

Farms and Estates Update

DRIVING LIFELONG PROSPERITY

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COVID-19 – SO WHERE ARE WE NOW?

2020 has already been an extraordinary year and we are only in May! We have had rain and flooding in some areas throughout January, February and early March. On 31 January the UK officially left the European Union and on the same date we had the first reported cases of coronavirus. Thankfully, the rain subsided in March and allowed UK farmers the long-awaited opportunity to start planting. Unfortunately, this coincided with a rapid increase

in the number of reported cases of coronavirus leading to the Government's announcement on 23 March of UK lockdown.

Since mid-March, the Government has announced significant measures to help support businesses through these unprecedented times. Below are some of our suggested actions to help see your business through.

30 POINT CHECKLIST

ACCESS TO GOVERNMENT BACKED CASH

- Coronavirus job retention scheme (CJRS), support to furlough employees.
- Small and medium-sized businesses and employers can reclaim up to two weeks SSP for sickness due to COVID-19.
- Self-employed income support scheme (SEISS). Based on average taxable profits before farmers averaging in 2018/19, 2017/18 and 2016/17.
- £10,000 grants for businesses in receipt of the small business rate relief and £25,000 for businesses in the retail, hospitality and leisure sector as well as a business rate holiday for 2020/21.
- Grant for dairy farmers who have lost more than 25% of their income over April and May due to coronavirus disruption. The grant is to cover 70% of lost income up to a maximum of £10,000.
- Discretionary grants from local authorities. The grant is aimed at small businesses with ongoing fixed property-related costs (such as B&Bs paying council tax), but the local authority may choose who to make payments to based on local economic need. The payment may be a maximum of £25,000 or £10,000 or lower.
- Small business bounce-back loans between £2,000 and £50,000, interest free for first year, 2.5% thereafter, repayable over 6 years. Fully underwritten by the Government so banks will make funds available quickly.
- Coronavirus business interruption loan scheme (CBILS) for loans up to £5 million.
- Coronavirus large business interruption loan scheme (CLBILS) for loans up to £25 million.
- If your income has taken a severe hit, consider applying for universal credit.

CASHFLOW ASSISTANCE

- Deferral of VAT payments due between 23 March and 30 June 2020 until the end of March 2021.
- Deferral of self-assessment payments on account due 31 July 2020 until 31 January 2021 with no interest charged on tax deferred.
- Request a time to pay (TTP) arrangement with HMRC to spread PAYE and corporation tax payments.
- Where existing borrowing is in place speak to your bank about a possible capital repayment holiday.
- Speak to other finance providers such as HP, PCP and asset finance about a short-term repayment holiday.
- Prepare cash flow projections, templates are available on the Hazlewoods website.

ADMINISTRATIVE MATTERS

- Where appropriate consider making protective tax credits and/or child benefit claims now.
- BPS submission deadline has been extended to 15 June 2020.
- If due to COVID-19 you are not able to file your accounts at Companies House by the filing deadline, provided you have not recently changed your financial year end, you can apply for a three-month extension. The application must be made online before the filing deadline.
- Wills, time for review. Some people just need a nudge to get this done and for many the current situation is just that.
- Consider expenditure to be included in your annual accounts. If you have been unable to carry out necessary work before your year end due to the current restrictions, such as repairs on buildings, then a tax deductible provision should be made in the accounts for the likely expenditure.
- Get your tax return completed early. In March, April and May people have turned to baking banana bread, Zoom meetings and family walks – wouldn't it be nice if June was the month to send in the information for their tax return...
- The rules for reporting CGT on residential property sales changed to within 30 days of completion from 5 April this year. In the present climate very few sales are taking place and HMRC are taking a reasonably relaxed approach to penalties.
- The CLA are lobbying Parliament to delay the start of the agricultural payment transition from 2021 to 2022. They are now asking members to consider writing to their MP, detailing the impact that starting the cuts to direct payments next year would cause to their farm or business.

PLANNING IDEAS

- Could you utilise one of the 12-month interest-free loans available to possibly invest in your business? The annual investment allowance (AIA) on plant and machinery limit for immediate tax relief will reduce from £1 million on 31 December 2020. Should you be looking to utilise the limit before that date when it potentially reduces to £200,000.
- Farmers averaging of profits. This can be used to reduce the tax already paid on profits in previous years, by moving profits forward to later years when profits may be lower, which could result in a tax refund.
- If you are a sole trader or partnership, consider changing your financial year end to bring forward losses.
- Trading companies should consider if they are eligible to claim R&D tax credits.
- There is potentially a buying opportunity for those with cash, though not for the faint hearted! Consider pension contributions, property acquisitions and other long-term investments.
- If you are looking to rollover gains, then may be difficult to incur eligible expenditure in the current conditions. HMRC may allow an extension from three years after gain to up to six years. If you want to utilise this extension you will need to keep evidence of reason for delays.

Please visit our website for up to date information and what is happening on the ground:
bit.ly/hazlewoods-agriculture-support

If you have a specific question or would like advice on any matters, please contact one of the Farms and Estates team.



NICK DEE
Partner

nick.dee@hazlewoods.co.uk



NICHOLAS SMAIL
Partner

nicholas.smail@hazlewoods.co.uk



LUCIE HAMMOND
Associate Partner

lucie.hammond@hazlewoods.co.uk



PETER GRIFFITHS
Director

peter.griffiths@hazlewoods.co.uk



SUE BIRCH
Associate Director

sue.birch@hazlewoods.co.uk

Staverton Court, Staverton, Cheltenham, GL51 0UX
Tel. 01242 680000
www.hazlewoods.co.uk / @Hazlewoods

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