

## A guide to managing your cashflow throughout the pandemic & beyond...

Over the next few months as measures are being lifted to kick start the economy, managing cashflows will be more important than ever. We have put together a guide to help businesses and business owners plan their cashflow with a reminder of some of the cash crunch points that are coming up in the next few months.

### July 2020

- HMRC are allowing Self-Assessment taxpayers to defer making their 31 July second payment on account for 2019/20 to 31 January 2021, if they are "finding it difficult to pay due to the impact of coronavirus".
- Recently issued Self-Assessment statements are showing the July interim payment as now due in January 2021 - no formal election or claim is needed, the deferment is automatic.
- It's important to note that not paying in July and leaving it until January 2021 will mean a potential doubling-up of tax to pay then - along with any balancing payment for 2019/20 and first interim payment for 2020/21 (depending on 2019/20 and 2020/21 income levels).
- Our advice to taxpayers is, if you are able to pay your July instalment, consider doing it (or at least setting it aside for January 2021).
- Business owners who are struggling for cash now will need be wary of that potential double-hit of personal tax next January and make plans to ensure either they or their business will have the funds.
- 15th July, start of temporary VAT cut. 5% VAT to be charged in hospitality, accommodation, and attractions sector until 12th January 2021.
- 13th July business will be able to register for Eat Out to Help Out Scheme. The scheme will offer adults and children a 50% discount, of up to £10 per head (inclusive of VAT), for food and soft drinks to eat or drink in.

### August 2020

- The Eat Out to Help Out Scheme starts on Monday 3 August to Monday 31 August.

### September 2020

- The Coronavirus Business Interruption Loan Scheme (CBILS) finishes at the end of September.
- Time is running out if you don't have enough cash to run your day-to-day operations, so it is advised to consider using this scheme if you think you'll have a shortfall of cash. You can still access the loan scheme if you have not done so already. **G+E can support such applications. \* As a reminder, no interest or fees charged in first 12 months after drawdown with then up to 5 years to repay.**
- Employers will have to contribute to the wages of furloughed employees from September with the credit under CJRS reducing to 70%.
- 30 September 2020 is the last day for reimbursement service re Eat Out to Help Out Scheme.

### October 2020

- Most businesses with a 31 December year end will need to make their corporation tax payment for the year ended 31 December 2019 by 1 October 2020. Remember to approach HMRC early to agree a Time to Pay arrangement if you are likely to have difficulties making payment on time. Companies that will have losses in 2020 should consider approaching HMRC to agree a provisional loss carry back to 2019.
- During October, the CJRS credit will reduce to 60% and the scheme ends on 31 October 2020.

### November 2020

- CJRS has come to an end but the new Job Retention Bonus Scheme will reward employers £1000 bonus per employee for bringing their staff back to work. You must continuously employ an employee brought back from furlough through to January 2021 in order to receive the bonus.
- Business Bounce Back Interruption Loan Scheme will close 4th November : again businesses should explore if this facility up to £50k would be suitable and make application in a timely fashion. **\* As a reminder, no interest or fees charged in first 12 months and then up to 5 years to repay.**

### January 2021

- Personal tax returns must be filed by 31st January, along with payment of any tax due - balancing payment for 2019/20 and first interim payment for 2020/21.
- Business owners who take their income via dividend will likely have a large tax payment to make - which may be larger still if they deferred their July 2020 second instalment for 2019/20 to January 2021.
- It's important that business owners be sure they either have sufficient personal funds to settle their January tax bill, or the company has enough cash to loan or dividend them the amount needed.
- 12th Jan is the last day for 5% VAT on supplies of hospitality, accommodation, and attractions sector.

### March 2021

- 31 March 2021 is the last date by which any VAT deferred under the Covid-19 VAT deferral scheme which was in place between March and June 2020 must be paid.
- Businesses have flexibility to start repaying the deferred VAT back to HMRC at any point and we would encourage businesses to start to do so if they can to prevent a significant payment being required in March 2021 when the economy may still be fragile.

### April 2021

- The business rates holiday which was announced in March 2020 for hospitality, retail, leisure and nursery businesses is due to end on 5 April 2021. Businesses should budget for the need to restart business rate payments unless further holidays or reform is announced.

Above are just a few things to consider over the coming months to ensure you are aware of some of the key cash crunch points.

If you have any queries around any of the points mentioned above or would like our help, contact [support@garbutt-elliott.co.uk](mailto:support@garbutt-elliott.co.uk) for more information.