

PRESSON TAX NEWS UPDATE

The official news update from Presson Tax Accountants Ltd.

NEWS ON CORONAVIRUS JOB RETENTION SCHEME



The government is committed to doing whatever it takes to support businesses and individuals through the Coronavirus pandemic. As part of these efforts the Chancellor announced on 20th March, the Coronavirus Job Retention Scheme.

This funding will be open to all employers with a PAYE payroll scheme that was created and started on or before 28 February 2020, including charities. Employers can apply for grants of 80% of furloughed employees' (employees on a leave of absence) monthly wage costs, up to £2,500 a month, plus the associated Employer National Insurance contributions and minimum automatic enrolment employer pension contributions on that wage, provided they keep the worker employed. The scheme will cover the cost of wages backdated to 1 March 2020, if applicable. It is hoped the scheme will be up and running by the end of April 2020. More detailed guidance will be sent to you in due course and please be assured we will advise you when the scheme is open.

Last Night the Chancellor **Rishi Sunak** has announced further relief specifically for Self-Employed businesses to protect against the economic emergency caused by the coronavirus.

We have summarised the points below:

The government will pay self-employed people, who have been adversely affected by the coronavirus, a taxable grant worth 80% of their **average monthly profits over the last 3 years** (2016/17, 2017/18 and 2018/19), **up to £2,500 per month.**

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Only applicable if an individual or self-employed business:

- have submitted Income Tax Self-Assessment tax return for the tax year 2018-19 ***For those who have missed their deadline for 2018-19 must submit the return within 4 weeks from now.***
- traded in the tax year 2019-20
- intend to continue to trade in the tax year 2020-21
- have lost trading/partnership trading profits due to COVID-19

The scheme is open for at least **3 months across the UK**. This will be extended if necessary.

- It's only open to those with **trading profits up to £50,000 per year**, who make a majority of their income from self-employment (%age is yet to release).
- Grants will be paid in a single lump-sum instalment covering all 3 months and will start to be paid at the beginning of June
- Individuals should not contact HMRC now. HMRC will use existing information to check potential eligibility and invite applications once the scheme is operational
- this scheme also applies to members of partnerships
- Those who pay themselves **a salary and dividends through their own company** are not covered by the scheme but will be covered for their salary by the **Coronavirus Job Retention Scheme** if they are operating PAYE schemes (yet not confirmed by HMRC).

NB: further information and details of the scheme will be shared shortly by HMRC

Disclaimer: This is a new legislation hence it's possible the information might change in the near future, we will be updating you, to reflect any potential changes as and when they are published.

We press-on to cut out clients anxiety



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