

COMPANY DIRECTORS – LACK OF SUPPORT?

The support offered to Company Directors so far, is restricted to a potential claim under the Job Retention Scheme (JRS).

Many Directors take a small basic salary and the remainder of their remuneration as dividends. This is perfectly legal. It is slightly more tax / NIC advantageous but that advantage narrowed significantly with the introduction of the Dividend Tax.

Many business owners are advised to operate through a Limited Company for the protection of Limited Liability that it provides.

Under the schemes announced so far, Employees will get 80% of their wages covered by the JRS and they will continue to accrue holiday entitlement. The Self Employed can make a claim under the Self Employed Income Support Scheme (SEISS). Great news.

Business owners have been asked to help the Government to administer a huge new benefits system, as Employers, the JRS, to support employees.

Many Business Owners will suffer severe financial losses during these difficult times and whilst obviously it is a 'Health over Wealth' situation, we need strong businesses in future to repay the debt that we are building up.

In such difficult, fast moving times, we cannot have a totally fair system. However if we really are 'all in this together' why is there such a disparity for Small Business Company Directors, who were once considered the backbone of the UK economy?

These businesses will contribute significantly to the future prosperity of our country and will pay their share of taxes, to repay the debt.

If you agree, please consider signing the petition below.

https://www.change.org/p/uk-parliament-small-ltd-company-directors-to-get-government-support-like-the-employed-and-self-employed/psf/promote_or_share?guest=new&short_display_name=alan&recruiter=false&source_location=react-fe

JOB RETENTION SCHEME – JRS

Can a Company Director Be Furloughed?

In a Q&A session with the CBI on 27 March, Ben Kerry from the Treasury said that Directors can be furloughed. “Although someone can’t work while on furlough, Directors can continue to carry out their statutory duties.”

Whilst this is a very complex area, in summary;

A Company Director has certain Statutory Duties but these are carried out as an Office Holder, not an Employee.

A Director can also be an employee, and as long as they were on the Company payroll on 28 Feb 2020, they can be furloughed.

What is working? Great question and we still need more clarity on this generally.

ADVOCO’s THOUGHTS

We hope the Chancellor is true to his words and remember he said on 20 March

“The Government is doing its best to stand behind you (**Employers**) – and I am asking you to do your best, to stand behind our workers.

We’re launching in the coming days a major national advertising campaign to communicate the available support for businesses and people.

Please look very carefully at that support before making decisions to lay people off”

We do hope that common sense will apply. The aim of the JRS was to enable businesses to comply with the medical advice but avoid having to make staff redundant.

As soon as the medical advice allows us all to return to work, the economy will recover faster the sooner business can all get moving as quickly as possible. Therefore business owners including Company Directors must be allowed to ensure that their business ‘ticks’ over during the Furlough period.

So far, the only support for a Company Director is the JRS, which will be a minimal amount and it would be very disingenuous if a Company Director is deemed to be working and cannot be furloughed.

The Government support for Company Directors so far is generally far less than that given to most employees and the self-employed. I will be doing a separate post on this but you can sign the petition at the following;

https://www.change.org/p/uk-parliament-small-ltd-company-directors-to-get-government-support-like-the-employed-and-self-employed?recruiter=false&utm_source=share_petition&utm_medium=email&utm_campaign=psf_combo_share_initial&utm_term=psf_combo_share_message&recruited_by_id=d7b45ff0-70b7-11ea-a272-e3594841c244