

Written 8 March 2021

BUSINESS NEWS

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.

In the last week we have seen the total first dose vaccinations in the UK go past 21 million people or nearly two thirds of the adult population. The rollout now includes those aged 56 and above and those with underlying health conditions. The rest of the over-50s will follow, with the Government aiming to offer everyone in priority groups five to nine the vaccination by 15 April.



Workplace Covid testing is now available to all businesses in England, including those with fewer than 50 employees (see below). The aim is that asymptomatic cases can be detected quickly and prevent workplace outbreaks.

All the regions of the UK are setting targets for the removal of lockdown restrictions and despite worries about Covid-19 variants the UK seems to be on target for a “fullish” reopening of the economy by the summer. Please contact us about planning for the “New Normal” we can help with cash flow and “what if” projections for your business.

A travel taskforce has been formed to map out safe return to international travel. The group will focus on developing a framework to enable stakeholders from the aviation, maritime, cruise, international rail and tourism sectors to play a role in developing recommendations to the Government for safer travel. We know many of us will be planning a “Staycation” this summer, but it will be good news all round if international travel opens up as well later in the year!

Last Week's Budget



The Government introduction to Budget 2021 states that this budget follows a year of extraordinary economic challenge as a result of the ongoing COVID-19 pandemic. The UK's economy has been hit hard, with both the direct effects of the virus and the measures necessary to control it leading to an unprecedented fall in output and higher unemployment. In the face of this threat, the government provided support to protect businesses and there is now a path to the reopening of the economy. The Budget sets out how the government will extend its economic support to reflect the cautious easing of social distancing rules and the reopening of the economy in the government's roadmap. Support in the Budget reflects the easing of restrictions to enable the private sector to bounce back.

As the economy reopens, the Budget sets out the steps the government is taking to support the recovery with new incentives for business investment and help for businesses to attract the capital, ideas and talent to grow.

Once economic recovery is durably underway, the budget states that the public finances must be returned to a sustainable path and sets out the size of the challenge and steps to deliver more sustainable public finances.

So last week we saw Chancellor Rishi Sunak freeze income tax thresholds and announce an increase in Corporation tax rates from 2023. The Government has chosen a fine line between raising taxes to start paying down the massive Government borrowings but at the same time stimulate economic recovery and save jobs. He was also mindful of pledges made in the Conservative Party manifesto not to raise income tax, VAT and national insurance.

The chancellor said that he wanted to "level up" with the public about the way in which money would be raised to pay for support schemes during the coronavirus pandemic. The Chancellor also announced a new business recovery loan scheme and extensions to the Coronavirus Job Retention and self-employment schemes and other supports which are detailed in the Government support news section below.

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See: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/966868/BUDGET_2021_-_web.pdf

The key Budget headlines were:

- No changes to income tax, national insurance or VAT rates;
- Personal allowances frozen from April 2021 levels to 2026;
- Corporation tax (CT) rates to increase to 25% on profits over £250,000 from April 2023;
- CT rate at 19% remains for smaller companies with profits under £50,000;
- Taper relief on CT for profits between the two levels;
- Inheritance tax thresholds, pensions lifetime allowances and annual capital gains tax exemptions to be frozen at 2020-2021 levels until 2025-26;
- Super-deduction for investment in new equipment;
- Three year carry back of trading losses;
- VAT registration limit frozen at £85,000 until 1 April 2024;
- 5% VAT rate for food, attractions, accommodation extended;
- Stamp Duty Land Tax thresholds extended;
- Apprenticeship schemes extended;
- New grants for high street businesses and hospitality sector;
- New business recovery loan scheme;
- Furlough scheme extended to 30 September; and
- Self-employed income support grants extended.

Please see our Budget newsletter for a more detailed summary of business measures. Contact us for a copy if you do not have one or you wish to discuss future planning opportunities as a result of the budget.

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.

Changes to the Coronavirus Job Retention Scheme (CJRS)

The current version of the furlough scheme that started on 1 November 2020 was scheduled to end on 30 April 2021. In order to avoid a “cliff-edge” with resulting widespread redundancies the chancellor has announced a further extension of the scheme and also a phased reduction in support to employers. The CJRS furlough grant for May and June will remain at 80% of the employees’ usual pay for hours not working but it will then be limited to 70% for July and then 60% for August and September. This phased reduction will operate in a similar way as in September and October 2020 with the employer being required to

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contribute the remaining 10% and then 20% of an employee's regular pay so that they continue to receive 80% pay for furloughed hours.

In addition to the 10% and 20% contributions employers will continue to be responsible for paying employers national insurance and pension contributions on the full amount being paid to employees.

The table below shows the level of government contribution available in the coming months, the required employer contribution and the amount that the employee receives per month where the employee is furloughed 100% of the time.

Wage caps are proportional to the hours not worked.

Contact us if you need assistance with your CJRS furlough claims. We will be happy to talk things through.

See: <https://www.gov.uk/government/publications/changes-to-the-coronavirus-job-retention-scheme/changes-to-the-coronavirus-job-retention-scheme>

Self-Employment Income Support Scheme fourth grant (SEISS)

In line with the further extension of the CJRS furlough scheme for employees, the chancellor has set out further support for the self-employed. In addition to the upcoming fourth grant there will also be a fifth SEISS grant covering the 5 months to 30 September.

The chancellor has extended the scheme to include certain traders who were previously excluded. Thus, those who commenced self-employment in 2019/20 will now be included provided they had submitted their 2019/20 tax return by 2 March 2021. This is potentially a further 600,000 traders.

The Budget confirmed that the fourth SEISS grant will be set at 80% of 3 months' average trading profits, paid out in a single instalment, capped at £7,500. The fourth grant will take into account 2019 to 2020 tax returns and will be open to those who became self-employed in tax year 2019 to 2020. The rest of the eligibility criteria remain unchanged.

Conditions for the fifth grant will be linked to a reduction in business turnover. Self-employed individuals whose turnover has fallen by 30% or more will continue to receive the full grant worth 80% of three months' average trading profits, capped at £2,500 a month. Those whose turnover has fallen by less than 30% will receive a 30% grant, capped at £950 a month. We are awaiting further details of this fifth grant.

Eligibility for the scheme will now be based on your submitted 2019 to 2020 tax return. This may also affect the amount of the fourth grant which could be higher or lower than previous grants you may have received. To be eligible for the fourth grant you must be a self-employed individual or a member of a partnership.

To work out your eligibility 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.

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If you are not eligible based on your 2019 to 2020 Self-Assessment 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 also have traded in both tax years:

- 2019 to 2020 and submitted your tax return by 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

You must also 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

To allow HMRC to process recently submitted 2019 to 2020 Self-Assessment tax returns, the online Claims service for the fourth grant will be available from late April 2021 until 31 May 2021.

If you are eligible, HMRC will contact you in mid-April to give you your personal claim date. This will be the date that you can make your claim from.

There will be more guidance about the fourth and fifth grants in due course.

Please contact us if you want to check your eligibility and estimate your claim.

See: <https://www.gov.uk/government/publications/self-employment-income-support-scheme-grant-extension/self-employment-income-support-scheme-grant-extension>

VAT: reduced rate for hospitality, holiday accommodation and attractions

In order to continue to support businesses and jobs in the hospitality sector, the reduced 5% rate of VAT will continue to apply to supplies of food and non-alcoholic drinks from restaurants, pubs, bars, cafés and similar premises across the UK until 31 September 2021.

The 5% reduced rate of VAT will also continue to apply to supplies of accommodation and admission to attractions across the UK. From 1 October until 31 March 2022 the rate will be set at 12.5% and will then revert to 20% from 1 April 2022.

See: https://www.gov.uk/guidance/vat-reduced-rate-for-hospitality-holiday-accommodation-and-attractions?utm_medium=email&utm_campaign=govuk-notifications&utm_source=f843a357-13cc-46d0-b25c-a84cf7836b64&utm_content=daily

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VAT on admission charges to attractions

Check which attractions are eligible for the temporary reduced rate of VAT from 15 July 2020.

This applies to businesses that make supplies of admissions that are currently taxable at the standard rate. This includes:

- shows
- theatres
- circuses
- fairs
- amusement parks
- concerts
- museums
- zoos
- cinemas
- exhibitions
- similar cultural events and facilities

Examples of where the reduced rate may apply could be attractions such as:

- a planetarium
- botanical gardens
- studio tours
- factory tours

The temporary reduced rate does not apply to admission to sporting events. This temporary reduced rate only applies to admission fees. However, where goods are part of the admission fee and are incidental to the main supply, the whole supply is eligible for the temporary reduced rate.

See: https://www.gov.uk/guidance/vat-on-admission-charges-to-attractions?utm_medium=email&utm_campaign=govuk-notifications&utm_source=cdac4f4d-0e74-4f59-9bd7-61b565517a46&utm_content=daily

The Recovery Loan Scheme

The government have already announced a longer repayment period for “Bounce-back” and CBIL loans. From 6 April 2021 a new Recovery Loan Scheme will provide lenders with a guarantee of 80% on eligible loans between £25,000 and £10 million to give them confidence in continuing to provide finance to UK businesses. The scheme will be open to all businesses, including those who have already received support under the existing COVID-19 guaranteed loan schemes.

The Recovery Loan Scheme ensures businesses of any size can continue to access loans and other kinds of finance up to £10 million per business once the existing COVID-19 loan

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schemes close, providing support as businesses recover and grow following the disruption of the pandemic and the end of the transition period.

Once received, the finance can be used for any legitimate business purpose, including growth and investment. The government guarantees 80% of the finance to the lender to ensure they continue to have the confidence to lend to businesses.

The scheme launches on 6 April and is open until 31 December, subject to review. Loans will be available through a network of accredited lenders, whose names will be made public in due course.

What type of finance is available?

- Term loans and overdrafts will be available between £25,001 and £10 million per business.
- Invoice finance and asset finance will be available between £1,000 and £10 million per business.

Finance terms are up to six years for term loans and asset finance facilities. For overdrafts and invoice finance facilities, terms will be up to three years. No personal guarantees will be taken on facilities up to £250,000, and a borrower's principal private residence cannot be taken as security.

Eligibility

You will be able to apply for a loan if your business:

- is trading in the UK

You will need to show that your business:

- is viable or would be viable were it not for the pandemic
- has been impacted by the coronavirus pandemic
- is not in collective insolvency proceedings - further details will be provided in due course

Businesses that have received support under the existing COVID-19 guaranteed loan schemes will still be eligible to access finance under this scheme if they meet all other eligibility criteria.

How to apply

The scheme will launch on 6 April 2021. Further details on how to apply and details of accredited lenders will be released in due course.

See: <https://www.gov.uk/guidance/recovery-loan-scheme>

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New grants for high street businesses and hospitality sector

Businesses forced to close due to the Coronavirus lockdown will be eligible to apply for grants of up to £18,000 depending upon the rateable value of their business premises. Pubs, restaurants, hotels, gyms and hairdressers will be eligible for a grant of up to £18,000 per premises whilst non-essential retail businesses will be eligible to apply for a grant up to a maximum of £6,000.

The grants are intended to be a contribution towards the fixed costs of the business during the period that they have been unable to trade normally. Staff costs continue to be covered by the CJRS furlough scheme.

The government will also continue to provide eligible retail, hospitality and leisure properties in England with 100% business rates relief from 1 April 2021 to 30 June 2021. This will be followed by 66% business rates relief for the period from 1 July 2021 to 31 March 2022, capped at £2 million per business for properties that were required to be closed on 5 January 2021.

See: <https://www.bighospitality.co.uk/Article/2021/03/01/Budget-to-include-5bn-restart-grant-scheme-for-hospitality-and-High-Street-businesses>

Free rapid tests for all businesses for regular workplace testing and Income Tax exemption for employer-reimbursed coronavirus antigen tests for tax year 2020-21 and 2021-22:

Workplace testing now available to all businesses, including those with fewer than 50 employees. Businesses are encouraged to register interest by 31 March to access free workplace testing.

As part of the government's roadmap to cautiously lift restrictions, businesses of all sizes, including those with fewer than 50 employees, can register from today to order free lateral flow tests for their employees. Around 1 in 3 people with coronavirus don't have symptoms, which means they could be spreading the virus in workplaces without knowing. Rapid testing detects cases quickly – in under 30 minutes – meaning positive cases can isolate immediately, breaking chains of transmission.

Regular testing could be the difference between a workplace being able to stay open and operational, or needing to close due to a COVID-19 outbreak. It will form an important part of the government's plan to ease restrictions gradually and safely as we get back to a more normal life.

So far over 3,500 businesses are signed up to offer workplace testing programmes, and over 14,000 have registered their interest in offering rapid testing, with many already rolling tests out.

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Businesses have until 31 March to register for the government's workplace testing scheme, which will remain free until the end of June. All those who can work from home should continue to do so.

HMRC have stated they will continue the Income Tax exemption for payments that an employer makes to an employee to reimburse for the cost of a relevant coronavirus antigen. There will be no Income Tax liability for the employee or employer.

See: https://www.gov.uk/government/news/free-rapid-tests-for-all-businesses-for-regular-workplace-testing?utm_medium=email&utm_campaign=govuk-notifications&utm_source=135195f0-f461-46f3-968f-6ff88f466765&utm_content=daily

Disposing of personal or business waste - England

Guidance on how to dispose of personal or business waste, including face coverings, personal protective equipment (PPE) and from lateral flow tests, during the coronavirus pandemic has been updated.

See: https://www.gov.uk/guidance/coronavirus-covid-19-disposing-of-waste?utm_medium=email&utm_campaign=govuk-notifications&utm_source=2d8686be-b8dd-494a-b0f0-ad45a738e5dc&utm_content=daily

Continuation of the home office equipment expenses COVID-19 easement for the 2021-22 tax year

An Income Tax exemption and corresponding NICs disregard were introduced for the 2020-21 tax year. This allowed employers to reimburse employees for the cost of home office equipment deemed necessary to work from home as a result of the COVID-19 outbreak free from Income Tax and Class 1 NICs. The exemption was due to end on 5 April 2021 but will now be extended to have effect until 5 April 2022.

See: <https://www.gov.uk/tax-relief-for-employees/buying-other-equipment>

Extended loss carry back for business

To help otherwise-viable UK businesses which have been pushed into a loss-making position, the trading loss carry-back rule will be temporarily extended from the existing one year to three years. This will be available for both incorporated and unincorporated businesses. Further details are available from the HMRC guidance note.

See: <https://www.gov.uk/government/publications/extended-loss-carry-back-for-businesses>

Kickstart Scheme update

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The Kickstart Scheme provides funding to create new job placements 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
- employer minimum automatic enrolment contributions

Employers can spread the start date of the job placements up until the end of December 2021.

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

You no longer need a minimum of 30 job placements to apply directly for a grant. You can now apply for a Kickstart Scheme grant by either:

- applying online yourself
- applying through a Kickstart gateway who is already working with the Kickstart Scheme

New changes are that now there is an added section on 'How you will get the funding' and there is more detail to the steps in 'Getting the young people into the job placements'.

See: https://www.gov.uk/guidance/apply-for-a-kickstart-scheme-grant?utm_medium=email&utm_campaign=govuk-notifications&utm_source=4a121695-de60-4a63-80d7-6fad963cac1d&utm_content=daily

Mandatory form for international travel launched to prevent illegal trips - England

From 8 March 2021, passengers travelling abroad will need to carry a new form stating that their trip is permitted under national lockdown rules.



Declaration for international travel

Details of the traveller

Given name(s):

Surname:

Date of birth (dd/mm/yyyy):

Nationality:

Home address:

Passport number, or travel document reference number (as appropriate):

Destination:

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You must complete this form if you are travelling outside the UK from England. Different rules apply for international travel from Northern Ireland, Scotland and Wales.

- England see: <https://www.gov.uk/guidance/coronavirus-covid-19-declaration-form-for-international-travel>
- Northern Ireland: <https://www.nidirect.gov.uk/articles/coronavirus-covid-19-international-travel-advice>
- Scotland: <https://www.gov.scot/publications/coronavirus-covid-19-strategic-framework-update-february-2021/pages/importation-measures/>
- Wales: <https://gov.wales/foreign-travel-and-returning-home>

New one-off £500 payment for working households receiving tax credits

Find out more about the coronavirus (COVID-19) support scheme for working households receiving tax credits, your eligibility and how to tell HMRC if your contact or bank details have changed.

If you are part of a working household that receives tax credits, you may be eligible for a new one-off payment of £500. The new payment is being introduced to provide extra support when the temporary increase in Working Tax Credit ends as planned on 5 April 2021.

You do not need to apply for the new payment. HMRC will contact you by text message or letter in April to confirm you are eligible. You do not need to contact HMRC.

This includes those who, on 2 March 2021, receive:

- Working Tax Credit payments
- both Working Tax Credit and Child Tax Credit payments
- Child Tax Credit payments and are eligible for Working Tax Credit but do not get a payment because their income is too high

If you are eligible, you should receive your payment by 23 April 2021.

See: https://www.gov.uk/guidance/new-one-off-500-payment-for-working-households-receiving-tax-credits?utm_medium=email&utm_campaign=govuk-notifications&utm_source=031600f9-6ede-481b-8e63-04534b7f7ec6&utm_content=daily
