Hi,

I trust you are well.

Well here we are on 20th April – the date of launch of HMRC portal for making the claim under the Corona Virus Job Retention Scheme. We are making the first claims as we are emailing you but its cumbersome and unclear. We have already come across obstacles and the first claim we made failed a number of times presumably as a result of the demand on the website !!

Anyway, I thought I would update you on that claim and others (particularly the grant by the Welsh Government – Support for Micro Businesses and SME's – see below for the details and link).

CJRS – Corona Virus Job Retention Scheme

If we prepare your payroll then we will be making the claim on your behalf provided you have confirmed which of your employees are being furloughed, from what date and are you paying full pay or 80%. You must agree this with your employees. .

If you are making the claim yourself, I suggest you thoroughly digest the following documents (through the link provided) before doing so. It is rather cumbersome but unless you get it right you wont be able to make the claim or may have a problem later when it eventually gets checked.

The documents are: -

Corona Virus Job Retention Scheme - UPDATE

www.gov.uk/guidance/work-out-80-of-your-employees-wages-to-claim-through-the-coronavirus-job-retention-scheme

Corona Virus Job Retention Scheme – Guide for Employers

assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/880099/Coronavirus_Job_Retention_Scheme_step_by_step_guide_for_employers.pdf

Support for Microbusinesses - £10,000

A grant of up to £10,000 is available to assist microbusinesses that have been affected by the COVID-19 outbreak.

This grant can only be claimed by businesses that meet the following criteria:

- employing between 1 and 9 employees (in addition to the business owner)
- operating address in Wales and have employees in Wales
- VAT registered
- have experienced a drop in turnover greater than >40% as a result of the COVID-19 outbreak (since 1 March 2020)
- supported businesses must aim to maintain employment for 12 months
- only one application per businesses
- businesses will need to provide:
    - details of reduction in turnover as a result of the COVID-19 outbreak
    - evidence of business address by providing VAT registration (within the last 3 months)

The grant is available to microbusinesses that are not eligible for the Business Rate Grant or the support for self-employed grant.

The Economic Resilience Fund for microbusinesses is open to applications from 17 April 2020 for 12 months via Business Wales

Please note we understand this grant is on a first come first served basis until the funds have been used up and allocated. Make the claim asap.

Support for SME's – COVID-19 Resilience Fund - £100,000

A grant of up to £100,000 is available to assist SME's that have been affected by the COVID-19 outbreak

Attention
Due to unprecedented demand Welsh Government has released a further and final £100 million into phase 1 of the COVID-19 Economic Resilience Fund.

Please read the eligibility below and select YES if the business meets the criteria:-

- Confirmation is provided that funding from any other Welsh Government non-repayable grant funding source is not being pursued;
- In excess of a 60% reduction in turnover since 1 March 2020 has been experienced;
- Not eligible for business rate relief grant, or if it is, the amount would be deducted from the allocation from this fund;
- Operating address in Wales and have employees in Wales.
- VAT registered or sector exempt from VAT with a turnover greater than £85k, details of VAT exemption can be found **here**
- A sustainable plan exists to trade beyond the COVID-19 pandemic;
- You will be required to demonstrate that you have either already accessed funding from your Bank (including the British Business Bank offer), or set out why you have not been able to, for example a deferred application
- Confirm no future compulsory redundancies will be made as long as the Coronavirus Job Retention Scheme is in place.
- Applicant businesses and organisation will be expected to align with the ethos and principles of the Economic Contract.
- In submitting an application for the Resilience Fund I am content for my application details to be shared following GDPR approval with delivery partners of the scheme (Local Authorities and Business Wales)
- If successful I am happy for the name of my business to be publishedon a recipients of support list on the Welsh Governments web site.
- Please use the following link to check your eligibility.
- Business Wales

https://fundchecker.businesswales.gov.wales/

Again we understand this grant is on a first come first served basis.

VAT Returns and Payments

The Chancellor announced a VAT payments deferral on 20 March to support businesses with cash flow during the COVID-19 pandemic.

This means that all businesses with a UK VAT registration have the option to defer VAT payments due between 20 March and 30 June.

You therefore have until 31 March 2021 to pay any VAT deferred as a result of this announcement.

You do not need to inform HMRC if you wish to defer payment. You can opt in to the deferral simply by not making VAT payments due in this period. If you pay by Direct Debit you should cancel this with your bank. You should do so in sufficient time so that HMRC does not attempt to automatically collect on receipt of their VAT return.

Should you wish, you can continue to make payments as normal during the deferral period. HMRC will also continue to pay repayment claims as normal. You must continue to submit VAT returns as normal.

For more information please go to **GOV.UK**.

Statutory self-employment pay scheme.

Support for the self-employed during the coronavirus crisis:

- A taxable grant of 80% of average monthly profits over the past three years.*
- Capped at £2,500 per month.
- Initially payable for three months.
- Applies to self-employed individuals with trading profits up to £50,000 per year whose majority of income comes from being self-employed.
- If you receive the grant you can continue to work or take on other employment including voluntary work. HMRC will however ask you to confirm that your business has been adversely affected by COVID-19.

*To work out the average HMRC will add together the total trading profit for the three tax years, or less, if you have been trading a shorter time and then divide by three or the number of months and use this to calculate a monthly amount.

Note that:

- Company directors are employees for PAYE purposes and not self-employed, see COVID-19: Company directors

Qualifying conditions

You:

- Have submitted your Income Tax Self Assessment tax return for the tax year 2018-19 or you will submit your return by 23 April 2020.
- Have traded in the tax year 2019-20.
- Are trading when you apply or would be except for COVID-19.
- Intend to continue to trade in the tax year 2020-21.
- You have lost trading/partnership trading profits due to COVID-19.
- Your self-employed trading profits must also be less than £50,000.

Additionally, more than half of your total income comes from self-employment.

One of the following conditions must be met:

1. Your trading profits/partnership trading profits in 2018-19 were less than £50,000.
2. Your average trading profits in 2016-17, 2017-18, and 2018-19 are less than £50,000 and

In both cases, the profits in 1. or 2. must constitute more than half of your total taxable income for the same period, where total income means the total of:

- income from earnings

- trading profits
- property income
- dividends
- savings income
- pension income
- miscellaneous income (including social security income).

If you started trading between the years 2016 to 2019, HMRC will only use those years for which you filed a Self Assessment tax return.

HMRC give the following example (14 April 2020):

	2016 to 2017	2017 to 2018	2018 to 2019	Average for the 3 tax years
Trading profit	£50,000	£50,000	£(10,000)	£30,000
Pension income	£15,000	£15,000	£15,000	£15,000
Total income	£65,000	£65,000	£5,000	£45,000
Trading profit are more than half of your total income	Yes	Yes	No	Yes

So even if you made a loss in the tax year 2018 to 2019, you would still be eligible for the grant because your average trading profit for the three tax years:

- Is £30,000 - which is less than £50,000.
- Is more than half of your total income of £45,000.

How will the grant be calculated?

On 14 April 2020 HMRC provided additional guidance and examples as to how they will work out trading income for the purposes of the scheme.

- They will take taxable trading profits after:
  - Allowable expenses including flat rate deductions.
  - Capital allowances.
  - Business expenses deducted through the trading allowance.
  - Qualifying care relief.
- No losses brought forward or personal allowances will be deducted.

HMRC examples:

Example 1

If your total trading income (turnover) in each of the tax years 2016 to 2017, 2017 to 2018 and 2018 to 2019 was £20,000 and you claimed the £1,000 trading allowance each year:

This is worked out as:

1. £20,000 deduct the trading allowance of £1,000 = £19,000.
2. Multiply £19,000 by 3 = £57,000.
3. Divide £57,000 by 3 = £19,000.

Your average trading profit would be £19,000.

Example 2: You have more than one trade in the same tax year

We will add together all profits and losses for all these trades to work out your trading profit.

If you only traded in the tax year 2018 to 2019 and made a £60,000 profit for your first trade, and then a £20,000 loss for your second trade, your trading profit for that year would be:

Trade 1 £60,000 profit deduct trade 2 £20,000 loss = £40,000

Example 3: You have traded for more than one year

To work out your average trading profit we will add together all profits and losses for all tax years you've had continuous trade.

If you made:

- £60,000 profit in the tax year 2016 to 2017.
- £60,000 profit in the tax year 2017 to 2018.
- £30,000 loss in the tax year 2018 to 2019.

1. Add £60,000 and £60,000 then deduct £30,000 loss = £90,000
2. Then divide £90,000 by three.

Your average trading profit for the three tax years would be £30,000.

Example 4

If you did not trade in tax year 2016 to 2017 but made:

- £25,000 of profit in the tax year 2017 to 2018.
- £45,000 of profit in the tax year 2018 to 2019.

1. Add £25,000 and £45,000 = £70,000.
2. Then divide £70,000 by two.

Your average trading profit for the two tax years would be £35,000.

Farmers Averaging relief

If you are a self-employed farmer claiming Farmers' Averaging relief HMRC will use the amount of profit before the impact of the averaging claims to work out:

- If you can claim the grant.
- How much grant you will receive.

If you have not submitted your Income Tax Self Assessment tax return for the tax year 2018-19, you must do this by 23 April 2020.

HMRC will use data on 2018/19 returns already submitted to identify those eligible and will risk-assess any late returns filed before the 23 April 2020 deadline in the usual way.

- You must be registered as self-employed and have filed a 2019 tax return.
- For those who missed the 31 January 2020 return deadline, there is now a four week period in which to file one.
- Any amendments made to 2019 tax returns after 26 March 2020 will not be taken into account.
- The scheme is expected to commencing paying out in June 2020. The grant will be paid directly into your bank account, in one instalment.

- HMRC will contact registered taxpayers by mid-May, ask you to fill in a simple online form and the grant will be paid directly into your bank account.
- The scheme may be extended if necessary.

Apply for the Coronavirus Business Interruption Loan Scheme

This scheme helps small and medium-sized businesses affected by coronavirus (COVID-19) to access finance of up to £5 million.

- The Coronavirus Business Interruption Loan Scheme (CBILS) supports small and medium-sized businesses, with an annual turnover of up to £45 million, to access loans, overdrafts, invoice finance and asset finance of up to £5 million for up to 6 years.
- The government will also make a Business Interruption Payment to cover the first 12 months of interest payments and any lender-levied fees. This means smaller businesses will benefit from no upfront costs and lower initial repayments.
- The government will provide lenders with a guarantee of 80% on each loan (subject to pre-lender cap on claims) to give lenders further confidence in continuing to provide finance to small and medium-sized businesses.
- The scheme is delivered through commercial lenders, backed by the government-owned British Business Bank.

Eligibility

- You're eligible if:
- your business is based in the UK
- your business has an annual turnover of up to £45 million
- your business has a borrowing proposal which the lender would consider viable, if not for the coronavirus pandemic
- you can self-certify that your business has been adversely impacted by coronavirus
- Businesses with a turnover over £45 million may be entitled to other government support.

Exceptions

- The following businesses are not eligible to apply:
- banks, insurers and reinsurers (but not insurance brokers)
- public-sector bodies
- further-education establishments, if they are grant-funded
- state-funded primary and secondary schools

How to apply

Initially apply to your bank or we can make application through our relationship with Capitalise for you.

SUMMARY

We are here to support and help you but please be patient as we, particularly this next few days we anticipate high demand.

Thank you

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Take a look at our cartoon highlighting the risks of not having a valid will

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