

Written 3 June 2020

C19 BUSINESS NEWS UPDATE

INTRODUCTION

In this newsletter we outline details of the Governments advice on how to treat certain expenses and benefits provided to employees during the Pandemic. We also outline support from business representative organisations and trade associations, public health border measures and other pertinent Government updates.

HOW TO TREAT CERTAIN EXPENSES AND BENEFITS PROVIDED TO EMPLOYEES DURING CORONAVIRUS (COVID-19)

Find out about taxable expenses and benefits when they are paid to employees because of coronavirus and how to report them to HMRC.

This guidance is about Income Tax treatment only. National Insurance contributions treatment may vary depending on the individual benefit or expense.

See: https://www.gov.uk/guidance/how-to-treat-certain-expenses-and-benefits-provided-to-employees-during-coronavirus-covid-19?utm_source=ccb18039-68cb-40ea-a9f2-be6feeb64e40&utm_medium=email&utm_campaign=govuk-notifications&utm_content=immediate

Please talk to us if you need clarification in any of these areas.

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Living accommodation

If your employee is working at a permanent workplace

If you are providing living accommodation for an employee working at a permanent workplace because of coronavirus, the cost will be taxable.

If an exemption applies, for example, if your employee is a warden of a sheltered housing scheme and is living at the premises, where they are on call outside normal working hours, there will be no tax charge.

If your employee is working at a temporary workplace (for less than 24 months)

Tax relief is available for your employees who are provided with living accommodation when working at a temporary workplace because of coronavirus.

You should report the cost of providing the accommodation on a P11D as normal, even if the value of the benefit is nil.

Lodging expenses

If your employee cannot return home because of coronavirus you may agree to reimburse their subsistence expenses and lodging expenses, for example if they stay in a hotel room.

These are taxable and can be reported through a PAYE Settlement Agreement.

Volunteer fuel and mileage costs

To support volunteer work by your employees, you may agree to refund fuel costs or fund the costs of volunteer mileage.

Employees using company cars

You may agree to refund the fuel costs (using the Advisory Fuel Rates) of your employees carrying out volunteer work related to coronavirus, for example, delivering medical supplies including PPE.

These refunds are a benefit and you may settle any tax and National Insurance contributions on your employee's behalf by reporting through a PAYE Settlement Agreement.

You may also agree to fund the cost of fuel for volunteer mileage related to coronavirus.

Volunteer mileage should not be considered for the purposes of the car fuel benefit charge for company cars.

Any tax and National Insurance contributions due should be reported through a PAYE Settlement Agreement as a coronavirus related benefit based on the appropriate advisory fuel rate for the volunteer mileage.

Employees using private cars

If your employee uses their own car to volunteer you can refund them up to the level of the approved mileage allowance rate. This is taxable and should be reported through a PAYE Settlement Agreement as a coronavirus related benefit.

If you pay your employee less than the approved mileage allowance rate they cannot claim mileage allowance relief.

Paying or refunding transport costs

If you pay or refund your employee the cost of transport from work to home, this is considered to be a benefit. This is because journeys between an employee's workplace and home are private journeys.

In some circumstances there is an exemption from paying tax on this benefit. For this to happen, all of the following 4 conditions must be met:

- the employee has to work later than usual, and until at least 9pm
- this happens irregularly
- by the time the employee finishes work, either:
 - public transport has stopped
 - it would not be reasonable to expect them to use public transport
- the transport is by taxi or similar road transport

Your employees may regularly travel to work in a car with one or more other employees using a car-sharing arrangement. If this arrangement stops because of unforeseen and exceptional circumstances, which are coronavirus related, and you provide transport or reimbursement of the expense of transport from your employee's home to workplace, this may also be exempt. The total number of exempt journeys cannot exceed 60 journeys in a tax year. This is a single limit that applies to the late-night journeys and the failure of any car-sharing arrangement, together.

If these requirements are not met, free or subsidised transport is taxable and should be reported through a PAYE Settlement Agreement as a coronavirus related benefit.

Free or subsidised meals

You do not have to report anything to HMRC or pay tax and National Insurance if you offer all your employees:

- free or subsidised meals of a reasonable value at a workplace canteen
- vouchers that cover the cost of buying these meals

Free or subsidised meals that are not exempt

This includes meals that are:

- not on a reasonable scale, for example elaborate meals with fine wines
- provided off-site but not at a canteen, for example at a restaurant

- not available to all staff, for example meals for directors only
- provided under salary sacrifice or flexible remuneration arrangements (also known as 'flexible benefit plans')

If you provide your employees with vouchers for meals outside the workplace find out how to report this to HMRC, here: https://www.gov.uk/guidance/how-to-treat-certain-expenses-and-benefits-provided-to-employees-during-coronavirus-covid-19?utm_source=ccb18039-68cb-40ea-a9f2-be6feeb64e40&utm_medium=email&utm_campaign=govuk-notifications&utm_content=immediate#report

If you provide other vouchers, cash allowances or employee accounts, this counts as earnings, for example:

- vouchers that can be exchanged for either food or cash
- cash allowances for meals
- top-up payments to an employee's account for workplace food and drink using a card or PIN system

For these costs, you must:

- add the amount to your employee's other earnings
- deduct and pay PAYE tax and Class 1 National Insurance through payroll

If the meals or vouchers you provide are not exempt, you need to report them to HMRC and deduct and pay tax and National Insurance on the costs.

Company car 'availability'

Your employee may have been furloughed or is working from home, because of coronavirus, and provided with a company car which they still have. You should treat the car as being made 'available for private use' during this period even if your employee is:

- instructed to not use the car
- asked to take and keep a photographic image of the mileage both before and after a period of furlough
- unable to physically to return the car or the car cannot be collected from the employee

Where restrictions on movement applies because of coronavirus and prevents the car from being handed back or collected, HMRC will accept that a company car is unavailable in the following circumstances:

- where the contract has terminated - from the date that the car keys (including tabs or fobs) are returned to the employer or to a third party as instructed by the employer
- where the contract has not been terminated – after 30 consecutive days from the date that the car keys (including tabs or fobs) are returned to the employer or to a third party as instructed by the employer

The return of keys means that a car cannot be driven in any circumstances even if it is still in the possession of your employee.

We also recognise that following relaxation of coronavirus restrictions, it may take some time to collect cars where contracts have been terminated. As long as your employee continues to have no access to the keys until the car is collected from them, HMRC will still regard the car as being unavailable.

Employee Car Ownership Schemes (ECOS)

Employees who have used ECOS arrangements, including a loan from a third party to purchase a car, may have to return the car at the end of the loan period for its value to be assessed as a final settlement of the loan.

Due to coronavirus restrictions, if your employee has not been able to return the car to the dealership or factory for its assessment, there may be an income tax charge on the amount of the loan still owing.

If the loan period was less than 4 years, it may be possible for your employee to arrange an extension with the loan provider for a few more months. This will cover the period until the car can be returned and the loan settled. If this is done, HMRC will accept that the arrangements do not give rise to the Income Tax charge. If however, the loan is extended beyond 4 years, an Income Tax charge will arise.

Salary sacrifice

Changes in circumstances because of coronavirus are accepted as a lifestyle change which allows salary sacrifice arrangements to be reviewed. If your employee chooses to amend a salary sacrifice arrangement because of coronavirus, you must make sure the change is reflected in the terms and conditions of their employment.

The rules on salary sacrifice changed in April 2017 and for most arrangements entered into before 6 April 2017, these new benefit valuation rules now apply.

The transitional rules apply for a longer period where the benefit is:

- the provision of a car with emissions of more than 75g CO₂/km
- provided living accommodation
- the payment of school fees

The new rules will not apply to these types of benefits until 6 April 2021, unless employees vary or renew their arrangements.

An arrangement is not regarded as being varied if the variation of the arrangement is only directly in connection with coronavirus.

Employer provided loans

A salary advance or loan to help your employee at a time of hardship counts as an employment-related loan. Loans provided with a value less than £10,000 in a tax year are non-taxable.

Employees working from home

Check which expenses are taxable if your employee works from home because of coronavirus [here: https://www.gov.uk/guidance/check-which-expenses-are-taxable-if-your-employee-works-from-home-due-to-coronavirus-covid-19](https://www.gov.uk/guidance/check-which-expenses-are-taxable-if-your-employee-works-from-home-due-to-coronavirus-covid-19)

How to report to HMRC

Any expenses or benefits which are related to coronavirus can be reported on your PAYE Settlement Agreement.

If you are currently payrolling benefits in kind, you may continue to report expenses and benefits through your payroll as long as you have registered with HMRC before the start of the tax year (6 April). You may also continue to report expenses and benefits through P11D returns.

HMRC expects all P11D and P11D(b) returns to be completed online by 6 July 2020 for the tax year 2019-20, paper options are available for employers unable to file online.

CORONAVIRUS SUPPORT FROM BUSINESS REPRESENTATIVE ORGANISATIONS AND TRADE ASSOCIATIONS

Business Representative Organisations and Trade Associations are providing coronavirus related support for specific sectors.

The government is working with Business Representative Organisations and Trade Associations to help the national response to coronavirus.

The link below shows a list of organisations you can speak with to get advice. Many of these organisations are also happy to respond to non-member queries related to coronavirus.

Many of these websites also include sector-specific guidance and Q&A. This list does not cover all trade associations and business representatives.

Contents

- Aerospace and Defence, and Aviation
- Agriculture
- Architecture
- Arts, Libraries and Museums
- Automotive
- Chemical, Health Technology and Pharmaceutical
- Construction
- Creative
- Energy
- Engineering and Manufacturing
- Entertainment
- Events
- Export
- Fashion
- Finance
- Food supply
- Hair and beauty
- Health
- Hospitality
- Housing
- Infrastructure
- Labour and recruitment
- Legal
- Life science
- Maritime
- Marine
- Professional and Business Services Sector
- Retail
- Small businesses
- Space
- Sport
- Technology
- Tourism
- Transport

See: https://www.gov.uk/guidance/coronavirus-support-from-business-representative-organisations-and-trade-associations?utm_source=eb3f35ce-8c30-450f-9546-e5fd6e3c8aff&utm_medium=email&utm_campaign=govuk-notifications&utm_content=immediate

PUBLIC HEALTH BORDER MEASURES TO COME INTO FORCE NEXT WEEK

The rules covering new measures to be imposed at the UK border from next week to protect against coronavirus were published on 3 June 2020.

The self-isolation measures being introduced are designed to prevent new cases being brought in from abroad and to prevent a second wave of the virus.

Key measures being introduced include:

All arrivals – bar a short list of exemptions - will be required to complete an online locator form to supply contact details, travel details and the address of where they will self-isolate for 14 days. Where international travellers are unable to safely self-isolate in their own accommodation the Government will support them finding appropriate accommodation at their own expense.

Passengers arriving in the UK will be required to self-isolate for 14 days and could be contacted regularly throughout this period to ensure compliance. Public Health England will contact people at random to ensure they understand the requirements and are self-isolating. Removal from the

country would be considered as a last resort for foreign nationals who refuse to comply with these public health measures.

Anyone failing to comply with the mandatory conditions may face enforcement action. A breach of self-isolation would be punishable with a £1,000 fixed penalty notice in England or potential prosecution and unlimited fine.

The level of fine could increase if the risk of infection from abroad increases. The Devolved Administrations will set out their own enforcement approaches.

Border Force will undertake checks at the border and may refuse entry to any non-resident foreign nationals who refuses to comply with these regulations and is not resident in the UK. Failure to complete the form is also punishable by a £100 fixed penalty notice.

The rules do not apply those travelling from within the CTA (Ireland, the Isle of Man and the Channel Islands) - unless they have arrived in the CTA from overseas within the last 14 days, in which case they will have to provide locator details and self-isolate on arrival here. This will help make sure that those who could have come into contact with the virus overseas cannot bypass the self-isolation measures.

The Government continues to look at other options to increase travel when it is deemed safe to do so. These include arrangements, known as “air bridges” or international travel corridors, which would remove self-isolation measures and safely open up routes to and from countries with low transmission rates.

Agreement would need to be made with individual countries before these measures take effect and the UK would seek assurances that any safe corridors met the needs of both countries.

See: https://www.gov.uk/government/news/public-health-border-measures-to-come-into-force-next-week?utm_source=fc124a36-8a01-4107-9db8-e45ca746b8f0&utm_medium=email&utm_campaign=govuk-notifications&utm_content=immediate

WHAT PARENTS AND CARERS NEED TO KNOW ABOUT SCHOOLS AND OTHER EDUCATION SETTINGS DURING THE CORONAVIRUS OUTBREAK

Information for parents and carers about the wider opening of nurseries, schools and colleges, transport, attendance, free school meals and remote education.

See: https://www.gov.uk/government/publications/closure-of-educational-settings-information-for-parents-and-carers?utm_source=d8846360-051b-48fa-bbff-e98202033108&utm_medium=email&utm_campaign=govuk-notifications&utm_content=immediate

ACTIONS FOR EARLY YEARS AND CHILDCARE PROVIDERS DURING THE CORONAVIRUS OUTBREAK

What childcare services early years settings, childminders and local authorities need to provide during the coronavirus (COVID-19) outbreak.

See: https://www.gov.uk/government/publications/coronavirus-covid-19-early-years-and-childcare-closures?utm_source=be357592-21bf-44bb-a6e1-d0b39703de99&utm_medium=email&utm_campaign=govuk-notifications&utm_content=immediate

MANAGEMENT OF STAFF AND EXPOSED PATIENTS AND RESIDENTS IN HEALTH AND SOCIAL CARE SETTINGS

This guidance provides advice on the management of staff and patients or residents in health and social care settings according to exposures, symptoms and test results. It includes:

- staff with symptoms of COVID-19
- staff return to work criteria
- patient exposures in hospital
- resident exposures in care settings

Please note that this guidance is of a general nature and that an employer should consider the specific conditions of each individual place of work and comply with all applicable legislation, including the Health and Safety at Work etc. Act 1974.

There may be further information specific to each country in the United Kingdom, as this guidance was written by Public Health England primarily for an English health professional audience. To see if country specific information is available, please refer to Health Protection Scotland, Public Health Wales, or Public Health Agency in Northern Ireland.

See: https://www.gov.uk/government/publications/covid-19-management-of-exposed-healthcare-workers-and-patients-in-hospital-settings?utm_source=226aa43e-cc54-4eef-acfb-2cfbb734eaa8&utm_medium=email&utm_campaign=govuk-notifications&utm_content=immediate

ANSWERS TO THE MOST COMMON TOPICS ASKED ABOUT BY THE PUBLIC FOR THE CORONAVIRUS PRESS CONFERENCE

The public has submitted over 300,000 questions so far through the 'Ask a question at the coronavirus press conference' service. The Government has analysed 169,000 questions submitted between 10 May and 12 May and answered questions that best capture the most common topics people asked about.

See: https://www.gov.uk/guidance/answers-to-the-most-common-topics-asked-about-by-the-public-for-the-coronavirus-press-conference?utm_source=12e1ea45-f4ca-49bd-b6ea-

[7d0bf3d601f1&utm_medium=email&utm_campaign=govuk-notifications&utm_content=immediate](https://www.gov.uk/guidance/coronavirus-covid-19-information-for-farmers-landowners-and-rural-businesses?utm_medium=email&utm_campaign=govuk-notifications&utm_content=immediate)

INFORMATION FOR FARMERS, LANDOWNERS AND RURAL BUSINESSES

The latest information for farmers, landowners and rural businesses during the coronavirus (COVID-19) outbreak.

See: https://www.gov.uk/guidance/coronavirus-covid-19-information-for-farmers-landowners-and-rural-businesses?utm_source=c8499c1e-778d-4160-8c54-ba70748996e1&utm_medium=email&utm_campaign=govuk-notifications&utm_content=immediate

GETTING TESTED

Guidance on coronavirus testing, including who is eligible for a test and how to get tested. The following groups of people can ask for a test through the NHS website:

<https://www.nhs.uk/conditions/coronavirus-covid-19/testing-and-tracing/ask-for-a-test-to-check-if-you-have-coronavirus/>

- anyone in England and Wales who has symptoms of coronavirus, whatever their age
- anyone in Scotland and Northern Ireland aged over 5 who has symptoms of coronavirus

The following groups of people can access priority testing through GOV.UK, depending where they live in the UK (see link below).

- essential workers in England, Scotland, Wales and Northern Ireland
- anyone in England, Scotland, Wales and Northern Ireland over 5 years old who has symptoms of coronavirus and lives with an essential worker
- children under 5 years old in England and Wales who have symptoms of coronavirus and live with an essential worker (this test must be performed by a parent or guardian)

See: https://www.gov.uk/guidance/coronavirus-covid-19-getting-tested?utm_source=f344c26f-7444-4cee-927c-006f8eaeaf008&utm_medium=email&utm_campaign=govuk-notifications&utm_content=immediate

EUROPEAN STRUCTURAL AND INVESTMENT FUNDS (ESIF): CORONAVIRUS (COVID-19) RESPONSE

The information provided on this page aims to keep ESIF partners informed on the developments regarding the 2014 to 2020 European Structural and Investment Funds in

response to COVID-19. It will be updated as developments take place and information becomes available.

In addition to the information shared on this page, you can also view the latest messages sent out through our ESIF Partner Bulletin - <https://us2.campaign-archive.com/home/?u=38c419b74d4bb7775b5dcb565&id=b6fe21de32>

The European Structural and Investment Funds programme provides funds to help local areas grow. The funds support investment in innovation, businesses, skills and employment and create jobs.

Running from 2014 to 2020, there are 3 types of funds involved in the programme:

- European Social Fund (ESF) focuses on improving the employment opportunities, promoting social inclusion and investing in skills by providing help people need to fulfil their potential
- European Regional Development Fund (ERDF) supports research and innovation, small to medium sized enterprises and creation of a low carbon economy
- European Agricultural Fund for Rural Development (EAFRD) supports rural businesses to grow and expand, improve knowledge and skills and get started –
Read more information and access documents on this fund

See: <https://www.gov.uk/guidance/england-2014-to-2020-european-structural-and-investment-funds>