Ask ICAS
Webinar Series
Hot topics and latest updates
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Ask ICAS Webinar Series

Hot topics and latest updates
Your ICAS experts for today

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Record-keeping under CJRS 2

In addition to the current record keeping requirements under CJRS 1, employers will also need to keep a record of the following for a minimum of 6 years:

• The number of hours the employees would "usually" work in the claim period,
• The number of hours the employees have been or will work in the claim period,
• The number of hours the employees have been or will be furloughed for in the claim period,
• The written agreement which describes the flexible furlough hours.
Calculating "Usual hours"

- Under flexible furlough – July to October – the employer must enter the actual hours worked and the "usual" working hours to arrive at the furlough claim on the grant claim calculator.
- Step 1 – What are the contracted hours at the last pay period ending on/before 19 March 2020? (let's say 40)
- Step 2 – Divide answer to step 1 by the number of days in each 'repeat' working period, including the non-working days – e.g. if same two days each week is worked that would be 7 (40/7 = 5.71)
- Step 3 - Multiply answer to step 2 by actual number of days in the pay period to which the claim relates – e.g. if that is August it's 31; if it is September it's 30 (31 x 5.71 = 177.01)
- Round the answer to step 3 above up to the nearest whole number if necessary (= 172)
- The guidance may not have been updated yet – care is needed
Arrests – rapid response

• 9 July 2020
• £495,000 suspected CJRS fraud arrest in West Midlands
• Same man also arrested for another multi-million pound fraud and money laundering offences with 8 others, involving over 100 HMRC officers
• Digital hardware seized; business accounts frozen
• Rapid response = clear public message
• HMRC have targeted the individuals, not the corporate body
• Criminal Finances Act 2017 may be used to pursue corporate bodies
• Also applies to persons who may have indirectly/unwittingly assisted
• Otherwise - Retrospective clawbacks of funds treated as tax due + penalties
Civil Enquiries

- Vast majority of CJRS overclaims unlikely to be dealt with by criminal prosecution
- FA 2020 (at 22 July) - CJRS or other COVID-19 support payments not properly due
- Clawed back – funding "converts" to a tax liability (income or corporation)
- Applies to CJRS and other support schemes
- Deliberate abuse – deliberate & concealed – 100% max penalty
- Genuine errors
- Amnesty – 90 days to notify HMRC from the LATER of:
  - A) Royal Assent (22 July)
  - B) When the income tax/corporation tax becomes chargeable

https://www.gov.uk/guidance/claim-for-wage-costs-through-the-coronavirus-job-retention-scheme
Job Retention bonus (CJRS 3!)

• One-off payment of £1,000
• UK employers
• For every furloughed employee who remains continuously employed through to the end of January 2021.
• Employees must earn above the Lower Earnings Limit (£520 per month) on average between the end of the Coronavirus Job Retention Scheme and the end of January 2021.
• Payments will be made from February 2021.
• Further detail about the scheme will be announced by the end of July.
Tax Free childcare during covid-19 and critical care workers

• Maximum income threshold temporarily increased to £150,000 (from £100,000)
• Critical workers; tax year 2020/21 only.
• Childcare Payments (Coronavirus and Miscellaneous Amendments) Regulations, SI 2020/656
• Critical workers whose income exceeds the normal threshold for reasons related to coronavirus can continue to claim - i.e. ‘mainly attributable to earnings from work undertaken directly or indirectly as a result of the incidence or transmission of coronavirus’.
• Definition of critical worker - aligned with Department for Education list of parents whose children were able to access schools after ‘lockdown’ on 23 March.
• Regulations also amend childcare accounts rules from 21 July 2020 to allow 'permitted payments' to include payments to intermediaries for the purpose of paying a childcare provider.
Employer-funded Covid -19 testing

• Original policy discussions with HMRC revealed they did not have the authority NOT to treat the amounts as BIK – so guidance was issued to that effect
• Amounts were to be treated as a BIK – so P11D or PSA
• Mel Stride and the Treasury Select Committee intervened due to the disproportionate effect on employees and employers – an unintended consequence of the benefits code
• The revised guidance is now available and confirms no BIK arises.
• Not yet clear what will happen with immunisation programmes
SSP and Test and Trace

• Updated HMRC guidance ‘Work out your employee’s Statutory Sick Pay manually’
• Includes instructions for employers re: employees who have received NHS test & trace notifications on or after 28 May 2020
• Employers should pay SSP from the first qualifying day that an employee is absent from work
• The full period of absence is at least 4 consecutive days – no waiting days to observe
• Individuals receive a test and trace notification when they have been in contact with someone who has tested positive for coronavirus – they need to self-isolate
• SSP entitlement ends: either after 14 days after most recent contact with whoever tested positive for COVID-19; or sooner if specified in the notification
Plan for jobs


• Announced by Chancellor on 8 July in Summer statement
• UK-wide... with additional Barnett and Fiscal Framework funding where spending decisions are devolved
• Various measures involved in the process, including:
  • Kickstart scheme – 16 to 24 year olds (GB) - NMW up to 25 hours a week for 6 month work placements
  • Apprenticeships – (England) - range of ages/range of employer bonuses
  • High value courses – 18 & 19 year olds (England)
  • Expanded youth offer (18-24 year olds) and job finding service for <3 months unemployed of any age (GB)
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SEISS - update

New compliance factsheet published regarding penalties for not informing HMRC about SEISS grant overpayments:

• Notification period ends latest of 20 October 2020 or 90 after receiving the grant;
• HMRC will make an assessment and write to inform you;
• Payment will be due 30 days after the assessment. Interest will be charged on any late payments and penalties will be due if the amount remains unpaid for 31 days after the due date;
• Penalties also due if you fail to notify HMRC and you knew you were not entitled to the grant – treated as deliberate and concealed;
• Specific provisions also apply to partners in a partnership.
Business support – new

**Eat out to help out**
- Businesses claim taxable grant equivalent to discount.

**Temporary VAT reduction (15 July 2020 – 12 Jan 2021)**
- Reduced 5% VAT rate applies to supplies of food & non-alcoholic drink, accommodation and admissions to attractions across the UK.

**National Basic Support Scheme (Scotland)**
- Provides Scottish farmers and crofters access to up to 95% of their 2020 CAP BPS and Greening payment, restricted to max c£134k.
- Loan offer letters sent to eligible farmers beginning August.
Childcare Transitional Support Fund (Scotland)
• Grants available to all private and third sector childcare providers to meet extra costs incurred to comply with public health guidance.
• Amounts will vary according to size and capacity.

Business Loans Scotland (consortium of Scotland’s local authorities)
• Loans available for SMEs of between £25k - £100k to help fund working capital and cashflow needs.
• Businesses should have tried to access other schemes first

Resilience & Recovery Loan Fund (RRLF)
• For social enterprises and charities improving people’s lives across the UK, making borrowing more accessible
• Loan available between £100k – £1.5m for 12m – 5 years
# Business support – closing dates

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<th>Business Assistance Scheme</th>
<th>Expected closing date (to new applications)</th>
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<td>Eat out to help out</td>
<td>31 August 2020</td>
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<tr>
<td>CBILS</td>
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<td>CLBILS</td>
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<td>CJRS</td>
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<td>Bounce Back Loan</td>
<td>4 November 2020</td>
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<tr>
<td>Corporate Financing Facility</td>
<td>Operated by BoE for 12 months to May 2021</td>
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For further information refer to the [Business Assistance Factsheet](#)
Deferral of July 2020 self-assessment PoAs

- Statements issued from HMRC with a payment on account (PoA) due date of 31 January 2021 rather than 31 July 2020.
- The July 2020 PoA ‘can’ be deferred where they are finding it difficult to pay due to the impact of Coronavirus.
- Deferral does not need to be applied for, will automatically be treated as deferral if not paid for.
- **Reminder** – cancel direct debit so HMRC does not take payment.
- **Remember** – to advise clients that the January 2021 bill could be much higher as it will include deferred July PoA, balancing payment (2019/20 tax year) and first PoA for 2020/21 tax year.
- If things improve, payment can be made anytime up to 31 Jan 2020
- Refer to [guidance](#) for options.
Making Tax Digital – roadmap

Extension announced of MTD to all VAT registered businesses from April 2022 and income tax from April 2023

• Sign of things to come?
• Covid-19 catalyst, bringing digital to the fore
• Making the system fit for 21st century
• Ongoing process of change over next 10 years
• Business driven vs. tax driven
• ICAS want your views, involvement of practitioners key to successful working system. Email tax@icas.com if interested in being on a practitioners panel.
• Ask ICAS Webinar - 13 August 2020
Return to office working toolkit

Updated return to office working toolkit available:

• Updated to include NHS contact tracing information and guidance on the collection and handling of data.
• Template privacy notice available to provide to visitors.
• Includes guidance, checklists, templates and flowcharts that can be adapted to suit individual firm circumstances.
Residential property transactions

• England – domestic SDLT zero rate threshold temporarily raised to £500k from £125k (effective 8 July 2020 until 31 March 2021)
• Scotland – LBTT zero rate threshold for domestic property temporarily raised to £250k (effective 15 July 2020 to 31 March 2021)
• Wales – LTT zero rate band threshold for domestic property temporarily raised to £250k (effective 27 July 2020 to 31 March 2021)
Further information and guidance

- Tax and practice matters on icas.com/tax and icas.com/practice
- Coronavirus Hub on icas.com/coronavirus
- CA Connect on icas.com/caconnect
- Technical Helpdesk (Contact us on icas.com)
- Follow on Twitter @ICASaccounting and LinkedIn ICAS - The Professional Body of CAs
ICAS Webinars – What's coming up

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Other webinars

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