



## **October 2020 Tax Updates**

Amidst the raft of Covid-19 announcements it may have escaped your notice that the Autumn Budget has been cancelled. When the time comes, it is likely that we will see an increase in tax rates to attempt to balance the books following the government support packages which continue to evolve.

If you would like to discuss any of the points raised or have other concerns, please contact us for a no obligation discussion about how we may be able to help.

### **The New Job Support Scheme**

From 31 October the Furlough Scheme will come to an end to effectively be replaced by a new Job Support Scheme (“JSS”) which will be introduced from 1 November and runs until 30 April 2021. The JSS will be open to businesses across the UK including those that have not previously used the furlough scheme.

The aim of the JSS is to encourage employers to retain employees in viable jobs in

businesses which are facing decreased demand. As such employees cannot be made redundant or put on notice of redundancy during the period within which their employer is claiming the grant for that employee.

Under the scheme, the government will contribute towards the wages of employees who are working fewer than normal hours due to decreased demand in the business.

Employers will be required to pay employees for the hours they actually work which must be at least 33% of their normal hours. The government and the employer will top the wages up by each paying one third of the hours not worked; the employee must sacrifice the remaining third of hours not worked by reduced pay.

The level of grant will be calculated based on the employee's usual salary, capped at £697.92 per month. Usual salary was not a reference to the earnings during furlough.

## **Self-Employment Income Support Scheme Updates**

In addition to the JSS, the government is continuing its support of self-employed individuals by extending the Self Employment Income Support Scheme Grant (SEISS). An initial taxable grant will be provided to those who are currently eligible for SEISS and are continuing to actively trade but face reduced demand due to coronavirus. The initial lump sum will cover three months' worth of profits for the period from November to the end of January next year. This is worth 20% of average monthly profits, up to a total of £1,875.

An additional second grant, which may be adjusted to respond to changing circumstances, will be available for self-employed individuals to cover the period from February 2021 to the end of April - ensuring the support continues right through to next year.

## **VAT Deferral and Time to Pay**

As part of the revised support package, the government also announced it will extend the temporary 5% rate of VAT for the tourism and hospitality sectors to the end of March next year.

Back in March the government announced the automatic deferral of VAT due for payment between 20 March and 30 June 2020 until March 2021. Whilst this helps cash flow in the short term the expectation was that businesses would be expected to pay the balance of deferred VAT by the end of March. To help businesses manage this the government has put in place a new payment scheme to allow payment in 11 monthly instalments.

If you are concerned about your ability to make payment of tax liabilities and would like assistance in this regard, please contact us.

## **Income Tax and Time To Pay**

From 1 October 2020 HMRC have increased the threshold in respect of which self-assessment individuals can apply online for a time to pay arrangement of up to 12 months. The service could already be used to set up instalment arrangements for liabilities up to £10,000, this has now increased to £30,000 and relates to payments due on 31 January 2021 made up as follows:

2019/20 second payment on account (deferred from 31 July 2020)

2019/20 balancing payment (due 31 January 2021)

2020/21 first payment on account (due 31 January 2021)

Once the 2019/20 tax return has been submitted, those who are struggling to make payment in full due to the impact of Covid-19 can use the online facility to set up a direct debit and pay any tax that is owed in monthly instalments. Interest will be due on the instalment payments and applied from 1 February 2021.

The payment plan needs to be set up no later than 60 days after the due date of a debt although we would always encourage taxpayers to prepare their tax returns as early as possible to reduce the risk of penalties being applied.

Customers who wish to set up their own self-serve Time to Pay arrangements must have no:

- outstanding tax returns
- other tax debts
- other HMRC payment plans set up

Customers who do not meet these conditions or need longer than 12 months to settle their tax liabilities are required to contact HMRC in the usual way. We are having considerable success negotiating payment plans for a number of clients, please call us to discuss how we may help if you have concerns about your ability to settle your tax liabilities.

# Company Deadlines

Amongst other things, Covid-19 has meant that many companies have struggled complete and file their annual accounts within the normal deadline (being 9 months from the end of the accounting period). In view of this, on 26 June 2020 Companies House announced a blanket extension of three months to the filing deadline for companies with accounting periods ending between 27 June 2020 and 5 April 2021.

This extension does not apply to the due date for payment of corporation tax nor the filing deadline for the corporation tax return. As well as the requirement for the financial statements to be used to calculate the corporation tax liability, the signed financial statements need to be tagged and filed alongside the corporation tax return. Given that both these documents are now due on the same day there is potential for this to cause additional pressure, particularly in the run up to Christmas.

Whilst HMRC have shown some flexibility in this regard, there is no automatic extension to the filing deadline and taxpayers are still required to contact HMRC which, owing to their change in working practices, hasn't always proved to be a quick process.

As always, we would encourage taxpayers to do their utmost to ensure accounts and tax returns are filed well before the deadline.

**To discuss matters relating to this or any of our articles you can email, call or chat.**

[info@edge-tax.com](mailto:info@edge-tax.com)

03332 074404

Chat with Edge now

Article Key Points Content In this article:

The New Job Support Scheme

Self-Employment Income Support Scheme Updates

VAT Deferral and Time To Pay

Income Tax and Time To Pay

Company Deadlines

Featured Image Alt Text october 2020 tax updates



edge  
THE TAX  
SPECIALISTS