in June/July, provided they have received all supporting information required.

See: [Taxi and Private Hire Vehicle Driver and Operator Support Fund \(findbusinesssupport.gov.scot\)](https://findbusinesssupport.gov.scot)

Local Authority Discretionary Fund

This grant is for businesses in Scotland who have **not** been eligible for previous business support grants. If your business is still being adversely impacted by Tier 4 restrictions (and you have not received any support), you are eligible to apply.

The £120 million fund will be distributed by local authorities (local councils) across Scotland. It will help with the short-term financial challenges being experienced by businesses.

This fund is managed by local authorities. Funds will be issued at their discretion. They will assess which businesses have not received support until now and are most in need.

Further information on these funds will be published on local council websites. This will be updated when further information becomes available: [Local Authority Discretionary Fund \(findbusinesssupport.gov.scot\)](https://findbusinesssupport.gov.scot)

Green Jobs Funding Call

The green jobs call is part of a series of funding rounds that will open and close for applications periodically. The first call was delayed until 27 May 2021. It offers funding of between £50,000 and £500,000 to help Scottish businesses to:

- create green jobs (new jobs that relate directly to the transition to net zero) or facilitate the transition of a job from non-green to green
- minimise environmental impacts by developing sustainable low carbon products or services

Green jobs are:

- jobs in businesses that produce goods or provide services that benefit the environment or conserve natural resources
- jobs in which workers' duties involve making their establishment's production processes more environmentally friendly or use fewer natural resources

This is a competitive funding call and **not** emergency COVID-19 funding. Applications will be assessed against a number of criteria, and only those that are expected to have the biggest economic or environmental impact will be successful.

To be eligible, your project will need to:

- create long-term green jobs that can be sustained after the project has finished
- have a clear need for funding – for example, without funding it would take significantly longer, be scaled back or not go ahead at all
- require a grant of at least £50,000 to go ahead
- not require more than £500,000 of grant funding to go ahead
- take place mostly in Scotland
- start by 1 October 2021
- end by 30 September 2024

Your business must:

- be registered or trading in the Scottish Enterprise area or looking to set up a trading location in this area before 1 October 2021 (you'll find more information about this on the Scottish Enterprise website)
- be a registered company (a company that's registered with Companies House)
- be an individual business – this fund isn't open to collaborations
- not be able to fund the full project on your own (for example, difficulty securing enough finance elsewhere)
- be committed to fair working practices. Fair work is work that offers all individuals an effective voice, opportunity, security, fulfilment and respect. It also includes paying

employees at least the real Living Wage (currently £9.50 in Scotland). You can find out more and access free resources using the [Fair Work Employer Support Tool](#)

If your business operates in any of the following sectors or activities, you will not be eligible for this call:

- banking, insurance or sub-prime lending
- gambling
- adult entertainment
- tobacco
- locally traded services (these are businesses whose trade is limited to a local area, and whose direct competitors are other local businesses)

Some businesses may also only be eligible for funding for R&D activities and will not be eligible for capital investment. You'll find more information about this on the Scottish Enterprise website.

This funding call can fund between 10% and 50% of eligible project costs, so you will need to fund some of the project yourself or through other finance sources.

The call also involves a claims process, so if you are successful in securing funding, you will need to pay for your costs up front and claim them back from your grant.

The application itself should take between 30 minutes to an hour to complete, but please be aware that you also need to provide additional evidence such as a project plan, business plan, financial forecasts and annual accounts. Depending on whether you need to create these from scratch or contact us for the relevant information, this could add extra time onto your application.

You don't need to complete the full application at once and can save and return any time before the closing date.

The call will close at 12 noon on 24 June 2021. Applicants should find out whether or not they have been successful by the end of August, and successful applicants should get their offer letters by the end of September.

See: [Green Jobs Funding Call \(findbusinesssupport.gov.scot\)](https://findbusinesssupport.gov.scot)

Investment to support legal aid traineeships

A fund providing up to £1 million to support 40 new legal aid trainees opened on 3 June.

The government fund will be managed by the Law Society of Scotland and support new talent through the duration of their traineeships.

The support package will increase the capacity and capability of the legal aid profession in Scotland by providing employment and training opportunities.

It will support full and part time trainees as Scotland emerges from COVID-19 with awards made on a first-come first-served basis to firms meeting the eligibility criteria.

The funding also aims to increase diversity and equality within the legal profession by the recruitment and retention of trainees from under-represented groups across the legal profession including people with a disability, from minority ethnic communities or from socio-economically disadvantaged backgrounds.

Applications can be made through the Law Society of Scotland's website <https://www.lawscot.org.uk/traineeshipfund/>

£1 million for Armed Forces charities

A £1 million support fund for Armed Forces charities across Scotland has today opened for bids.

The Scottish Government fund will help the sector offset a shortfall in income due to the impact of coronavirus (COVID-19).

In May last year a survey by the Scottish Charity Regulator found 75% of charities had seen a negative impact on their finances as a result of COVID-19.

The Armed Forces Third Sector Resilience Fund will be administered by the Corra Foundation, who specialise in managing grants and financial support.

The closing date for applications is 16 July with funding released to successful applicants by the end of August.

See: [£1 million for Armed Forces charities - gov.scot \(www.gov.scot\)](https://www.gov.scot/news/2020/07/01/1-million-for-armed-forces-charities/)

Easing of restrictions news

Last week we saw what the government deemed a “cautious easing of restrictions”.

The government stated that as the vaccination programme advances through age groups, some restrictions are to be eased sooner in areas where case rates and prevalence of coronavirus allow.

Glasgow moved to Level 2 on Saturday and the following mainland local authority areas also remained at Level 2, while the situation with the virus is monitored closely:

- East Dunbartonshire, East Renfrewshire and Renfrewshire
- East Ayrshire, North Ayrshire, and South Ayrshire
- North Lanarkshire and South Lanarkshire
- Edinburgh and Midlothian
- Stirling and Clackmannanshire
- Dundee

15 mainland local authorities have moved to Level 1:

- Highland and Argyll & Bute
- Aberdeen City, Aberdeenshire and Moray
- Angus and Perth & Kinross
- Inverclyde and West Dunbartonshire
- Falkirk
- Fife
- West Lothian and East Lothian
- The Scottish Borders
- Dumfries & Galloway

All islands currently in Level 1 will move to Level 0 at the same time due to sustained low numbers of cases.

For a summary of the protection levels and what you can do see: [Coronavirus \(COVID-19\) protection levels: what you can do - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/coronavirus-19/protecting-yourself-and-others/understanding-protection-levels/what-you-can-do/summary/summary-19052020/summary-19052020.pdf)