

GOVERNMENT HELP AND HOW IT WORKS FOR EMPLOYERS AND EMPLOYEES

INTRODUCTION

We know that many of our clients are concerned about their financial situation. Every evening when we turn on the news the Government are announcing a new plan to help employers and employees – it is hard to keep up. We thought you might find this news sheet helpful. It is up to date as at 24th March and we will be revising it as the Government make further announcements.

HELP FOR EMPLOYERS

The Government are forcing businesses to close. This means that in many cases the business will not be in a position to generate income and therefore cash flow is curtailed. Consequently, the funds to pay employees are not available. Rather than making the employees redundant, The Government have introduced the **Coronavirus Job Retention Scheme** which allows employers to keep employees on the books. The scheme will pay 80% of the wages of private sector workers who are unable to work because of the pandemic, up to a maximum of £2,500 per month and the payments can continue for a maximum of three months.

Employers who are forced to lay off employees because of the pandemic

All employers should be able to access the Coronavirus Job Retention Scheme to obtain reimbursement from the Government for the employees who they wish to keep on the payroll rather than laying them off. This may include staff who have to stay at home to look after young children now that the schools are closed

What employers will need to:

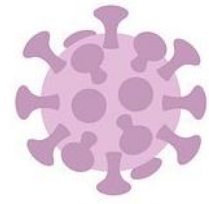
- designate affected employees as 'furloughed workers' and notify your employees of this change - changing the status of employees remains subject to existing employment law and, depending on the employment contract, may be subject to negotiation. The employee must not undertake work for you while they are furloughed
- submit information to HMRC about the employees that have been furloughed and their earnings through a new online portal (HMRC will set out further details on the information required)
- Choose whether they wish to make up the difference between the Government payment and the employees full pay but they are not obliged to do this

HMRC will reimburse 80% of furloughed workers wage costs, up to a cap of £2,500 per month. Payments will be backdated to 1 March but it is unlikely that the first payments will be made until the end of April. In the meantime, employers need to pay the furloughed staff through the PAYE system deducting tax and national insurance and in due course they will be reimbursed. No decision has currently been made about what is happening about National Insurance payments.

If a business needs short term cash flow support, they may be eligible for a coronavirus business interruption loan.

Payment of VAT

VAT bills will be deferred until the end of the tax year April 2021.



Self-employed – deferred income tax payments

Income tax payments due in July 2020 under the self-assessment regime will be deferred until January 2021. No action needs to be taken and there will be no late payment fines imposed.

Business rate holiday for retail, hospitality and leisure business and a Grant to this sector

There is a business rate holiday for the 2020/2021 tax year. A business in this sector may also be eligible for a Grant. A business with a property with a rateable value between £15,000 - £51,000 will receive a grant of £25,000 and those with a property with a rateable value of £15,000 or less will receive a grant of £10,000. There will be a one-off Grant for small businesses who currently pay little or no business rates. In both cases no action is needed to be taken and the rates holiday and Grant will be automatically applied by your local authority.

Workplace pensions – a danger area

No help is being given by the Government in this area, so it is important that you continue to make the deductions and make payment to the Provider on a monthly basis. The Pensions Regulator does have the power to impose fines for late payment, hopefully they will be lenient in the current circumstances but no announcements have yet been made. We will keep you updated as information is available.

HELP FOR EMPLOYEES

Some employees will be made redundant

Despite the efforts of the Government to keep people employed inevitably some will be made redundant. We look below at the possible entitlements:



Redundancy pay outs

An employee is entitled to statutory redundancy pay out if she/he has been working for their current employer for two years or more.

The amount of pay out depends on age:

- Under age 22 a half a week's pay for each year you were under 22
- Age 22 – 40 one week's pay for each year of employment
- Age 41+ one and a half week's pay for each year of employment

Weekly payments are capped at £525 and the maximum statutory payment is £15,750. Employers may pay more, employees need to check their contracts of employment.

Universal credit

If you find yourself without work you may need to apply for Universal Credit. This is available for those over 18 who are unemployed with savings of below £16,000. If you want to find out how much you can claim, you can access a calculator on the government website www.gov.uk/benefits.calculators. Universal credit is also available to the self-employed who are sick or self-isolating at a rate of £94.25 per week available from day one of the claim. In addition, the self employed may be eligible for Employment Support Allowance – call the Universal Credit hotline on 0800 328 5644 .

Mortgage payments

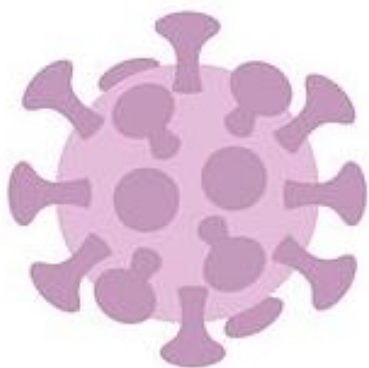
Those finding it difficult to make their monthly mortgage payments can apply to their lender for a three-month payment holiday. This service should be easy to access as no means testing or arrangement fee will apply. However, do remember this deferment will not save money in the long run because the extra interest will accrue on the capital you owe. It is worth noting that this concession apparently also applied to buy to let mortgages. At the end of three months if you are still having problems making your mortgage payments, the lender will contact you and discuss options.

Rented accommodation

If you are living in rented accommodation, please take comfort from the fact that landlords are banned from beginning eviction proceedings for the next three months. Government has promised to pay 30% of average rents – you will need to apply for Local Housing Allowance via your Local Authority. We suggest you contact them. If you want to calculate how much Housing Allowance may apply the Valuation Office has an online form for working out local Housing Allowance rates, www.gov.uk/government/organisations/valuation-office-agency

Difficulty repaying credit cards

If you are having difficulty repaying credit cards or loans, we strongly recommend that you contact the company with whom you have the debt. Many are offering payment holidays, or waiving late payment charges for those financially affected by the pandemic. Acting fast is really important.



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