

TECHNICAL UPDATES

Our regular roundup of legal and regulatory change

EMPLOYMENT LAW



THIS SECTION IS SUMMARISED FROM THE BULLETINS OF VARIOUS LAW FIRMS AND ASSOCIATIONS. NONE OF THE INFORMATION IN THIS UPDATE SHOULD BE TREATED AS LEGAL ADVICE

COVID-19: GOVERNMENT ISSUES GUIDANCE FOR BUSINESS AND THE PUBLIC

Businesses, employers and employees should all access the government's new guidance and emergency measures for shoring up the UK economy during the coronavirus (COVID-19) outbreak.

Pages are being regularly updated to reflect the situation as it changes day to day. In particular there are resources for employers to share with workers about their rights and posters that can be displayed or emailed.

The guidance will particularly assist employers and businesses in providing advice to their staff on:

- the novel coronavirus, COVID-19;
- how to help prevent the spread of COVID-19;

- what to do if someone has symptoms of COVID-19 and has been in business settings; and
- eligibility for sick pay.

It also provides details of support available to businesses including:

- a Coronavirus Job Retention Scheme;
- deferring VAT and Income Tax payments;
- statutory sick pay relief package for SMEs;
- a 12-month business-rates holiday for all retail, hospitality, leisure and nursery businesses in England;
- small business grant funding of £10,000 for all business in receipt of small business rate relief or rural rate relief;
- grant funding of £25,000 for retail, hospitality and leisure businesses with property with a rateable value between £15,000 and £51,000;
- the Coronavirus Business Interruption Loan Scheme to support long-term viable businesses that may need to respond to cash-flow pressures by seeking additional finance;
- a new lending facility from the Bank of England to help support liquidity among larger firms, helping them bridge COVID-19 disruption to their

- cash flows through loans; and
- the HMRC Time To Pay Scheme to help with tax.

For the links to each section visit the UK government's COVID-19 hub at tinyurl.com/BAM-GovCorHub

ICAEW AND INDUSTRY BODIES REACT TO COVID-19 OUTBREAK

In common with other professional and industry bodies, ICAEW has established its own hub to support members at this difficult time. Read our cover story on pages 14-19 and visit the hub for onward links to resources at tinyurl.com/BAM-InsightCor

The Federation of Small Businesses has a dedicated homepage featuring links to government resources and its own analysis and advice for business about who to talk to. See tinyurl.com/BAM-FSBCor

Acas has also issued guidelines for employers and employees, in particular covering how to protect people from the virus and on how to set up safe homeworking conditions. Visit tinyurl.com/BAM-ACASCor

See also guidance from the Health and Safety Executive about measures to support homeworkers at tinyurl.com/BAM-HSECor

RECRUITMENT OPPORTUNITIES UP AND DOWN

Contractors and self-employed people who find their bookings cancelled in the coming days and weeks may find alternative work plentiful in shortage-hit sectors.

Major UK supermarkets, fast food delivery platforms including Deliveroo and the likes of Amazon have gone on hiring sprees.

Aldi, Asda and Tesco are among the chains to be recruiting checkout staff, shelf stackers and delivery personnel, with some news outlets reporting people being offered shifts less than four hours after filing online applications.

Tesco has announced it will hire 20,000 temporary workers for three months in reaction to a surge in visits to its stores. Morrisons is planning to add 3,500 workers to its delivery fleet.

Meanwhile Amazon has taken to TV advertising in the hunt for factory packing workers and drivers.

The government is in the process of relaxing laws on delivery driving to

accommodate the additional demand for services from people who are self-isolating.

OFFICE FOR NATIONAL STATISTICS: NATIONAL EMPLOYMENT LEVELS WERE AT RECORD HIGH

The UK's rate of employment was at its highest on record just prior to the effects of the COVID-19 outbreak being felt.

According to the Office for National Statistics' most recent release (tinyurl.com/BAM-ONSEmpLev), the number of people in work reached 33 million in the three months to January 2020. This was up 184,000, taking the overall employment rate to 76.5%.

TAX



NEWS AND UPDATES FROM THE TAX FACULTY WEEKLY NEWSWIRE. VISIT [ION.ICAEW.COM/TAXFACULTY](https://ion.icaew.com/taxfaculty) AND CLICK THE SIGN-UP LINK TO SUBSCRIBE FOR FREE

COVID-19 TAX TREATMENT OF EMPLOYEES WORKING FROM HOME

The COVID-19 crisis has created a need for many employees to work from home, perhaps for the first time.

ICAEW's Tax Faculty has received several questions from businesses and employees about the tax treatment, so we have updated one of our recent *TAXline* articles, *Tax treatment of employees working from home*, to include changes made in the Spring Budget 2020. This article is now freely available for all to access.

A growing number of employees now work from home for some or all of the time. Where the employer provides equipment or meets expenses, the associated tax implications must be considered.

See tinyurl.com/BAM-TaxTreatment

COVID-19: SUPPORT THROUGH THE BENEFITS SYSTEM

ICAEW members may need to help clients, friends or family to access support through the benefits system during the COVID-19 outbreak. Benefits may be something on which they would not usually advise. The Tax Faculty has created a basic guide on which benefits to consider, together with sources of support.

The guidance covers the benefits provided by the Department for Work and Pensions to individuals of working age who are unable to work, who lose their job or whose income from self-employment reduces or stops. Support provided by employers, such as statutory sick pay, is covered in a separate article at tinyurl.com/BAM-StatSickPay

Contributions-based benefits

Contributions-based benefits are those where eligibility is based on the individual's national insurance contributions record.

New style Jobseeker's Allowance

Jobseeker's Allowance (JSA) is available to those who are seeking

work. Only Class 1 national insurance contributions count for JSA so it is available to those who have been recently employed, but not to most people who have recently been self-employed. The period used to check entitlement is usually the last two complete tax years before the benefit year in which the claim starts.

See tinyurl.com/BAM-JobSA

COVID-19: CONDUCT OF TAX TRIBUNALS

The President of the First-tier Tribunal has explained how proceedings will be conducted during the COVID-19 pandemic. "Until further notice, there will be no hearings at which persons are physically present in any proceedings in the Tax Chamber of the First-tier Tribunal. All applications and substantive appeals will be dealt with on papers/email as far as possible and decided by a judge sitting alone. If a matter cannot be dealt with on papers, a hearing by telephone (or video if available) will be arranged as soon as possible.

"If a case is not suitable for hearing by telephone or video then it will be listed for a physical hearing on a date in the future when it is safe to do so. For the time being, a hearing involving physical attendance may take place only if a judge decides that it is a priority case and necessary to do so in all the circumstances."

COVID-19: EXCEPTIONAL CIRCUMSTANCES FOR UK TAX RESIDENCE TEST

The number of days a person spends in the UK is critical in determining tax residence, but HMRC may be sympathetic considering the COVID-19 pandemic.

HMRC has extended its guidance to cover the pandemic and exceptional circumstances (tinyurl.com/BAM-HMRC-Cor). An individual's residence in the UK for tax purposes is determined by a statutory residence test (tinyurl.com/BAM-StatTestCor) and the number of days spent in the UK is a key factor. The rules for counting days take account of situations where an individual's presence in the UK is due to exceptional circumstances beyond their control.

HMRC has indicated that it will look sympathetically at any individual case

where the pandemic has caused difficulties. At this stage HMRC does not plan to issue any further guidance on this issue and the wider rules such as the 60-day annual limit are still in place and relevant.

FINANCIAL REPORTING



YOU CAN FIND OUT MORE ON THE LATEST FROM THE FINANCIAL REPORTING FACULTY AT [ICAEW.COM/FRF](https://icaew.com/frf)

CORONAVIRUS

As COVID-19 continues to spread and more information comes to light about the nature of the virus and its impact, companies with 2019 and early 2020 year-ends need to consider how it affects their business and how the effects should be reported in the accounts.

Below are some of the key points outlined in the Financial Reporting Faculty's guide, *The financial reporting implications of coronavirus under UK GAAP*.

Going concern

An entity that has close ties with areas severely affected by COVID-19, or is in other ways adversely affected (for example, the impact on businesses involved in tourism and hospitality), may need to consider additional disclosures of any material uncertainties that cast significant doubt over its ability to continue as a going concern.

In some circumstances it may be necessary to consider whether it is appropriate to prepare the accounts on a going concern basis.

Reflecting conditions that existed at the balance sheet date

The general requirement is that the balance sheet reflects the position at the end of the reporting period.

As at 31 December 2019 China had alerted the World Health Organisation (WHO) to several cases of an unusual form of pneumonia in Wuhan. However, substantive information about what has now been identified as COVID-19 only came to light in early 2020. Therefore for companies with a 31 December 2019 year-end, the emergence of COVID-19 is a non-adjusting event.

Companies with 2020 year-ends will need to consider the timelines more carefully to assess the conditions that existed at the relevant balance sheet date.

Non-adjusting post balance sheet events

The nature of any material non-adjusting event and an estimate of its financial effect must be disclosed by way of note. Therefore, directors will need to consider the impact of COVID-19 on the business, which will vary according to the specific circumstances in which it operates.

2020 year-ends

As we progress through 2020, more information is coming to light on the scale and impact of COVID-19. There may be a greater degree of judgement required when identifying the conditions at the balance sheet date, and therefore assessing whether the developments are adjusting or non-adjusting. ●