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Tax E-News

Welcome to our monthly newswire, we hope that you find it useful. Please contact us if you wish to discuss any matters in this newsletter.

November 2020

JOB SUPPORT SCHEME (JSS) AMENDED AGAIN

Before we had even seen full details of the JSS that starts on 1 November the chancellor announced an extension to the scheme on 9 October and further changes on 22 October!

The JSS scheme originally announced in September has been made more generous to support businesses legally forced to close their premises as a direct result of Coronavirus restrictions imposed by one of the four UK governments. This is referred to as **JSS Closed**.

For those employers that can operate safely but continue to face reduced demand such that they may need extra support over the winter to help keep their employees attached to their workforce there is **JSS Open**. The scheme for those employers has been made more generous to encourage them to keep their employees in a job on shorter hours rather than making them redundant.

JSS Open and JSS Closed will commence on 1 November 2020 and will last for 6 months. Claims will be made monthly starting on 8 December.

JSS OPEN

Grants under JSS Open will be available to support the wages of employees working part time who were on the payroll on 23 September 2020 and subject to an RTI submission on or before that date.

The original proposal was that they would need to work at least 33% of their usual hours to be eligible but this has now been reduced to 20%.

For the hours not worked the employee must be paid 2/3 of their normal pay with the employer being responsible for 5% (previously 1/3) of this amount with the government providing a grant for the remaining 61.67%.

The employer will be responsible for national insurance costs and pension costs on the full amount paid to the employee.

The maximum government contribution will be £1,541.75 per month. This will ensure employees continue to receive at least 73% of their normal wages, where they earn £3,125 a month or less.

JSS CLOSED

Grants under JSS Closed will be available to support the wages of employees of businesses required to close who like JSS Open are on the payroll on 23 September 2020.

Claims can be made for employees who cannot work as a result of the Tier 3 or similar restrictions. Employers must be instructed to cease work for at least 7 days to qualify. Employers must agree the new scheme with the relevant staff and make changes to their contract of employment.

JSS CLOSED GRANT IS 2/3RDS OF "NORMAL PAY"

Where employees are paid at least 2/3rds of their normal pay for hours not worked the Government will pay a grant of 2/3ds of their normal pay subject to a maximum of £2,083.33 a month. Further details of how "normal pay" is calculated are still awaited. The employer will be responsible for paying national insurance and pension costs in respect of the employee.

When the business premises reopen employers can claim the JSS Open grant towards the employee's wages for hours not worked provided the employee works at least 20% of their usual hours. The employee cannot be made redundant or put on notice of redundancy during the period during which the employer is claiming the grant.

SELF EMPLOYED INCOME SUPPORT SCHEME (SEISS) ALSO IMPROVED

In his Winter Economy Plan the chancellor announced that SEISS grants would continue to be available, but at only 20% of average profits for the period to 5 April 2019. On 22 October he increased the amount of the third three-month grant to 40% of average profits, capped at £3,750.

MORE TIME TO PAY TAX DUE ON 31 JANUARY 2021

Those taxpayers who may have difficulty paying the tax due under self-assessment on 31 January 2021 can agree more time to pay with HMRC provided the amount outstanding is no more than £30,000.

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The government have already agreed that amounts due under self-assessment on 31 July 2020 could be deferred until 31 January 2021, but this latest announcement generally allows a further 12 months to pay.

A key condition is that the taxpayer does not have any outstanding tax returns, no other tax debts, or other HMRC payment plans set up. The payment plan needs to be set up no later than 60 days after the due date of a debt. Interest will accrue on the tax owed based on the outstanding balance at 1 February 2021.

You can either set up a payment plan online by logging into your HMRC online personal tax account or call the HMRC Payment Support Service.

CGT BUSINESS ASSET DISPOSAL RELIEF LIFETIME LIMIT JUST £1 MILLION

In the March 2021 Budget, it was announced that CGT Entrepreneurs' relief (ER) was replaced by CGT Business Asset Disposal relief (BADR) for disposals on or after 11 March 2020.

It was also announced that the 10% CGT rate would only apply to the first £1 million of qualifying gains in the taxpayer's lifetime and many business owners have misinterpreted how this limit applies. Unfortunately claims under the predecessor ER need to be taken into consideration so if £750,000 ER has already been claimed only the first £250,000 of qualifying gains after 11 March 2020 would qualify for BADR.

Any gains in excess of that amount would be taxed at normal CGT rates, currently 20% for higher rate taxpayers.

AIRBNB REPORTING PROPERTY RENTAL DETAILS TO HMRC

You may have seen in the newspapers that Airbnb will share data with HMRC about the earnings of hosts (those who let out property) on its UK platform in the years 2017/18 and 2018/19.

It is anticipated that HMRC will use this data to open enquiries into the tax affairs of individuals who have not declared letting income for 2017/18 and 2018/19. The deadline for opening an enquiry into a self-assessment return for 2018/19 is 31 January 2021, if the return was issued and submitted on time. The discovery rules allow HMRC to go back much further, potentially up to 20 years in some cases if the property income has not previously been reported.

RENT COVERED BY RENT A ROOM RELIEF

For many property owners the rental income will be tax free if it is within the £7,500 rent a room relief and will not even need to be reported. This applies where room(s) in the taxpayer's main residence are rented out, typically to lodgers. Where the house is owned jointly, they would qualify for £3,750 each tax free.

This £7,500 exemption would also apply where the property owners are temporarily absent and rent out their property, for example a house in SW19 during the Wimbledon fortnight.

A few years ago it was proposed that such lettings would not qualify but the legislation was dropped and the CGT lettings relief restriction was introduced in the latest Finance Act instead.

BRING YOUR TAX AFFAIRS UP TO DATE

2018/19 tax returns can be amended by the taxpayer up until 31 January 2021. Where the omitted property income or gain relates to earlier tax years the taxpayer should consider disclosing using HMRC's let property campaign. If this affects you we can assist you in putting together the details that HMRC require.

DIARY OF MAIN TAX EVENTS NOVEMBER/ DECEMBER 2020

Date	What's Due
1/11/20	Corporation tax for year to 31/01/2020 unless quarterly instalments apply
19/11/20	PAYE & NIC deductions, and CIS return and tax, for month to 5/11/20 (due 22/11 if you pay electronically)
1/12/20	Corporation tax for year to 28/02/2020 unless quarterly instalments apply
19/12/20	PAYE & NIC deductions, and CIS return and tax, for month to 5/12/20 (due 22/12 if you pay electronically)
30/12/20	Deadline for filing 2019/20 tax return online in order to request that HMRC collect outstanding tax via the 2020/21 PAYE code

Please contact a member of our team if you would like to discuss any of the issues raised.
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