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A list of Directors is available from the Registered Office at Northallerton. Kenneth Easby Limited is a limited company registered in England, No 07107469. Registered to carry on audit work in the UK and regulated for a range of investment business activities by The Institute of Chartered Accountants in England and Wales.

We would like to assure you that we continue to be on hand to provide support, advice and any reassurance that we can in these very challenging times.

Our offices are open and fully compliant with the Government guidelines. We are carrying out meetings where these are critical and we have meeting rooms set up to enable this to happen safely. Where you prefer, we can arrange a video conference call or we can meet at your premises if guidelines allow this to happen.

Our staff are split into two teams and each team is in the office for part of the week. There will always be personnel in the office to collect records or deal with any queries you may have. Staff are working from home very effectively and have access to all of our systems and files which are all digital.

As a practice we have made a very significant investment in our own information systems and in our digital offering to clients and it is at times like this that such investment proves invaluable. We will continue to devote substantial resources to our digital programme and will also work with clients where relevant to assist with theirs.

You will be able to reach all staff by calling their direct dials as these will be redirected to their mobiles if they are working from home that day.

Financial support for Covid-19: latest news

A cancelled Budget normally merits headline treatment. This year is different.

We said goodbye to autumn Budget 2020 with hardly a backwards glance. The Chancellor has since delivered not just an unheralded 'Winter Economy Plan' on 24 September 2020, but an update to that Plan, on 22 October 2020. The most recent update came as further parts of the UK were put under more stringent public health restrictions.

The Winter Economy Plan announced a successor scheme to the Coronavirus Job Retention Scheme, which ends on 31 October 2020. We provide more detail in our Covid-19 round up.



Further help for the self-employed comes via the Self-Employment Income Support Scheme (SEISS) Grant Extension. The Extension is available to the self-employed and members of partnerships, and comprises two taxable grants. The emphasis is slightly different from the first SEISS grants, however. Although you don't have to have claimed SEISS previously, you have to

have been eligible to claim. You must declare that you intend to continue to trade, and are 'currently actively trading' but are impacted by reduced demand because of Covid-19. Alternatively, you must declare that you intend to continue trading, and were 'previously' trading, but are temporarily unable to do so because of Covid-19.

The Extension will be paid in two instalments. The first covers the three months from 1 November 2020 to 31 January 2021. It will be based on 40% of average monthly trading profits, paid in one single instalment, covering three months' profits, and capped at £3,750. The second will cover the three months from 1 February 2021 to 30 April 2021. The level of this grant is yet to be announced.

Business grants: the government has announced additional funding primarily for businesses in the hospitality, accommodation and leisure sector in England. This will take the form of cash grants, administered by local authorities where businesses are adversely impacted by restrictions in high-alert areas. Other parts of the UK operate their own schemes.

VAT in the tourism and hospitality sector: a temporary reduction in the rate of VAT for certain supplies of hospitality, hotel and holiday accommodation, along with admission to some attractions, took effect from 15 July 2020. This cut the VAT rate from the standard rate of 20% to 5%, and was due to expire on 12 January 2021. The Winter Economy Plan extends the 5% reduction to the end of March 2021.

We are on hand to discuss these, or any other areas of importance to you.

Covid-19 round up

Job Support Scheme

The Winter Economy Plan unveiled the Job Support Scheme (JSS). This succeeds the current 'furlough' scheme (Coronavirus Job Retention Scheme), which ends on 31 October 2020.

As employers face tough decisions about the size of the workforce they can maintain in current trading conditions, the JSS provides the option to keep employees on, albeit on shorter hours, rather than making redundancies. It is based on a three-way split: the government and employer together cover a proportion of the wages for time not worked, whilst employees suffer a wage reduction, but keep their job. The JSS opens on 1 November 2020 and runs to 30 April 2021. Claims can be made (in arrears) from 8 December 2020. The government has said it will review the terms of the scheme in January.

Like the furlough scheme, it's administratively demanding. There are two pathways: one for businesses operating but experiencing lower demand – JSS Open; and another for businesses legally required to close their premises because of Covid-19 restrictions - JSS Closed. As employer, you can access either scheme if you have a UK bank account and a UK PAYE scheme. It's not necessary previously to have used the furlough scheme. You can claim for employees who were on your PAYE payroll between 6 April 2019 and 11.59pm on 23 September 2020. Subject to certain provisos, employees can be moved between schemes.

Some of the small print is the same for each scheme. It is a requirement of each, for example, that you can't claim for any employee made redundant or serving a contractual or statutory notice period. There are also requirements around reaching agreement with employees about the changes to their work. With both schemes, you can choose to pay employees more than the specified minimum if you wish. But there are important differences, and additional rules, even as regards eligibility, and it is essential to check the detail of each scheme separately.

JSS Open

This is designed for employers facing decreased demand because of Covid-19. As you may know, it has already been revised to increase support available.

To use JSS Open, your employees must work a minimum of 20% of usual hours, for which you pay them as usual. For every hour not worked, you pay 5% of the usual hourly wage, up to a cap of £125; the government pays 61.7%, capped at £1,541.75 per month. Caps are based on a monthly reference salary of £3,125, and the calculations for 'usual wages' follow broadly the same logic as the furlough scheme. As employer, you also pay employer Class 1 National Insurance contributions (NICs) and pension contributions due on employee earnings, in full.

JSS Closed

This is designed to cover employee wages and payroll taxes for businesses legally required to close their premises because of Covid-19 restrictions set by any of the four UK governments. This includes premises restricted to delivery or collection-only services from their premises, but not those required to shut because of a specific workplace outbreak. Businesses must be instructed to cease, and actually cease work, for a minimum of seven days.

Here you cover any employer NICs and automatic enrolment pension contributions in full, but don't then have to make any further contribution to wage costs. The grant per eligible employee is two thirds of their normal pay, up to a cap of £2,083.33 per month.

Further help

We have been able to provide only an overview here, and the small print is complex. HMRC guidance can be found by searching for 'Job Support Scheme' on gov.uk. Please don't hesitate to contact us for further information.

Job Retention Bonus

The Job Retention Bonus provides support for employers keeping furloughed employees 'in meaningful employment' after the furlough scheme ends on 31 October 2020. If eligible, you can claim this alongside the JSS. Claims can be made between 15 February 2021 and 31 March 2021 when the scheme closes.

The Bonus is a one-off payment to you as an employer, on which you are taxable. Payment will be made from February 2021, comprising £1,000 for every employee whom you previously claimed for under the furlough scheme, so long as they remain continuously employed through to 31 January 2021. Eligible employees must earn at least £520 per month on average between 1 November 2020 and 31 January 2021 (a total of at least £1,560 across the three months). It can be paid if you're a company director or other office holder meeting the criteria.



The Bonus is not payable for employees serving a contractual or statutory notice period that started before 1 February 2021 for the employer making a claim. HMRC advises that if there is any suggestion that claims under the furlough scheme have been fraudulently claimed or inflated, the Bonus will be withheld until the enquiry is completed.

Employer tip

HMRC is undertaking compliance activity into Covid-19 support schemes. Revisit claims under the furlough scheme to double-check all is well. Accurate record keeping for the furlough scheme, plus accurate, up to date payroll data are also essential to receipt of the Bonus.

Life raft of laws to keep companies buoyant

'The most significant reforms of UK insolvency law for a decade?'



The Corporate Insolvency and Governance Act 2020 puts in place a series of measures amending insolvency and company law. Some are temporary, some permanent. Many have been in the pipeline for some time, but the final timing of the legislation, mid-pandemic, should provide a considerable help to companies combating the storms of Covid-19. Insolvency provisions differ in the detail in Scotland and Northern Ireland, but broadly, the measures apply across the UK.

The Act is relevant not just to companies in difficulty. It also makes important reading for businesses dealing with such companies. If, for example, your business supplies a company that you think is struggling financially, you may want to consider the implications of your relationship now.

Key provisions:

- introduction of a moratorium. This gives 20 business days' breathing space, (with the possibility of extending this), to companies unable, or likely to become unable, to pay their debts. Putting creditor action on pause, it leaves directors at the helm to look at rescue and restructuring options. During this time, no legal action can be taken against the company without leave of the court. The process is overseen by a monitor who must be a licensed insolvency practitioner
- protecting supplies to the company by preventing suppliers enforcing termination clauses in their contracts. There is a temporary exemption for small company suppliers during the Covid-19 emergency. Generally, safeguards for suppliers are included, so that a business which would

experience hardship if required to continue to supply the company can apply to terminate a contract

- bringing in a new restructuring plan which will be binding on particular classes of creditors in some circumstances
- bringing in various temporary Covid-19 easements, for example by allowing companies to hold closed AGMs, conduct business and communicate with members electronically.

Some of the measures are not available to financial services firms and contracts.

There are various temporary changes to ease the administrative burden on companies. Many filing deadlines are extended automatically, and the Companies House website usefully summarises the position <https://bit.ly/3ivwXRK>. Note though, that as some Covid-19 easements are introduced, others are now expiring. The usual process for companies applying for voluntary strike off resumed on 10 September 2020. And from 10 October 2020, the compulsory strike off procedure restarts for companies which are believed no longer to be carrying on business or in operation. The suspension of directors' liability for wrongful trading was also temporary, covering the period until 30 September 2020. Companies House general Covid-19 guidance is here <https://bit.ly/3ah3FTG>.

If you have concerns about the outlook for your company, or financial viability of your customers, we are happy to provide further advice.

Tax cash flow. Your next step

Income tax: the Winter Economy Plan gives longer to pay for liabilities due in January 2021. This applies not just if you took up the option of putting off to 31 January 2021 the second income tax self assessment payment on account for 2019/20, due by 31 July 2020, but also to payment of other amounts due by 31 January 2021: the balancing payment for the 2019/20 tax year and first payment on account for 2020/21. The Plan allows an additional period to pay, of up to 12 months, to those who need it, moving the deadline to January 2022.

If you have self assessment tax debt up to £30,000, you can take advantage of this by setting up a payment plan online, without needing to phone HMRC, and you should get automatic, immediate approval. This page provides the link to the online facility <https://bit.ly/2S96Uok>. For larger debts, or

to arrange longer to pay, contact HMRC's helpline to set up a Time to Pay arrangement <https://bit.ly/3cu9qPa>. Alternatively, if you are able to, you can pay in full or in instalments on or before 31 January 2021, via the usual online service.

VAT: the VAT deferral period ended on 30 June 2020, and as far as ongoing liabilities are concerned, it's business as usual. It was originally announced that any VAT payments deferred between 20 March 2020 and 30 June 2020 should be paid in full on or before 31 March 2021. The Winter Economy Plan changed the rules, giving extra time to pay. The VAT deferral 'New Payment Scheme' allows payment in 11 equal interest-free instalments in the 12 months to 31 March 2022. You will opt-in to do this, and HMRC will provide a means of doing so early in 2021 <https://bit.ly/3jcLmml>.

If you prefer, you can still pay in full, or make payments towards the deferred VAT, at any point before 31 March 2021. HMRC has advice on how to do this <https://bit.ly/3jn3sC2>.

Further help: HMRC's Time to Pay service is available to any business struggling to pay tax on time <https://bit.ly/3jmkArn>. You may also find information on the TaxAid website helpful, although the charity is only resourced to help those on yearly incomes of £20,000 or less <https://bit.ly/2G8oDcZ>. We are happy to discuss other possibilities with you. If, for example, taxable income for 2020/21 has fallen in comparison with 2019/20, it may be possible to reduce your 2020/21 payments on account, rather than use the monthly payment facility. Please do contact us for advice.



Brexit: imports and exports

From 1 January 2021, the UK will operate a full external border with the EU.

This entails major change for imports and exports to and from the EU. From 1 January 2021, declarations will be needed to import or export specific (limited) goods categorised as 'controlled': see <https://bit.ly/2FzK9XP> and <https://bit.ly/3c3xEzy>. But for non-controlled goods brought from the EU to GB, import controls apply in three stages: January, April and July 2021. Some changes will apply to all goods movements, and will involve customs declarations, customs duties and VAT on imports, and safety and security declarations. 'Additional requirements' come in, but affecting only certain specific goods movements, such as foodstuffs. Note that separate rules will govern goods moving into, out of and through Northern Ireland: this link may be useful here <https://bit.ly/2HvS09l>.

To help you plan, guidance on procedure generally can be found here <https://bit.ly/3CHYmOI> and <https://bit.ly/33tUT2Y>. Action points to consider now include:

Economic Operators Registration and Identification (EORI) numbers: from 1 January 2021, an EORI number with the prefix 'GB' is needed to move goods between the UK and the EU, unless you only move goods between Northern Ireland and Ireland <https://bit.ly/30wa6z1>.

Remember that from January 2021, it will be important to think about both the UK and EU sides of the equation: to comply with EU requirements, you will, for example, need an EU EORI number if your business makes customs declarations or gets a customs decision in the EU.

Using a customs intermediary: given the complexity of UK and EU customs declarations, you may want to engage a customs intermediary to deal on your behalf <https://bit.ly/34HHN3q>.

Postponed VAT accounting for goods imported from the EU: from 1 January 2021, import VAT applies to imports from the EU. Using 'postponed VAT accounting' from 1 January 2021 lets you account for import VAT on your VAT return, giving the potential to declare and recover import VAT on the same return <https://bit.ly/3jmd13V>.

Delaying customs declarations and payment of tariffs: when the UK's full suite of border controls are in place in July 2021, full customs declarations and payment of customs duties, as set out in the new UK Global Tariff (or as specified in any trade deal with the EU) must take place when goods are imported from the EU. But from 1 January 2021 to 30 June 2021, most traders with a good compliance record can defer declaration and payment for up to six months on imports of standard goods from the EU <https://bit.ly/3ltPW0y>.

This is only a summary outline of some of the issues involved. Gov.uk provides an online checker tool to use in your own circumstances <https://bit.ly/3keUQ1s>. Do talk to us where further advice is needed.

Business diversification. Implications for tax

Many businesses turned chameleon during Covid-19, changing core business to adapt. But whether you're a florist making face masks or a farm shop starting home deliveries, what about tax?

If a business starts a new trade, it's normally treated as a separate trade for tax purposes. HMRC gives the example of a restaurant making gowns and face masks - something completely unrelated to previous business activity. If this reflects your business experience this year, there are key issues to consider. Are you now running two trades rather than one? Alternatively, has your original trade ceased permanently for tax purposes? In either eventuality, there may be knock-on consequences. For income tax, the beginning or cessation of trade impacts on how profits are taxed, and when any losses qualify for relief. Considerations for companies are subtly different (see below).

If, on the other hand, a business starts a new activity, broadly similar to its existing trade, this isn't likely to be treated as the start of a separate trade. Profits or losses will be merged with those of the original trade. Think of a clothing manufacturing business starting to make gowns and face masks, using existing staff and premises, for instance.

A temporary break in trading because of lockdown won't count as a permanent cessation of trade for tax purposes. This is provided that business activity after the break is the same as, or similar to, that carried on before.

Tip: think points for companies

HMRC is likely to think of a company as carrying on only one trade. Factors which may persuade it otherwise include the fact that one activity is so different in nature from the other that it can be seen as quite separate, and that activities are separately organised and managed up to board level. Availability of loss relief may be a concern to many at present. Since April 2017, there has been greater flexibility to relieve losses arising in different trades. Relief can however be restricted where trading has become 'negligible'. This is a technical area: please contact us to discuss specific circumstances.

Finally, don't forget VAT. Amongst other issues to watch, it's the person (natural or legal), rather than the business, that registers for VAT. So if you have diversified, you may need to review compliance. As always, we are happy to advise.