

COVID-19

Update 27 March 2020

1. Deferring VAT payments – Update

If you wish to take advantage of the deferment between 20 March 2020 and 30 June 2020 AND you are on Direct Debit for VAT payments you must cancel the payment immediately.

HMRC have advised if there is a Direct Debit set up the payment WILL be taken.

Any deferred payment has to be paid to HMRC before 31 March 2021.

2. Coronavirus Job Retention Scheme – UPDATE

The Coronavirus Job Retention Scheme is a temporary scheme open to all UK employers for at least three months starting from 1 March 2020.. It is designed to support employers whose operations have been severely affected by coronavirus (COVID-19).

Employers can use a portal to claim for 80% of furloughed employees' usual monthly wage costs, up to £2,500 a month, plus the associated Employer National Insurance contributions and minimum automatic enrolment employer pension contributions on that wage. Employers can use this scheme anytime during this period

FAQ

Who does this apply to?

The scheme is available to all employees. This includes full time, part time and people on zero hour or flexible contracts.

When will this be available?

They expect the scheme to be up and running by the end of April

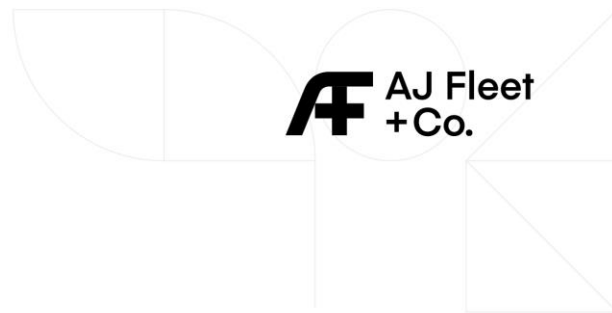
When do I claim and how frequently?

You can submit one claim at least every 3 weeks, which is the minimum length an employee can be furloughed for. Claims can be backdated until the 1 March if applicable.

You should make your claim in accordance with actual payroll amounts at the point at which you run your payroll or in advance of an imminent payroll.

O: 0161 367 1251
M: 07881 526 881
andy@ajfleetandco.co.uk
ajfleetandco.co.uk

Registered office address:
Hyde Park House
Cartwright Street
Newton, Hyde
Cheshire SK14 4EH



How will I get the money?

Once HMRC have received your claim and you are eligible for the grant, they will pay it via BACS payment to a UK bank account.

What is the basis of the calculation?

The employee's actual salary before tax, as of 28 February should be used to calculate the 80%. Fees, commission and bonuses should not be included.

What does the 80% relate to – is it gross or does it include employers NI?

You can claim 80% of their gross salary plus employers NI and pension

Is there a limit on how much pension contribution you can claim?

Yes you can only claim what you usually pay up to the mandatory employer contribution of 3%

Do I have to top this up with the remaining 20%?

The employer could choose to fund the differences between this payment and employee's salary but does not have to. If they do the employer is liable for the additional employers NI and pension

My employee only started working for me half-way through February so can I still claim a full months equivalent?

If the employee only started mid-February 2020, you can claim the equivalent of a full month (pro-rata)

Do I have to ask my employees, or can I just do it?

Employers should discuss with their staff and make any changes to the employment contract by agreement. Employers may need to seek legal advice on the process. The employer needs to get agreement from the worker to do this, unless it's covered by a 'lay off' clause in the employment contract.

What do I tell my staff?

The employer should discuss with affected employees and notify them in writing that they have become 'furloughed workers. You should retain a copy of this communication.

I need them to just do some work for me is that ok?

No, the furloughed workers should not undertake work for their employer while they are furloughed. It is explicit that if an employee is working, even on reduced hours, or for reduced pay, they will not be eligible for this scheme

O: 0161 367 1251
M: 07881 526 881
andy@ajfleetandco.co.uk
ajfleetandco.co.uk

Registered office address:
Hyde Park House
Cartwright Street
Newton, Hyde
Cheshire SK14 4EH



I recruited someone in March can they be furloughed ?

No, they fall outside of this scheme

Can they do any training or volunteer work?

A furloughed employee can take part in volunteer work or training, as long as it does not provide services to or generate revenue for, or on behalf of your business

If for example you ask them to complete online training courses whilst they are furloughed, then they must be paid at least the National minimum wage for the time spent training, even if this is more than the 80% of their wage that will be subsidised.

What if my employee is currently on Sick Pay due to COVID-19?

If they are sick or self-isolating they should remain on SSP until their isolation is complete or they have recovered. They can then be furloughed at this point.

My employee has another job - can they be furloughed at both places of work ?

Yes

I'm concerned I wont be able to employ this person after the furlough period- do I have to if I have made a claim ?

No when the government ends the scheme, you must make a decision as to whether employees can return to their duties. If not, it may be necessary to consider redundancy.

My employee is asking to be furloughed as they need to look after their children- can I do that?

If employees must stay at home to look after young children, the employer is likely to be allowed to claim compensation if they furlough these workers.

My employee is concerned about their reduced income, what can they do?

If an employee's salary is reduced as a result of these changes, the employee may be eligible for support through the welfare system, including Universal Credit.

How long is the scheme active for?

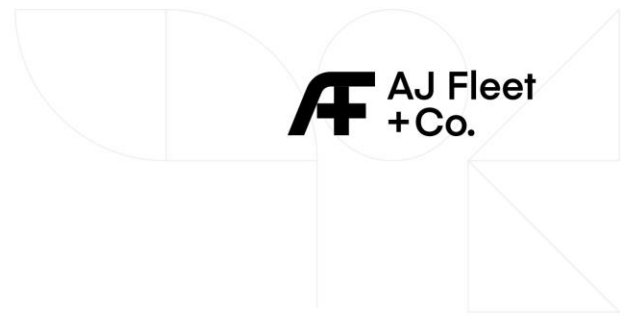
The Coronavirus Job Retention Scheme will run for at least 3 months from 1 March 2020 but will be extended if necessary.

Do the furloughed employees stay on my payroll?

The employees remain on the payroll deducting tax and national insurance under the pay as you earn (PAYE) system.

O: 0161 367 1251
M: 07881 526 881
andy@ajfleetandco.co.uk
ajfleetandco.co.uk

Registered office address:
Hyde Park House
Cartwright Street
Newton, Hyde
Cheshire SK14 4EH



What records should I keep?

Employers will be required to make one claim for the entire workforce, record how many workers are covered and will need to keep records.

What checks might the government do of my records?

To avoid fraud, there are expected to be cross-checks between the applications for grants against PAYE records for each employer.

I'm struggling to pay wages in the short term before I get the refund- what can I do?

It is expected that employers borrow or self-fund in the short term to provide the wage package. Banks are offering extended overdrafts in some cases with others offering new facilities without arrangement fees to help individuals and businesses get through this period.

If a business needs short to medium term cash flow support, it may also be eligible for a Coronavirus Business Interruption Loan (CBILS). This is a normal commercial loan and will require a formal application, you need to ensure you can afford the repayments.

Government Link <https://www.businesssupport.gov.uk/coronavirus-business-support/>

For copies of our previous updates please e-mail either

andy@ajfleetandco.co.uk

helen@helenfleet.co.uk

Previous updates

18 March, 19 March, 21 March, 24 March, 26 March Job Retention, 26 March Self employment

O: 0161 367 1251
M: 07881 526 881
andy@ajfleetandco.co.uk
ajfleetandco.co.uk

Registered office address:
Hyde Park House
Cartwright Street
Newton, Hyde
Cheshire SK14 4EH