

# TAX NEWSLETTER

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November 2020

## “FURLOUGH” SCHEME EXTENDED AT 80% USUAL PAY



On 22 October the Chancellor announced that the CJRS “furlough” scheme would end on 31 October 2020 to be replaced by a new Job Support Scheme (JSS). However, at 6.45 pm on 31 October 2020 when the Prime Minister announced a month long lockdown for England he announced that the CJRS furlough scheme would be extended for one further month with employers able to claim a grant of 80% of employees’ usual pay for hours that they are unable to work. Employers will be responsible for paying NICs and pension costs.

The replacement JSS will start when the extended CJRS ends.

## JOB SUPPORT SCHEME (JSS)

The JSS scheme that replaces CJRS was originally announced in September.

It has been made more generous than in the original announcement to support businesses that are legally forced to close their premises as a

direct result of Coronavirus restrictions imposed by one of the four UK governments. This is referred to as **JSS Closed**.

For those employers that are able to operate safely but continue to face reduced demand such that they may need extra support over the winter to help keep their employees attached to their workforce there is JSS Open. That scheme has been made more generous to encourage employers to keep their employees in a job on shorter hours rather than making them redundant.

JSS Open and JSS Closed were originally scheduled to commence on 1 November 2020 and will now commence when the extended CJRS scheme ends and will run until the end of April 2021.

## JSS OPEN

Grants under JSS Open will be available to support the wages of employees working part time who were on the payroll on 23 September 2020 and subject to an RTI submission on or before that date.

The original proposal was that they would need to work at least 33% of their usual hours to be eligible but this has now been reduced to 20%.

For the hours not worked the employee must be paid 2/3 of their normal pay with the employer being responsible for 5% (previously 1/3) of this amount with the government providing a grant for the remaining 61.67%.

The employer will be responsible for national insurance costs and pension costs on the full amount paid to the employee.

The maximum government contribution will be £1,541.75 per month. This will ensure employees continue to receive at least 73% of their normal wages, where they earn £3,125 a month or less.

## JSS CLOSED

Grants under JSS Closed will be available to support the wages of employees of businesses required to close who like JSS Open are on the payroll on 23 September 2020.

Claims can be made for employees who cannot work as a result of the Tier 3 or similar restrictions. Employers must be instructed to cease work for at least 7 days to qualify. Employers must agree the new scheme with the relevant staff and make changes to their contract of employment.

## JSS CLOSED GRANT IS 2/3RDS OF “NORMAL PAY”

Where employees are paid at least 2/3rds of their normal pay for hours not worked the Government will pay a grant of 2/3ds of their normal pay subject to a maximum of £2,083.33 a month. The employer will be responsible for paying national insurance and pension costs in respect of the employee.

When the business premises reopen employers will be able to claim the JSS Open grant towards the employee’s wages for hours not

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worked provided the employee works at least 20% of their usual hours.

The employee cannot be made redundant or put on notice of redundancy during the period during which the employer is claiming the grant.

## SELF EMPLOYED INCOME SUPPORT SCHEME (SEISS) ALSO IMPROVED

In his Winter Economy Plan the chancellor announced that SEISS grants would continue to be available, but at only 20% of average profits for the period to 5 April 2019. On 22 October the Chancellor increased the amount of the third three month grant to 40% of average profits, capped at £3,750.

On 2 November he made a further announcement that for the month of November the grant would increase to 80%, meaning a cap of £5,160 for the three months to 31 January 2021.

## MORE TIME TO PAY TAX DUE ON 31 JANUARY 2021

Those taxpayers who may have difficulty paying the tax due under self-assessment on 31 January 2021 can agree more time to pay with HMRC provided the amount outstanding is no more than £30,000. The government have already agreed that amounts due under self-assessment on 31 July 2020 could be deferred until 31 January 2021 but this latest announcement generally allows a further 12 months to pay.

You can either set up a payment plan online by logging into your HMRC online personal tax account or call the HMRC Payment Support Service.

## CGT BUSINESS ASSET DISPOSAL RELIEF LIFETIME LIMIT JUST £1 MILLION

In the March 2021 Budget it was announced that CGT Entrepreneurs' relief (ER) was replaced by CGT Business Asset Disposal relief (BADR) for disposals on or after 11 March 2020.

It was also announced that the 10% CGT rate would only apply to the first £1 million of qualifying gains in the taxpayer's lifetime and many business owners have misinterpreted how this limit applies. Unfortunately claims under the predecessor ER need to be taken into consideration so if £750,000 ER has already been claimed only the first £250,000 of qualifying gains after 11 March 2020 would qualify for BADR. Any gains in excess of that amount would be taxed at normal CGT rates, currently 20% for higher rate taxpayers.

## AIRBNB REPORTING PROPERTY RENTAL DETAILS TO HMRC

You may have seen in the newspapers that Airbnb will share data with HMRC about the earnings of hosts (those who let out property) on its UK platform in the years 2017/18 and 2018/19.

It is anticipated that HMRC will use this data to open enquiries into the tax affairs of individuals who have not declared letting income for 2017/18 and 2018/19. The deadline for opening an enquiry into a self-assessment return for 2018/19 is 31 January 2021, if the return was issued and submitted on time. The discovery rules allow HMRC to go back much further, potentially up to 20 years in some cases if the property income has not previously been reported.

## RENT COVERED BY RENT A ROOM RELIEF

For many property owners the rental income will be tax free if it is within the £7,500 rent a room relief and will not even need to be reported. This applies where room(s) in the taxpayer's main residence are rented out, typically to lodgers. Where the house is owned jointly they would qualify for £3,750 each tax free.

## BRING YOU TAX AFFAIRS UP TO DATE

2018/19 tax returns can be amended by the taxpayer up until 31 January 2021. Where the omitted property income or gain relates to earlier tax years the taxpayer should consider disclosing using HMRC's let property campaign.

## DIARY OF MAIN TAX EVENTS

### NOVEMBER 2020 / DECEMBER 2020

Date	What's Due
1/11/20	Corporation tax for year to 31/01/2020 unless quarterly instalments apply
19/11/20	PAYE & NIC deductions, and CIS return and tax, for month to 5/11/20 (due 22/11 if you pay electronically)
1/12/20	Corporation tax for year to 28/02/2020 unless quarterly instalments apply
19/12/20	PAYE & NIC deductions, and CIS return and tax, for month to 5/12/20 (due 22/12 if you pay electronically)
30/12/20	Deadline for filing 2019/20 tax return online in order to request that HMRC collect outstanding tax via the 2020/21 PAYE code

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