



COVID-19

Update 6 April 2020

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.

I am the sole director and only employee of a limited company can I be furloughed?

Yes, provided you are not doing work which in normal circumstances would generate commercial revenue or provides services to or on behalf of their company. You can carry out duties to fulfil your statutory obligations.

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.

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I want to rotate which employees are furloughed during the three months can I do this?

Yes, you can as employees can be furloughed multiple times as long as it is for a minimum of three weeks.

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 employers pension contribution.

I have staff whose pay varies month on month due to changing hours - what do I base the calculation on?

It is based on the higher of either

-Same months earning in 2019

-Average monthly earnings for 2019-2020 tax year

If they started work part way through 2019-2020 then it's based on the average monthly earnings since they started.

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 on the top up.

Do the employees still pay tax and NI on the furloughed salary?

Yes, this income will be taxed as normal PAYE income.

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

If the employee only started mid-February 2020, use could 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. This needs to be in writing and retained- this can be in the form of an email or text message.

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 for five years.

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

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.

They can do volunteer work as long as it does not provide services or generate revenue for or on behalf of your organisation

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

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I'm concerned I won't 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 decide 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?

Yes, if employees must stay at home to look after young children or for other caring responsibilities, then they can be furloughed. Again, as long as they are no longer working.

My employee has received a letter from NHS England stating they are vulnerable and so are classed as shielding – what can I do?

As long as they are not working from home then they can be furloughed

My employee was on a fixed term contract which ended on 31 March – what can I do for them?

Their contract can be extended during the furlough period and you can continue to furlough them until the end of this contract, or the government scheme ends whichever is sooner.

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.

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.

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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.

Can apprentices be furloughed?

Yes, they can be furloughed in the same way as any other employee.

One of our employees started on 1 March- what can I do for them?

You cannot furlough them as they were not on your payroll as at 28 February. However, if they remained on payroll at their previous employment in February 2020, they can approach their former employers and ask them to furlough them for this three-month period.

One of our employees left us on 15 March and has approached us since to ask if we can furlough them- can we do that?

Yes, if you made employees redundant or they stopped working for you after 28 February you can re-employ them, put them on furlough and claim for their wages through the scheme.

How do I show the income received in my accounts?

You need to show the amounts received from government as income- this will of course be offset by the corresponding employment costs in your profit and loss account.

If I have savings does this mean I can't be furloughed?

No. Personal savings have no bearing on the job retention scheme but would be considered should you apply for Universal Credit.

Government Link to Job Retention page

<https://www.gov.uk/guidance/claim-for-wage-costs-through-the-coronavirus-job-retention-scheme>

Business Overview www.businesssupport.gov.uk/coronavirus-business-support

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Registered name: AJ Fleet and Co Limited. Registered number: 08850958. Limited company registered in England.



Previous updates

18 March, 19 March, 21 March, 24 March, 26 March Job Retention, 26 March Self-employment, 27 March Job retention updated

Self-Employment Flowchart 2 April Limited company Flowchart 2 April

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