

An update on some Covid 19 related areas

OCTOBER 2020

Some of these areas follow on from our flyer on the [Winter Economy Plan](#)

This article covers:

- **CJRS Job Retention Bonus – “employers can claim £1,000 per furloughed employee but watch the rules”**
- **Self-employed income support scheme – “the new scheme comes with different terms”**
- **Job Support Scheme – “extended and covers Covid 19 closed businesses”**
- **CJRS & SEISS – what if you have claimed too much?**

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CJRS Job Retention Bonus – “Employers can claim £1,000 per furloughed employee but watch the rules”

The government have issued some further guidance on the job retention scheme and [when employers can claim this bonus](#). There is a useful set of examples of employees who trigger the bonus.

Key points are:

- the Job Retention Bonus is available to employers in respect of each employee who (a) has been on furlough at some point; and (b) remains employed, and not under notice, on 31 January 2021.
- HMRC will make a payment of £1,000 to the employer for each eligible employee. This is a bonus to the employer, and the employer does not have to pass it over to the employee.
- to receive the bonus, the employer must have paid a salary of at least £1,560 to the employee between 6 November 2020 and 5 February 2021 (this is to prevent the employer getting a bonus of £1,000 by keeping, say, a zero hours employee on the books and paying them a trivial amount before 31 January 2021).
- a claim for the bonus needs to be presented in a 6 week window between 15 February and 31 March 2021. The Treasury Direction does not specify how the claim is to be made, but further guidance is expected.

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Self-employed Income Support Scheme

[HMRC's factsheet](#) explains that to be eligible for the further grants, taxpayers must meet the following criteria:

- Be currently eligible for the scheme (although it is not necessary to have claimed the previous grants).
- Be actively trading at the time the grant is claimed and intend to continue to trade.
- Be impacted by reduced demand due to COVID-19 in the qualifying period.

The qualifying period for the third grant runs from 1 November to the date of claim and the qualifying period for the fourth grant is expected to run from 1 February 2021 to the date of that claim.

The requirements to be “actively trading” and to be “impacted by reduced demand” are new and HMRC is expected to publish further guidance to clarify the meaning of these terms.

The requirement to be actively trading will mean that businesses that have had to close during the pandemic will not be able to claim if they have not restarted during the qualifying period.

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Self-employed Income Support Scheme (continued)

The grants will be based on the same tax years as the previous grants, which means information on 2019/20 self-assessment tax returns that have been filed will not be considered.

The third SEISS grant will provide a taxable sum calculated as 20% of average monthly trading profits paid out in a single instalment covering three months' worth of profits and capped at £1,875. This level has been set so as to offer broadly the same level of government support that is being provided to employees through the Job Support Scheme.

The level of the fourth SEISS grant is to be kept under review and will be set in due course.

HMRC will provide full details about how to claim on gov.uk and the Tax Faculty will publish more information as it becomes available.

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Job Support Scheme – extended and covers “Locked Down” businesses

The government recently announced how the Jobs Support Scheme would contribute 33% of the shortfall of wages (capped at £697.72pm) for employees who were working reduced hours from November 2020. Employees would have to work at least 33% of their normal (pre-furlough) hours. The employer would contribute a further 33% of the shortfall, and the employee would forego the final third.

The extension also **applies to any businesses required to close their premises due to local or national coronavirus restrictions**. In that situation, the government will pay two thirds of their employees’ salaries, up to a maximum of £2,100 per month. Under the scheme, employers will not be required to contribute towards wages and will only be asked to cover NICS and pension contributions.

Businesses will only be eligible to claim the grant while they are subject to restrictions and employees must be off work for a minimum of seven consecutive days.

The scheme will begin on 1 November and will be available for six months, with a review point in January. In line with the rest of the JSS, payments to businesses will be made in arrears, via a HMRC claims service that will be available from early December. Employees of firms that have been legally closed in the period before 1 November are eligible for the CJRS.

The scheme is UK wide and the UK Government will work with the devolved administrations to ensure the scheme operates effectively across all four nations.

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Coronavirus Job Retention Scheme – What if you have claimed too much

It's important that you continue to check each claim is accurate before submitting, and it is also recommended checking previous claims so you can avoid any penalties for claiming too much. We have many clients that due to the timing of claims and then the actual hours worked changing they claim too much or too little and have made the necessary adjustments.

If you have claimed too much CJRS grant and have not repaid it, you must notify HMRC and repay the money by the latest of whichever date applies below:

- 90 days from receiving the CJRS money you're not entitled to
- 90 days from the point circumstances changed so that you were no longer entitled to keep the CJRS grant
- 20 October 2020, if on or before 22 July you received CJRS money you were not entitled to, or if your circumstances changed.

If you do not do this, you may have to pay interest and a penalty to HMRC as well as repaying the excess CJRS grant.

How to let HMRC know if you have claimed too much

You can let HMRC know as part of your next online claim without needing to call them.

If you claimed too much but do not plan to submit further claims, you can let HMRC know and make a repayment online through the new card payment service – go to 'Pay Coronavirus Job Retention Scheme grants back' on GOV.UK.

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Self Employed Income Support Scheme – What if you have claimed too much

You must tell HMRC if when you made the claim you:

- received more than we said you were entitled to
- were not eligible for the grant, for example:
 - your business was not adversely affected
 - you did not trade in the tax year 2019 to 2020
 - you did not intend to continue to trade in the tax year 2020 to 2021
 - you have incorporated your business since 5 April 2018

When you must tell HMRC

This depends on the date you received your grant, so if you received the grant:

- before 22 July 2020 you must tell us on or before 20 October 2020
- on or after 22 July 2020 you must tell us within 90 days of receiving the grant

If you do not you may have to pay a penalty, in some circumstances this is 100% of the grant.

You can also tell HMRC if you want to voluntarily pay back some or all of the grant you received. You can do this at any time.

To find out how to do this go to <https://www.gov.uk/guidance/tell-hmrc-and-pay-the-self-employment-income-support-scheme-grant-back>

If you would like to talk to us about anything you have read or want assistance in how any of the new government schemes may work then please get in touch with Mark Hook, Tax Partner (mark@rowleys.biz or 0116 282 7000.)

Thinking differently during Covid 19?

Please remember, if you are doing things differently as a result of Covid 19 then you could be eligible to claim for **Research and Development Tax Credits**. This applies to all businesses and can result in cash being generated for the business at this important time.

Why not call us and talk to us about what you have been doing differently, we want to know and would hate you to miss out!