Enews January 2022

In this month's Enews we consider the Chancellor's latest fund for businesses impacted by the pandemic; waivers to self assessment penalties; and the requirement to include COVID grants on tax returns. We also update you on both the Scottish and Welsh budgets. With guidance for employers and the FCA introducing a new duty to consumers, there is a lot to update you on.

Chancellor announces £1 billion fund for businesses

On 21 December 2021, Chancellor of the Exchequer, Rishi Sunak, unveiled a £1 billion COVID-19 fund, including cash grants of up to £6,000 per premises for each eligible firm.

Mr Sunak said the government would also help certain firms with the cost of sick pay for COVID-related absences.

The Chancellor also announced an extra £30 million to help support organisations such as theatres, orchestras and museums.

To support other businesses impacted by the Omicron wave – such as those who supply the hospitality and leisure sectors – the government is also giving a more than £100 million boost to the Additional Restrictions Grant (ARG) fund for local authorities in England.

The Chancellor said:

'We recognise that the spread of the Omicron variant means businesses in the hospitality and leisure sectors are facing huge uncertainty, at a crucial time.

'So, we're stepping in with £1 billion of support, including a new grant scheme, the reintroduction of the Statutory Sick Pay Rebate Scheme and further funding released through the Culture Recovery Fund.

'Ultimately the best thing we can do to support businesses is to get the virus under control, so I urge everyone to Get Boosted Now.'

Internet link: GOV.UK

Self assessment taxpayers must declare COVID grants on tax returns

HMRC has reminded self assessment taxpayers to declare any COVID-19 grant payments on their 2020/21 tax return.

According to HMRC, more than 2.7 million customers claimed at least one Self-employment Income Support Scheme (SEISS) payment up to 5 April 2021.

The tax authority says these grants are taxable and customers should declare them on their 2020/21 tax return before the deadline on 31 January 2022.

Myrtle Lloyd, HMRC's Director General for Customer Services, said:

'We want to help customers get their tax returns right, first time. We have videos, guidance and helpsheets available online to support you with your self assessment.'

The SEISS is not the only COVID-19 support scheme that customers should declare on their tax return. Information on which support payments need to be reported to HMRC and any that do not is available on GOV.UK.

Internet link: GOV.UK

HMRC waives self assessment penalties for one month to ease COVID-19 pressures

HMRC is waiving late filing and late payment penalties for self assessment taxpayers for one month.

The measure will give those taxpayers affected by the coronavirus (COVID-19) extra time, if they need it, to complete their 2020/21 tax return and pay any tax due.

HMRC is still encouraging taxpayers to file and pay on time if they can. The tax authority also revealed of the 12.2 million taxpayers who need to submit their tax return by 31 January 2022, almost 6.5 million have already done so.

The deadline to file and pay remains 31 January 2022. The penalty waivers will mean that:

- anyone who cannot file their return by the 31 January deadline will not receive a late filing penalty if they file online by 28 February; and
- anyone who cannot pay their self assessment tax by the 31 January deadline will not receive a late payment penalty if they pay their tax in full, or set up a Time to Pay arrangement, by 1 April.

However, interest will be payable from 1 February.

Angela MacDonald, HMRC's Deputy Chief Executive and Second Permanent Secretary, said: 'We know the pressures individuals and businesses are again facing this year, due to the impacts of COVID-19. Our decision to waive penalties for one month for self assessment taxpayers will give them extra time to meet their obligations without worrying about receiving a penalty.'

Internet link: HMRC press release

Scottish Budget 2022

Finance Secretary Kate Forbes delivered the 2022/23 Scottish Budget on 9 December 2021, setting out the Scottish Government's financial and tax plans.

The Budget outlined the government's spending plans, income tax and Land and Buildings Transaction Tax.

Announced in the Budget was almost £2 billion of low-carbon capital investment in infrastructure. This includes the first £20m of the 10-year Just Transition Fund to help the northeast and Moray transition from carbon-based industries.

The Scottish Budget announced the phased return of non-domestic rate liabilities, which had been subject to 100% relief due to the pandemic. Non-domestic rates will be 49.8p in the pound, however, rate relief for the retail, hospitality and leisure sectors will continue at 50% for the first three months of 2022/23, capped at £27,500 per ratepayer.

Small businesses with a rateable value of less than £15,000 on Scottish high streets will continue to pay no rates for all of next year, irrespective of which sector they are in, through the Small Business Bonus Scheme. Additionally, new builds will pay no rates for the first 12 months after occupation through the Business Growth Accelerator.

The Scottish Budget also announced that the Starter and Basic Rate bands of income tax (other than those for savings and dividend income) which apply to Scottish resident taxpayers will increase by inflation. The Higher and Top Rate thresholds will remain frozen.

Ms Forbes said:

‘The Scottish Budget will provide taxpayers with stability and support, set out clearly how we will accelerate our Covid recovery, and crucially, how our spending plans will set Scotland on a new ambitious path.’

Internet links: GOV.SCOT Budget statement GOV.UK news release

Welsh government delivers Budget

On 20 December 2021, the Welsh government outlined a Budget to *'build a stronger, fairer and greener Wales*'.

The Welsh government unveiled a £116 million package of funding to aid with the economic recovery from the COVID-19 pandemic. This will be combined with existing permanent relief schemes that see over 85,000 properties continue to receive support. The scheme will be capped at £110,000 per business.

Many firms had been receiving 100% off their rates, which helps to pay for services provided by local government, but previous COVID-19 business rate schemes have come to an end.

A further £35 million has been set aside to freeze the non-domestic rates multiplier for 2022/23, so there will be no increase in the amount of rates businesses are paying.

Meanwhile, an additional £1.3 billion in funding will be supplied to the NHS in Wales to help provide effective, high quality and sustainable healthcare following the COVID-19 pandemic.

The Budget also tackles inequality and invests in future generations through an additional £320 million to continue a long-term programme of learning and education reform.

Welsh government Finance Minister, Rebecca Evans, said:

'The UK government's Spending Review did not deliver for Wales and this Budget is delivered in that context. While there are tough choices ahead, we have been able to provide funding that will allow Wales to rise to the challenges we face, grounded in the distinctively Welsh values of environmental, social and economic justice.'

Internet link: GOV.WALES

FCA to introduce new consumer duty

The Financial Conduct Authority (FCA) is set to introduce a new consumer duty to better protect users of financial services.

The new rules will help tackle harmful practices such as providers of financial services presenting information in a way that exploits consumers' behavioural biases; selling products or services that are not fit for purpose; or providing poor customer support.

The FCA says it wants to *'drive a fundamental shift in industry mindset'* by raising standards and helping firms to get products and services right in the first place.

The new rules will mean firms will have to place emphasis on supporting and empowering their clients to make good financial decisions and avoid foreseeable harm throughout the customer relationship.

Firms will be required to provide customers with information they can understand; offer products and services that are fit for purpose; and provide helpful customer service.

A consultation will be open until 15 February 2022 and the FCA expects to confirm any final rules by the end of July 2022.

Sheldon Mills, Executive Director of Consumers and Competition at the FCA, said:

'Making good financial decisions is vital to financial well-being and trust, but too often consumers are not given the information they need to make good decisions and are sold products or services that do not offer the benefits they might expect. We want to change that.

'We've been working to set a higher standard for firms, to put more of the onus on them to act in their customers' interests and get their products and services right.'

Internet link: FCA website

HMRC latest guidance for employers

HMRC has published the latest edition of the Employer Bulletin. This guidance for employers, and their agents, includes articles on:

- reporting PAYE information in real time when payments are made early at Christmas
- preventing and correcting payroll errors
- Health and Social Care - National Insurance contribution increase
- UK-Swiss Convention on Social Security Coordination
- COVID-19 - summary of guidance published by HMRC
- VAT Reverse Charge on construction and building sites
- reporting benefits and expenses in real time
- notifying HMRC when you stop employing people.

Please contact us for help with employment matters.

Internet link: Employer Bulletin

Over 440,000 small firms at risk due to late payment crisis

More than 440,000 small firms could be forced out of business by the late payment crisis, according to the Federation of Small Businesses (FSB).

An FSB study of more than 1,200 business owners found that close to one in three has seen late payment of invoices increase over the last three months, with a further 8% experiencing other forms of poor payment practice.

As a result, 8% of small businesses say late payments are now threatening the viability of their business. This equates to 440,000 of the estimated 5.5 million small businesses in the UK.

FSB National Chairman, Mike Cherry, said:

‘After another frustrating festive season, small firms are facing flashpoint after flashpoint. Today, it’s a fresh wave of admin for importers and exporters – in three months’ time it will be a hike to the jobs tax that is national insurance contributions, a rise in dividend taxation, business rates bills and an increase in the national living wage.

‘On top of that, operating costs are surging – many will soon be trying to strike energy deals without the clout of big corporates, or the protections afforded to consumers.’