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The Winter Economy Plan

On 24 September the Government announced further measures designed to help the economy through the next six months of ongoing social distancing restrictions linked to the Coronavirus.

For employers:

Job Support Scheme

The existing Coronavirus Job Retention (or Furlough grant) scheme comes to an end on 31 October.

From 1 November, until 30 April 2021, employers will be able to claim back one-third of the cost of an employee's "usual" hours which are not worked by the employee. The claim for each individual will be capped at £697.92 per month. Employers must fund one-third of the cost of un-worked hours and employees will suffer the reduction of the remaining one-third. Employers must cover the cost of all employer National Insurance and pension contributions.

Only employees working at least one-third of their "usual" hours will qualify for the scheme. This minimum proportion may be increased from 1 February 2021.

Employers must pay employees their normal contracted rate for hours actually worked.

All employers with a PAYE scheme and UK bank account will qualify although large employers (those with more than 250 employees) will need to demonstrate that their turnover is reduced as a result of the impact of the Coronavirus.

Employers may only claim for the wages of employees who were the subject of an RTI payroll submission prior to 23 September.

Employees may come in and out of the scheme but each short working arrangement must last at least 7 days.

"Usual" pay and hours will be based on the period prior to furlough.

Employers will not be able to top up wages to compensate employees for the one-third they are intended to suffer.

Employees may not be made redundant or put on notice of redundancy during a period subject to a claim.

Claims will be paid monthly in arrears from December via the Gov.uk website once an RTI payroll submission has been made for the period.

Employers must agree short time working arrangements with the affected employee with necessary changes to employment contracts agreed in writing. HMRC may request a copy of such agreement.

Example:

Beth normally works 5 days a week and earns £70 a day. Rather than making Beth redundant she is reduced to working 2 days a week (40% of usual hours). Her employer pays her £140 for the 2 days worked. Beth will also be paid two thirds (£140) of her usual pay for the 3 days she is not working. The grant claim will cover £70 of this and Beth will suffer a £70 shortfall in wages.

Employers may claim the [Job Retention Bonus](#) in addition to the Job Support Scheme.

<https://www.gov.uk/government/publications/job-support-scheme>

For the self-employed:

Extension to the Self Employment Income Support Scheme

A grant will be available to individuals who are:

- currently eligible for the SEIS scheme (although do not need to have already made a claim)
- declare they are actively trading
- declare they have been impacted by *reduced demand* due to COVID-19 between 1 November and the date of claim

The grant will be paid in two instalments each covering a 3 month period from 1 November.

The first grant will cover 20% of average monthly trading profits. The Government will review the level of support for the second three month period in due course.

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

For the tourism and hospitality sector:

Extension to the temporary VAT rate reduction

The reduction in the rate of VAT, which must be charged on supplies, from 20% to 5% will be extended until 31 March 2021. The rate was intended to revert to the standard rate from 13 January 2021.

For those who have deferred VAT and Income Tax:

Further deferral of tax liabilities

Deferred VAT payments were due to be paid in full on 31 March 2021. Now it will be possible to arrange to pay the deferred amount by 11 equal, interest free, monthly instalments from April 2021.

Self-assessment tax payers will be able to make a claim, through the Time To Pay facility, to defer payments originally due in July 2020, and those falling due in January 2021, until January 2022.

<https://www.gov.uk/difficulties-paying-hmrc>

For businesses needing additional cash flow assistance:

Extension to loan schemes and flexible repayment of loans

Businesses that claimed a Bounce Back Loan will be able to arrange a flexible repayment plan, extending the maximum length of the loan from 6 years to 10 years. Interest only periods of up to six months and payment holidays may be arranged.

Lenders under the Coronavirus Business Interruption Loan Scheme will have the flexibility to increase the term of the loan from a maximum of 6 years up to 10 years.

The deadline for new applications to these loan schemes will be extended until 30 November.

Further information, including how to make a claim under the Job Support Scheme, will be published when it is made available.

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