

Subject: COVID Update - 31 March

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There have been no key announcements or updated guidance issued today. However, some developments that we thought may be of interest below;

Coronavirus Job Retention Scheme (CVJRS)

This has been covered in depth in previous briefings
<http://www.allensaccountants.com/#coronavirus-briefings>

The ICAEW (the professional body for Chartered Accountants) have today stated that their understanding that **directors of their own companies and who are themselves paid via PAYE can be furloughed and be eligible the CVJRS**, although the same rules will apply as to any other employee.

We are still awaiting full details of how the scheme will operate from HMRC, including for directors paid via PAYE but not receiving a consistent, regular monthly salary. The ICAEW understand the intention of the scheme is to include those on irregular earnings, but full details on how the amount of the 80% grant will be calculated for these individuals have yet to be released. Directors would need to have been on the payroll on 28 February 2020 and cannot work while they are furloughed. We do not yet know the extent to which minor directorial duties would be disregarded for these purposes, although most commentators believe 'statutory duties' will be allowed.

<https://www.icaew.com/insights/tax-news/2020/mar-2020/covid19-directors->

[on-payee-can-furlough?utm_campaign=Members%20-%20ICAEW&utm_medium=email&utm_source=1362090_ICAEWDaily_News_31Mar2020&utm_content=furlough&dm_i=47WY,T6ZU,JW2S3,3IR2E,1](https://www.icaew.com/~/media/Newsletters/2020/Mar/20200331-ICAEW-Daily-News-31-Mar-2020-Furlough-47WY,T6ZU,JW2S3,3IR2E,1)

Self-assessment Tax Payment Deferral

Following some initial confusion, HMRC has now updated its advice for businesses and individuals affected by coronavirus to make clear that the **six-month income tax self-assessment deferral** for payments due in July 2020 applies to all taxpayers, and not just those who are self-employed.

Anyone due to make a second payment on account for 2019/20 by 31 July 2020, but who has difficulties in doing so because of the impact coronavirus causes, may defer payment until 31 January 2021. The deferment is automatic but optional. HMRC advice states that 'if you are still able to pay your second payment on account on 31 July you should do so.' Many people may still wish to make this payment to avoid having to make a larger payment in January as this is simply a deferral rather than a cancellation.

Scam E-mails

HMRC has updated its list of phishing emails and bogus contact to include a number of coronavirus scams.

One known example is an email scam offering a tax refund to help protect themselves from the coronavirus outbreak, another is a text message scam offering a goodwill payment. HMRC also refers to a text scam that asks recipients to call a phone number to appeal against a fine for leaving their house more than once.

<https://www.gov.uk/government/publications/phishing-and-bogus-emails-hm-revenue-and-customs-examples/phishing-emails-and-bogus-contact-hm-revenue-and-customs-examples#coronavirus-covid-19-scams>

Insolvency Rules Relaxed

The government has announced changes to the insolvency regulations during the coronavirus pandemic to enable UK companies undergoing a rescue or restructure process to continue trading, with the aim of giving them breathing space.

This will also include enabling companies to continue buying essential supplies, such as energy, raw materials or broadband, while attempting a rescue, and temporarily suspending wrongful trading provisions retrospectively from 1 March 2020 for three months for company directors so they can keep their businesses going without the threat of personal liability.

Under the Insolvency Act 1986, the board of directors has a strict duty to announce a cessation of trading if the company is insolvent, or if insolvency cannot realistically be avoided in the near future.

Making Tax Digital for VAT

Businesses within the Making Tax Digital for VAT regime now have until 1 April 2021 to meet the requirement to have 'digital links' within their recordkeeping in light of the coronavirus pandemic. This has been extended by a year from the initial deadline of 1 April 2020.

Under MTD for VAT the required digital records can be held within more than one piece of software or spreadsheet, however, there must be a digital link between them i.e. the data cannot be transferred manually between software products.

As with previous briefings, today's will shortly be filed on the main Allens website for your convenience.

The Allens Team



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