

SME DIGEST

ADVICE FOR SMALL & MEDIUM SIZED ENTERPRISES



Edited by Adam Bernstein

SURVIVING IN BUSINESS

DEALING WITH MORE PRACTICALITIES OF CORONAVIRUS

Much has been said about key parts of the government's help for business in the current Coronavirus climate, in particular, the furloughing of staff. But there are other practicalities that firms should think about – such as their difficulties in paying taxes or complying with Companies House filing requirements.

By Adam Bernstein

TAX ISSUES

Deferral of VAT payments

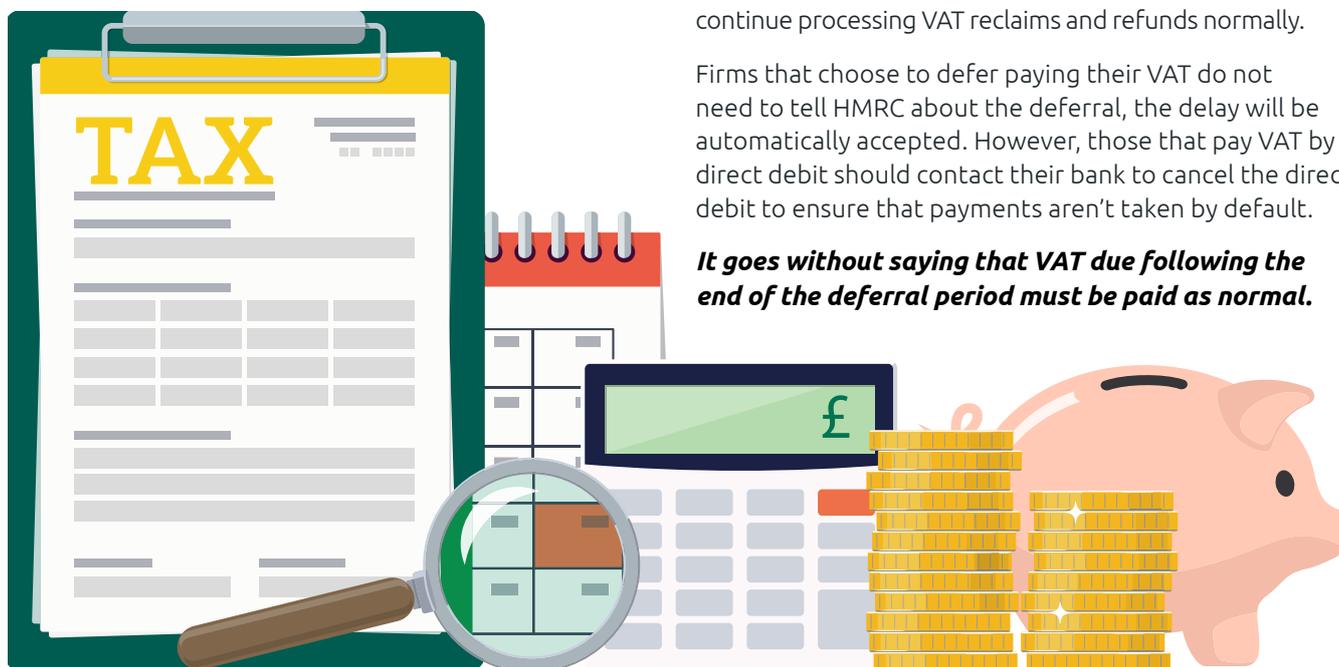
Ordinarily, VAT is due to be paid to HMRC one month and seven days after a VAT quarter has ended. While some businesses have the funds to pay what is due, many don't, and the government has changed the regime to allow for VAT payments due between 20 March and 30 June 2020 to be either paid as normal or deferred until 31 March 2021.

The change does not cover payments for VAT MOSS or import VAT.

HMRC has said that it will not charge interest or penalties on any amount deferred. However, businesses will still need to submit their VAT returns on time. As a 'bonus', HMRC is to continue processing VAT reclaims and refunds normally.

Firms that choose to defer paying their VAT do not need to tell HMRC about the deferral, the delay will be automatically accepted. However, those that pay VAT by direct debit should contact their bank to cancel the direct debit to ensure that payments aren't taken by default.

It goes without saying that VAT due following the end of the deferral period must be paid as normal.





Time to pay

Another measure that has been deployed is HMRC's Time to Pay. Used to great success during the financial crisis of 2008, this helps those in temporary financial distress because of Coronavirus by allowing them to establish an agreement to pay taxes that are due over an agreed length of time.

To take advantage of this process, taxpayers must contact HMRC as soon

as possible – especially so if they have missed a payment. Interest will still be due, but penalties can be avoided if timely contact with HMRC is made.

On top of the delay to VAT – above – HMRC is allowing automatic delays to self-assessment income tax payments on account that are due by 31 July 2020 to 31 January 2021. If the total income tax bill is less than £10,000, and it cannot be paid in one lump, instalments can be set up online. There is no need to contact HMRC if a payment plan has been set up online.

For more information there is help via the Self-Assessment Payment Helpline on 0300 200 3822.

For the self-employed

Another form of help for the self-employed is the Self-employment Income Support Scheme which will pay up to 80% of profits to a cap of £2500 per month for those earning less than £50,000 in profits. There are other qualifying criteria and the scheme will launch mid-May with monies being paid out in June.

Those that are eligible should have been contacted by HMRC; clearly, they should make direct contact if the communication was not received or was 'binned' because it was considered junk.

For other taxes

And for help with other taxes where payment is difficult, maybe a payment demand, such as a tax bill or a letter threatening legal action has been received, HMRC's advice is to call the office that sent the letter. Alternatively, the **HMRC Coronavirus helpline on: 0800 024 1222** may be able to assist.

COMPANIES HOUSE

In other regulatory matters, those businesses that are incorporated – limited companies or limited liability partnerships (LLP) – should consider the practicalities for the filing of accounts because of Coronavirus restrictions.

To stay on the register of companies – that is, to remain in business as a limited company – means filing returns to Companies House. However, the body notes the problems that Coronavirus is causing and has said that from 25 March 2020, businesses may apply for a three-month extension period to file their accounts. But unlike the extension to VAT payments, the extension is not automatic and companies seeking more time must complete an online application before the filing deadline. That said, those claiming an extension on the basis of 'issues around COVID-19' or 'health matters' will be automatically and immediately granted three months' extension. No further evidence is required. It should be stated that those companies that have already extended their filing deadline, or shortened their accounting reference period, are not guaranteed a filing extension.

Where there is any risk that the filing deadline could be missed, an extension should be applied for as late filing penalties are imposed automatically – this is especially relevant to companies whose accounts are filed late two years in a row as penalties double in the second year. If a late filing penalty is issued it can be appealed. There are policies in place to do with appeals that rely on unforeseen poor health; each appeal is treated on a case by case basis.

Submitting accounts

Given that Coronavirus has changed the business landscape somewhat, how firms compile, sign and submit accounts to Companies House should be thought about – especially if more time is required. Also, it should be borne in mind that Companies House has closed some of its offices and suspended all same-day services. Companies registered in England and Wales should send filings directly to the Cardiff office address at:

Companies House, Crown Way, Cardiff, CF14 3UZ.

Companies House has said that it will accept good photocopies of the signed accounts, but if paper filing proves difficult to arrange, smaller and audit-exempt companies (but not LLPs) should consider whether Web-filing may be an alternative. An online service, this does require manual entry of the figures to an online template and the person submitting the figures must be registered for Web-filing.

Lastly...

One last crumb of comfort for firms is that the compulsory striking off process is on-hold as from 16 April 2020. In essence, companies won't be placed into the dissolution process for failing to submit overdue accounts and/or overdue confirmation statement within four weeks of the missed filing deadline. This should help businesses with more time as they bring their records up to date during the current emergency.

All of these forms of help can be found on the gov.uk website @ [gov.uk/coronavirus](https://www.gov.uk/coronavirus)

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