

Midday on a Monday Q&A – 30 March 2020

Questions	Answers
Coronavirus Business Interruption Loan Scheme (CBILS)	
How do I create accurate forecasts with so much uncertainty? What detail will the banks be looking for?	The banks understand the position businesses have been put in and are mainly looking for a logical approach where management show how 'on top of things' they are. With high uncertainty, performing scenario analysis can help show a number of outcomes.
Are there any restrictions on the CBILS loan scheme? Could I use the loan to make acquisitions?	There are currently no restrictions on what the monies can be used for however, based on our conversations with lenders the story around why the business needs a CBILS loan is one of enabling it to continue to operate rather than taking advantage of the situation through acquiring other businesses.
If my current bank say no on the loan scheme, can I apply to another bank?	You can, but you need to consider the reason as to why your current bank said no and address that before approaching other banks. Additionally, some banks are only offering the scheme to existing customers so be mindful of this.
Can I make multiple applications with multiple banks?	You can, but based on our conversations with banks, a significant majority are only considering this for their current customers. In addition, you are likely to have the most success with your current bank as they should already understand your business.
If I already have a loan with my bank, can I refinance with the CBILS loan?	This will vary from bank to bank. Fundamentally, if you can get and finance a regular loan, the CBILS won't be available. However, if there is a new need you will be eligible. You will have to still demonstrate you meet all the requirements.
What are the key factors that banks will look at in assessing each application?	The first key factor is if the business was trading as usual, could it afford this loan? The second is the presentation and understanding of the impact of the Coronavirus and knowing what loan will be required.

<p>How long will it take until I receive the cash from the loan?</p>	<p>This will vary from bank to bank as well as if you're applying with your current bank versus a new one, but based on our experience a well presented application to your current bank could see you having the monies within one month.</p>
<p>What level of detail do forecasts need to go into; are high-level forecasts ok?</p>	<p>They could be but it would vary from case to case and the banks have requested to see sufficiently well thought through forecasts, which suggests some level of detail. Also, if the banks perceive your business as higher risk, there is likely to be a requirement for a more detailed assessment. From our discussions with banks, they will want to see the 'business as usual' case and the Coronavirus case. We would advise to prepare a 12-week forecast to demonstrate the immediate cash flow management and short-term requirement, as well as the longer-term one. If you need support to prepare this, our specialist team can help – click here for more information.</p>
<p>Coronavirus Job Retention Scheme (CJRS)</p>	
<p>Does the company pay the employee the 80% of £2.5k per month and then reclaim from the government, or does the employee claim directly from the government?</p>	<p>The company pays the 80% and then the employer makes the claim from the government. The employee does not need to take any action.</p>
<p>If I am furloughing sales people who have previous sales yet to receive commission, is it still acceptable to pay them commission on past deals even though they are furloughed?</p>	<p>Yes, as long as they are not doing any work after the date of being furloughed.</p>
<p>What are you advising to limited company directors who are taking small salaries and taking pay in the form of dividends – utilise the job retention scheme or wait for further measures?</p>	<p>As it currently stands, no specific measures have been announced to support those in that situation, however we understand the business community is petitioning for this currently. We therefore believe it is possible that the government may react to this, but depending on how long this may take, if it occurs at all, it may be advisable to consider using the CJRS to assist in the shorter term. This will vary on a case by case basis depending on each personal scenario.</p>
<p>Do you expect self-employed support schemes to be extended to service companies, where owners receive income via dividends rather than salary?</p>	<p>See above.</p>

<p>Will the employee have to pay tax on the 80% and as employers, if we decide to top up the 20% do we then just tax the payment as normal (i.e. income tax and national insurance)?</p>	<p>Yes, the amounts paid are taxable in the normal way.</p>
<p>Is there a minimum of seniority that an employee has to have in order to be eligible for paid furloughed? For example, minimum working time in the company or minimum working time in previous/other companies?</p>	<p>No, there are no such rules. Any employee is eligible to be furloughed as long as they were on your PAYE payroll as at 28 February 2020.</p>
<p>Is there a minimum time that the employee needs to be on this granted leave of absence? (1 month? More? Less?)</p>	<p>3 weeks is the minimum period to be claimed for each time and the government are supporting the scheme initially for a period of 12 weeks, though you do not need to furlough employees for this entire period, simply a minimum of 3 weeks.</p>
<p>How does the procedure work? Does the employee need to do anything? How does it work in regards to taxes?</p>	<p>The employer must consult the employee in the first instance and obtain the employee's written agreement to being furloughed. After that, the employee does not need to take any action. The employer pays the employee the 80% and submits a claim for the amount using the HMRC portal.</p>
<p>Does the employee need to be physically in the UK during this granted leave period?</p>	<p>We are not aware of such a requirement.</p>
<p>Is there any obligation that the employee will go back to employment after being furloughed, or can they be dismissed?</p>	<p>There is no requirement at all. Much will depend on the business requirements at the time.</p>
<p>What constitutes voluntary work?</p>	<p>Voluntary work is anything which is not providing services to the company or helping the company generate revenue.</p>
<p>What about employees who are currently working their notice period which was served before Coronavirus hit?</p>	<p>The CJRS covers employees who were made redundant since 28 February 2020, if they are rehired by their employer. The minimum time that an employee can be furloughed is 3 weeks and this may prevent an employee being furloughed during their notice period. However, in principle there is no reason why an employee who has served notice should not be asked to furlough.</p>
<p>If an employee has been furloughed but they enjoy their job and decide of their own accord to continue doing things which benefit the company without the</p>	<p>This would be in direct breach of the scheme rules and as HMRC have stated, they will retain the right to retrospectively audit all aspects of claims made.</p>

<p>employer requesting it, how will the government perceive this?</p>	
<p>Can you furlough employees on maternity leave?</p>	<p>Individuals who are on or plan to take Maternity Leave must take at least two weeks off work (four weeks if they work in a factory or workshop) immediately following the birth of their baby. This is a health and safety requirement. In practice, most women start their Maternity Leave before they give birth. If your employee is eligible for Statutory Maternity Pay (SMP) or Maternity Allowance, the normal rules apply, and they are entitled to claim up to 39 weeks of statutory pay or allowance. Employees who qualify for SMP, will still be eligible for 90% of their average weekly earnings in the first six weeks, followed by 33 weeks of pay paid at 90% of their average weekly earnings or the statutory flat rate (whichever is lower). The statutory flat rate is currently £148.68 a week, rising to £151.20 a week from April 2020. If you offer enhanced (earnings related) contractual pay to women on Maternity Leave, this is included as wage costs that you can claim through the scheme. The same principles apply where your employee qualifies for contractual adoption, paternity or shared parental pay.</p>
<p>Does permissible training include professional courses relevant to the job being done?</p>	<p>It includes training relevant to their job, provided no actual work is being carried out, in line with the scheme rules.</p>
<p>Given that the job retention scheme is characterised as a 'grant', has there been any guidance as to whether this constitutes State Aid, i.e will companies who have raised EIS/VCT funding need to be wary of this when looking at limits on fund raising?</p>	<p>There has not been any specific guidance yet to suggest whether this constitutes State Aid (unlike the clarity provided for CBILS for example). We will continue to look out for newly emerging guidance on this front.</p>
<p>Will you be able to be furloughed as an employee and also apply for self-employed support too? For example in the case that employees are part time and also freelancers?</p>	<p>There is currently no guidance to suggest you would not be able to do this; furloughed workers are not precluded from paid work from other jobs that they have (and can be furloughed for each job they have). On this basis, it would be reasonable to assume they could benefit from self-employed support subject to all of the required criteria for that being met (HMRC will contact you if you are eligible).</p>

Other	
Is HMRC going to charge interest on deferred VAT?	No, they have explicitly stated that they will not be charging penalties or interest on any VAT deferred as a result of the Chancellor's support scheme.
What experience have you had in obtaining extensions to Companies House filing dates?	As of yet, our clients have not required extensions and we would advise to consider the need carefully. However, our understanding is that it a quick online process, which would be fast-tracked, and provided that COVID-19 is stated as the reason for obtaining an extension, the approval would be granted with immediate effect. Click here for more information.
Please could you summarise what the government has stated in terms of being able to delay the personal tax payment. So normally individuals would have to pay something in the Summer and then in January? Will it now be just in January?	<p>Each year you would make two payments on account which are advance payments towards your income tax bill (including Class 4 NI if you are self-employed), unless:</p> <ul style="list-style-type: none"> • Your last self assessment tax bill was < £1k. • You've already paid > 80% of all the tax you owe, for example through your tax code or because your bank has already deducted interest on your savings. <p>Each payment is half of your previous year's tax bill and are typically due at midnight on 31 January and 31 July. If you were due to make a second payment on account by 31 July 2020, you do not need to pay this until 31 January 2021. If you would like to check payments on account you've already made and those that you will need to make, log onto your online account.</p>