

CLIENT NEWSLETTER: June 2020

PAYROLL

The **advisory fuel rates** from 1 June 2020 have been announced.

The rates (with previous figures in brackets) are:

Petrol engines: to 1400cc: 10p (12p)

1401cc to 2000cc: 12p (14p)

over 2000cc: 17p (20p)

Diesel engines: to 160cc: 8p (9p)

1601 to 2000cc: 9p (11p)

over 2000cc: 12p (13p)

LPG: to 1400cc: 6p (8p)

1401-2000cc (8p (10p)

over 2000cc 11p (14p)

Employers may make claims for the coronavirus **statutory sick pay** rebate scheme (SSPRS) from 26 May 2020.

The scheme allows employers who have fewer than 250 employees to recover the whole cost of paying statutory sick pay for up to two weeks for people who are off work because of coronavirus, including quarantine and self-isolation. This applies to absences from 13 March 2020.

Note that SSPRS may only be claimed for SSP paid that relates to coronavirus. It may not be used for absences unrelated to coronavirus.

From 28 May 2020, a new category of person is added to those for whom the special coronavirus provisions for **statutory sick pay** (SSP) apply.

This adds to the list of employees, anyone who has been contacted and told to self-isolate because they have been in contact with someone who has the virus.

HMRC will no longer provide blank **P45 and P60 forms** to employers, other than the minority of employers who are excluded from the scope of real time information (RTI). Employers that are digitally exempt will be allowed to order them through the employers' helpline.

On 20 May 2020, the government announced that the existing **right to remain** scheme is extended to families and dependants of NHS workers and care workers who die from coronavirus. The right is given from 20 May with retrospective effect.

The original scheme was launched in April 2020 for health workers and care workers.

BUSINESS TAX

A judge is entitled to value **land owned by a trust** without the need for the land to be exposed to an open market sale. The Court of Appeal so decided on 3 March 2020.

Investors who have used enterprise investment scheme will not lose their tax relief because they subsequently invest through **Future Fund**. This is a government scheme to help innovative businesses by providing matched funding loans between £125,000 and £5 million.

PERSONAL TAX

HMRC has given advice to taxpayers who wish to **waive salary** or dividends. This reduces the tax liability provided:

- the waiver is before the salary or dividend is paid
- the amount waived is not applied elsewhere, such as to a charity
- for a dividend, the waiver is by a signed, witnessed and formally executed deed.

There is no tax reduction if the money is paid and then given back.

The **withdrawal charge** for a lifetime individual savings account (LISA) reduces from 25% to 20% between 6 April 2020 and 5 April 2021.

A LISA allows someone aged between 18 and 40 to save up to £4,000 a year until they are 50. The funds may be applied to buy a house or for a few other limited purposes. If funds are otherwise withdrawn they are subject to a withdrawal charge.

VALUE ADDED TAX

Between 1 March 2020 and 30 April 2020, VAT paid on **donated personal protective equipment** will be donated to healthcare charities. Businesses have until 30 June 2020 to tell HMRC what they have donated. From 1 May 2021, such equipment is zero-rated.

A tribunal has held that the **release of an option** to acquire land is an exempt supply for VAT.

A company could not claim input tax on legal advice about a **freezing order**. This was held to be an expense of the director and not of the business.

Fixed odds betting terminals are not subject to VAT, the courts have ruled. As HMRC has decided not to appeal the decision, this is final. This change means that betting shops and similar may claim back VAT paid on such terminals before 2013 when the law changed.

A tribunal found that a nail bar's **evidence of turnover** gave a more accurate assessment than HMRC's assessment. The nail bar produced CCTV footage from which it could be seen how many customers came in, what treatments they had, and how long they took.

INHERITANCE TAX

From 20 May 2020, all adults in England are considered to be **organ donors** unless they have specifically opted out. Ensuring that organs are donated promptly is a duty of the executor.

A woman who **killed her husband** may have the inheritance tax on his estate refunded when her conviction of murder was reduced to manslaughter. Someone cannot inherit from someone they have murdered under the forfeiture rule. This means that the spousal exemption could not apply when his property passed to their sons. Her charge was reduced because of her husband's coercive behaviour. The judge said that he was disapplying the forfeiture rule but added this was not a precedent for all similarly imprisoned wives.

STAMP TAXES

On the facts of the case, it was held that a transfer of property was made when a contract was entered into in June 2014 and not when the properties were conveyed in July 2015. Accordingly the transfer benefited from the **transitional relief** when the basis of stamp duty land tax changed in December 2014.

OTHER TAXES

The government has published details of the **UK Global Tariff** that will set rates of customs duty from 1 January 2021 when the UK transitional period ends and the UK no longer applies rates set by the European Union.

Cash dispensers are not subject to separate business rates, the Supreme Court has ruled.

The **London congestion charge** is reintroduced from 22 June 2020 at a higher charge and for longer periods.

TAX ADMINISTRATION

Finance Bill 2020 completed its final committee stage on 18 June 2020. The government added some sections in relation to coronavirus provisions.

PENSIONS

The **auto-enrolment** earnings limit remains at £10,000 for 2020/21.

The Court of Appeal held that there was an **unauthorised payment** from a pension fund when it was transferred to a new pension that was not properly established. This triggers a higher income charge. The transfer was the first in a series of steps.

WELFARE

It has been noted that self-employed claimants of universal credit could be adversely affected by the **self-employment income support scheme (SEISS)**. Universal credit has a surplus income rule which can be triggered by SEISS payments.

From 23 May 2020, some amendments are made to the rules for **tax credits**. These broadly allow days when the claimant is volunteering in coronavirus-related work to be disregarded.

BUSINESS FINANCE

On 19 May 2020, the government launched the **Coronavirus Large Business Interruption Loan Scheme (CLBILS)**. This allows businesses that are too big for Coronavirus Business Interruption Loan Scheme to receive a loan of between £50 million and £200 million provided this does not exceed 25% of annual turnover. This is subject to a general ban on paying dividends, share buybacks and cash bonuses.

Companies that are **heavily geared** should seek further funding from share issues rather than loans, the governor of the Bank of England said on 20 May 2020.

Insurance companies are being challenged by a group of business leaders, by the Financial Conduct Authority and by the British Dental Association for not paying out on business interruption insurance when they have been forced to close because of coronavirus.

The capital requirements for banks under **Basel III** has been delayed to 2023, it has been confirmed. The delay allows banks to concentrate on coronavirus-related measures.

PERSONAL FINANCE

About one in five mortgage borrowers are taking a **mortgage holiday** in May 2020.

On 22 May 2020, the Treasury said the three-month **mortgage holiday** will be extended to six months to 31 October 2020.

The government issued guidance on how the lockdown has impacted on the **Help to Buy scheme**. The scheme continues but desktop valuations are encouraged.

Mastercard is being sued in the UK's biggest class action claim, representing 46 million consumers. The claim alleges that Mastercard overcharged merchants between 1992 and 2008, resulting in consumers overpaying £14 billion.

LAW

On 20 May 2020, the government introduced the **Corporate Insolvency and Governance Bill**. This introduces the permanent provision of a company having a moratorium when in financial difficulties. It also introduces temporary provisions in relation to coronavirus.

Unofficial work before the start of a contract of employment does not count towards the two years necessary to bring a claim for unfair dismissal, the employment appeal tribunal has ruled.

The courts have powers to control **company administrators**, the Court of Appeal has ruled. This means that the courts may intervene if an administrator acts in a way that is unfair, even though it is legal.

An injunction would not be granted against **persons unknown** when it was not clear how that injunction would be conveyed, the Court of Appeal has ruled.

From 2 May 2020, certain provisions of competition law are disapplied for **dairy products** to help ensure supplies.

From 19 May 2020, there are new laws to address issues of **alcohol-fuelled crime**.

In relation to the right to family life, **foster care** should be treated the same as family life, the Court of Appeal ruled. There was no legal basis for the Home Office to assert that foster care was different. Therefore such distinction could not be made for immigration purposes.

Two free-standing **urns** were not covered by a Grade II listing of a building. Therefore a local council had no authority to require the property owner to recover them after a sale.

OTHER MATTERS

Some changes were made to **lockdown rules** in England on 11 May 2020. Similar provisions have been made in Scotland.

On 20 May 2020, the government issued its first long-term with a **negative interest rate**.