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### **Coronavirus Tax and Financial Present Understanding**

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#### **VAT**

HMRC have provided some details of the deferment procedure. The situation is very fluid and so could change. If you are having financial difficulties due to the coronavirus then you can apply for a deferment of VAT. Apparently at present HMRC are not checking the validity of any information received.

The HMRC telephone number is 0300 200 3853. You will need the following information to hand.

- 1 VAT number
- 2 Date of VAT registration
- 3 Details of the last VAT returns box 5 figure.
- 4 Name address and post code of the business.

You will then need to explain that your income has been severely depleted/ceased due to the Coronavirus and that you will not be able to pay your VAT debt/liability. Ask for a deferment of 3 months and when this is agreed you will need to cancel your Direct Debit if one is set up. HMRC will not chase the debt if this action has been completed but if you haven't followed the procedure they will proceed as normal.

The HMRC specialist unit hasn't yet been set up yet so any calls on the above number are going through to the normal teams. They are very short staffed.

#### **Tax**

All businesses and self-employed people in financial distress and with outstanding tax liabilities may be eligible to receive support from HMRC through the Time to pay arrangement. This will be viewed on a case by case basis. HMRC's dedicated helpline number is 0800 0159 559.

Other tax options to consider after taking professional advice perhaps now or if this crisis continues:

- a) De-register for VAT if beneficial
- b) Make a claim to reduce payments on account.
- c) For the self-employed who do not have a 31st March/5April year-end look to see if it will help with cash flow by changing the year end and bringing forward overlap relief.
- d) For the self-employed consider whether there is a loss situation. See if it can be utilised by setting off against other income in the year or carried back up to 3 years and trigger off a refund.
- e) Ensure areas such as R&D/patent box relief and capital allowances have been claimed.

### **IR35 Private Sector**

The Government have announced that they are now delaying the rolling out of the new private sector IR35 regime until 1<sup>st</sup> April 2021.

This could release those large companies who have not yet or are in the throes of issuing Status Determinations from having to do so.

Assuming there are contracts still to be fulfilled or entered into, it may enable PSC clients to continue to run these contracts through their existing vehicle. Of course, in theory, the existing IR35 rules could still catch them out. It may cause some clients to delay going into umbrella companies, if that was the option they were considering.

### **Sick Pay**

Those employees who follow the Government advice on self-isolating and have to stay at home and cannot work as a result, will be eligible for Statutory Sick Pay (SSP) from day 1.

Anyone not eligible to receive sick pay, including those earning less than the average of £118 per week, some working in the gig economy, or self-employed, the Government state they may be able to claim Universal credit and/or contributory Employment and Support Allowance. If someone needs money urgently due to the COVID-19 crisis they can apply for an advance.

SME businesses (fewer than 250 employees) will be refunded up to 2 weeks SSP for eligible employees who have been off work due to COVID-19. The Government will be working with employers to set up a suitable repayment mechanism.

### **Business rates**

There is a 12 month business rate holiday for retail, hospitality and leisure businesses for the 2020/21 tax year in England. A £25,000 grant will be provided to those businesses operating from small premises with a rateable value of between £15,000 and £51,000. There will be additional funding for local authorities to support small businesses that already pay little or no business rates because of small business rate relief (SBRR) by way of a grant of £10,000.

### **Business insurance**

Businesses that have cover for both pandemics and government ordered closures should now be covered, on the grounds that the government and the insurance industry have confirmed the advice given on 17<sup>th</sup> March would make the claim valid. Businesses should check to see if their insurance policy covers this as many will not.

### **The Coronavirus Business Interruption Loan Scheme**

This will be launched next week by the British Business Bank to support businesses to access bank lending and overdrafts. The government will provide lenders with a guarantee of 80% on each loan to give lenders the confidence to continue to provide finance for SMEs. The government will not charge businesses or banks for this guarantee. Businesses can access the first 6 months of this finance interest free.

## **Mortgage holiday**

Those affected by COVID-19 will be able to have a 3 month mortgage holiday. Lenders should be approached on this matter.

## **Further announcements**

Further announcements are likely regarding further help for the self-employed and protection for those tenants in private rented accommodation.

## **Payroll assistance**

Some of our clients already run their payrolls through one of our specialist panel's payroll facility. As these are difficult times, this payroll specialist has stated that whilst he and his team have spare capacity, if any of our clients struggle to run a payroll due to the COVID-19 situation he is happy to run it during this difficult period. This will always be subject to spare capacity. This would be based upon the normal fees he charges. If that is of some help to you please give me a call.

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