

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
- Employees operating under PAYE
- Backdated to 1st March 2020

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 during the period they are furloughed
- 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 cost 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. At this stage it isn't clear – it will certainly include the gross wages but items such as employers' pensions and employers National Insurance have not been specifically included or excluded – we expect further clarification in due course.
2. Will the 80% be based on current or previous wages levels?
 - a. Again, this isn't clear – there has been a lot of speculation that it would be based on the PAYE information submitted for February 2020 to avoid employers changing wage levels to claim more via the scheme. We await further clarification.
3. 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.

4. 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).
5. 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.
6. 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.
7. When will I receive the reimbursement?
 - a. At this stage we don't know – nor do we know how you will receive it, whether it will be a direct bank payment or offset against PAYE due – we await further confirmation.
8. 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
9. Does it apply to zero hours workers?
 - a. The answer is unclear but it is likely that if someone has worked for you regularly then they would qualify but we will need to await further guidance on this area
10. Can company directors apply for the scheme for themselves?
 - a. This is a grey area but there is nothing in the guidance to say Company directors cannot use the scheme but they would have to meet the eligibility criteria of not undertaking any work – also 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.
11. 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,

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>