

## Coronavirus Job Retention Scheme

Under the Coronavirus Job Retention Scheme, all UK employers will be able to access support to continue paying part of their employees' salary for those employees that would otherwise have been laid off during this crisis.

### Eligibility Criteria

- UK Employer as at 28<sup>th</sup> February 2020
- For employees on your payroll at 28<sup>th</sup> February 2020
- Backdated to 1<sup>st</sup> March 2020 for anyone who has been laid off – they would need to be rehired by the employer.

### What you need to do

- Staff must be advised they are 'furloughed employees' and agree to this as it is a change of contracted terms.
- The employee must not do any work for the employer during the period they are furloughed. They are however allowed to undertake volunteer work for the NHS etc
- Details of the employees will need to be uploaded to an online portal which HMRC are currently building

### What support you will receive

- 80% of the wage costs of the employee during the period they are furloughed
- Reimbursement will be capped at £2500 per month per employee
- The scheme will initially run for 3 months but the chancellor has said he will extend it if needed

### Questions we have had

1. What is included in the 80%?
  - a. It will include the gross wages, employers' pensions and employers National Insurance but not bonuses or commission.
2. Will the 80% be based on current or previous wages levels?
  - a. It will be based on the February 2020 pay level for most workers. Those whose hours and pay varies can be included and the amount to be able to claim for will be the lower of the average earnings in 2019/20 or the same period last year.
3. I have an employee who started with us in March 2020 can they be furloughed?
  - a. Not by you as it is only for those on your payroll at 28<sup>th</sup> February 2020. However, the employee could ask their former employer to rehire them and then furlough them and they would be able to claim the 80% of salary back.
4. Can the employee do some work during the period they are Furloughed?
  - a. No – if any work is done then the employee would not be treated as Furloughed and the 80% would not be recoverable. This means that if they are working reduced hours you will need to pay them as normal and not claim any support.
5. Do I have to furlough all my staff or can I choose which ones?
  - a. You are entitled to choose which employees are furloughed but they do need to agree to this and we would suggest you get this in writing (we have template letters available).
6. Will the minimum wages regulations apply during the period of furlough?
  - a. No – National Minimum Wage regulations only apply to someone who is working – as the employees are not working it will not apply.

7. What do I do if an employee doesn't agree to be furloughed?
  - a. This would become an employment law matter and you may need to take specific advice regarding this, but it may be that you would be required to make them redundant and pay them redundancy pay as per the normal rules.
8. Do I pay the employees or do the Government pay them direct?
  - a. You will pay your employees via the normal PAYE scheme and claim the reimbursement from the Govt in due course.
9. Do I have to pay them full salary?
  - a. No you are required to pay them 80% of the qualifying salary up to £2500 – you can choose to top up this amount if you wish but it would be at your own cost..
10. When will I receive the reimbursement?
  - a. The Govt have said that the online portal will be ready by the end of April and claims will be submitted at least every 3 weeks. Once verified by HMRC the money will be paid into the bank account you nominate at the time of the claim.
11. Can I bring furloughed workers back if I have work for them?
  - a. Yes you can – the furloughed status is temporary and is only for employees where you have no work for them and would otherwise be made redundant. However if you want to bring them back you would have to do so on their full normal contractual terms – there is no scope to be furloughed part time
12. Can company directors apply for the scheme for themselves?
  - a. Yes they can but only if they are not undertaking any work for the company other than the statutory duties that they are obliged to do to ensure the company is legal and compliant. The claim would be restricted to the amount of salary put through the PAYE scheme which in many cases will be a low amount as the balance of income is usually taken as dividends which are not covered by this scheme.
13. What if an employee becomes sick during the period they are furloughed?
  - a. Technically the Statutory sick pay policy would come into force, although as employees will already be receiving at least 80% of their normal wages for not attending work we don't feel many will actually advise you of the sickness as it would in some cases cost them money,
14. Will the wages paid be subject to income tax and national insurance?
  - a. Yes all wages paid will be subject to the normal taxation rules for employment income.
15. Will I pay tax on the amount reclaimed?
  - a. Yes – the money reclaimed will be treated as trading income of the business and included in the accounts – however the wages cost will be a deductible expense for tax purposes as well.
16. Can I claim if the employee has another job?
  - a. Yes – every employer makes a decision for their employees and therefore an employee can be furloughed from more than one employment or they may be furloughed from one but still working in another dependent on the circumstances.
17. If I furlough an employee do I have to keep them on at the end of the period?
  - a. No – there is no requirement for you to keep the employee on at the end of the furlough period you are entitled to make an employee redundant at any time but you would have to follow the normal employment law rules and pay any redundancy pay as normal.

**Further information is available from the following sources**

<https://www.gov.uk/government/publications/guidance-to-employers-and-businesses-about-covid-19/covid-19-support-for-businesses#support-for-businesses-through-the-coronavirus-job-retention-scheme>

<https://www.acas.org.uk/coronavirus/if-the-employer-needs-to-close-the-workplace>