

JOINT PRACTITIONERS' ADVISORY GROUP | ACCOUNTING FOR COVID-19-RELATED MATTERS IN THE AGAR FOR 2020/21

Dear Practitioner

JPAG are becoming aware of queries from practitioners about how to treat certain COVID-related items in the 2020/21 AGAR. The two issues that have come up so far are furlough monies and closure grants, and we thought that it may be helpful to clarify how these items should be accounted for in the AGAR this year:

- 1) Furlough support monies received should be included in Box 3 as income and the staff costs are actual payments to the staff, regardless of the nature of the funding and should therefore be included in Box 4. The furloughed staff are still paid by the authority and not directly by the government and the income is received by the authority for that purpose. The Government guidance on the furlough scheme (the Coronavirus Job Retention Scheme) makes it clear that furlough grants received by businesses subject to income tax or corporation tax are treated as taxable income, so the same will apply to smaller authorities which receive furlough grants. Actual payments to employees are subject to PAYE in the same way as any other payments and are therefore 'staff costs' as defined in the Practitioners Guide.
- 2) Closure grants are more straightforward and should be accounted for in line with any other grant. Grants received from principal councils under the Local Restrictions Support Grants schemes ('closure' grants) should (if received by the smaller authority) be treated in the same way, as with any other grants received.

If you have any other queries or concerns about how to account for COVID-19-related matters in the AGAR this year, please contact your National Association for further guidance.

We hope this is helpful.

Best wishes

Phil

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