

ASE Global
Coronavirus Update – Saturday 21st March
2020
March 21th 2020

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At 9pm on 20th March, HMG published two very important notes that all businesses operators should read as soon as possible.

The links are noted below.

[COVID-19: support for businesses](#)

[COVID-19: guidance for employees](#)

ASE Commentary

Unlike many documents published by HMG, these two documents are very clear in what they say and in the guidance they offer both businesses and individuals. This note does intend to repeat what is written but offers the following comments in order to answer some of the questions that may arise when they are read.

- **Job Retention** – the important aspect is that relief of up to £2,500 per person requires the employer to designate the employee “furloughed”.

This term is defined in the employee guidance as being a classification established by the employer where the employee does not undertake any work for the employer.

There will many grey areas.

It may be impossible to arrange work in this way, for example, where the employee cannot carry out a full time job from home but can do many things. This is not being furloughed.

Equally, how is this enforced in terms of where an employee who is furloughed may be required to assist at any particular point in time but by doing so fails to meet the definition?

HMRC have promised more information but at present, they have outlined a scheme that is not drafted in a way to meet the usual critical tests of legislative interpretation by a court. It is by definition an emergency provision.

Employers should respond to its provisions accordingly and act in the best interests of the business and their employee to ensure that the best outcome is secured but one that can be justified in the months and years to come.

- The **Job Retention** scheme operates from 1 March 2020.

For those businesses who have already settled the March Payroll, the relief will apply from 1 April 2020 to 31 May 2020.

- **Taxes**, VAT and self-employed Income Tax, are effectively frozen.

No business should pay VAT during the period 20 March 2020 to 30 June 2020.

VAT refunds and reclaims remain subject to normal provisions.

Recovery of the VAT will be deferred until late 2020 and extended to 2021.

No deferral of PAYE is offered.

Businesses will have to apply to HMRC to secure a deferral of PAYE.

How this might interact with the relief offered to furloughed workers is unclear today. Self-employed Income Tax, due 31 July 2020, will be deferred until 31 January 2021.

- **Business Rates** relief is available for all types of business and no action is required – Local Authorities are charged with advising businesses in due course.

Business Interruption Loans are available if businesses contact their own bank or finance provider, offering 80% of the debt and the first year of interest to be underwritten by HMG

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