

41 ST THOMAS'S ROAD, CHORLEY, LANCASHIRE, PR7 1JE
TEL: (01257) 273313 FAX: (01257) 275136
EMAIL: INFO@AACHORLEY.CO.UK

WWW.ABRAMSASHTONCHORLEY.CO.UK

The anticipated guidance in relation to the Coronavirus Job Retention Scheme (CJRS), which will see employers reimbursed for 80% of employee salaries up to a cap of £2,500 per month and associated wage costs for furloughed workers, has been published.

There is [information](#) designed to assist employees, and a separate [guidance](#) page for employers.

The advice given is that should employee and employer agree, a company may place the employee 'on furlough' where they're unable to operate or have no work available due to coronavirus. The employer must write to the employee to state that they have been furloughed and should keep a copy of the correspondence.

Employees can receive 80% of their wages, up to a monthly cap of £2,500 and they will continue to pay taxes in the usual manner. They will pay income tax, national insurance contributions and employee automatic enrolment contributions (on qualifying earnings), unless they have opted out of the scheme, or choose to stop contributing.

Employees must not complete any work for their employer in the period in which they are on furlough, so must not provide services or generate any revenue. If employees are still working, but on, for example, reduced hours, then their employer must continue to pay them accordingly and will not be able to claim this back through the CJRS. Employees are still able to complete volunteer work or training, but if they are, for example, completing an online training course, they must be paid at least the National Living Wage (NLW) or National Minimum Wage (NMW) for the hours that they spend doing so. The guidance confirms that as NMW / NLW is only applicable to the hours someone works, it does not apply to furloughed workers as they are not carrying out any work.

It is hoped that the scheme will be operative by the end of April, and the grant will start on the day a person is placed on furlough and can be backdated to 1 March 2020.

Any UK employers with a UK bank account can claim, but employees must have been on their employer's PAYE payroll on 28 February 2020.

Employees can be on any of the following types of contract:

- Full-time employees
- Part-time employees
- Employees on agency contracts
- Employees on flexible or zero-hour contracts

This scheme is not applicable to the self-employed or to any income obtained through self-employment. There is a separate scheme that will be implemented for these individuals, as announced by the Chancellor, Rishi Sunak, on 26 March 2020.

In circumstances where employees are on sick leave or self-isolating due to COVID-19, Statutory Sick Pay (SSP) is payable for that period, but they can be furloughed after this point. Individuals who are shielding in line with public health guidance should speak to their employer about whether they intend to place staff on furlough, but employers do have the option to place these people on furlough.

The expectation is that not many public sector organisations will utilise the scheme as most public sector workers will continue to provide essential services for the duration of the coronavirus outbreak. Employers in receipt of public funding for staff costs should continue to use that money to pay staff as usual, and there is no requirement to furlough them. The same applies to non-public sector employers receiving public funding for staff costs. Organisations accessing public funding specifically to provide services necessary to respond to COVID-19 are not expected to furlough staff.

For anybody made redundant after 28 February 2020, their employer can agree to re-employ them and instead place them on furlough.

Employees can be placed on furlough by one employer but continue to work for another. Those placed on furlough by more than one employer will receive separate payments from each employer.

For individuals earning less due to being on furlough, their Universal Credit payments might change to reflect this.

For women on Maternity Leave, those eligible for Statutory Maternity Pay (SMP) or Maternity Allowance (MA), normal rules apply, and they will be entitled to 39 weeks of SMP or MA. For employers who provide more than the statutory rate of maternity pay, this falls within the wage costs that the employer can claim back through the scheme, and the same applies if individuals qualify for contractual adoption pay, paternity pay or shared parental pay. For those who are currently pregnant and due to start Maternity Leave, they should start their leave as normal. If someone's earnings have reduced due to a period of furlough or Statutory Sick Pay (SSP) prior to the commencement of Maternity Leave, they should be aware that this may affect their SMP.

Employees on unpaid leave cannot be furloughed, unless they were placed on unpaid leave after 28 February 2020.

Claims can be for a minimum of three weeks and a maximum of three months, but this may be extended in dependent on how the situation relating to the outbreak of coronavirus evolves. Employers can choose to pay more than the grant but there is no requirement to do so.

Where individuals have been employed for a full year, their monthly earnings will be calculated based on the higher of either:

- The amount earned in the same month the previous year
- The average of the monthly earnings from the last year

For those in employment for less than a year, employers will claim the average of the monthly earnings they've received since they started work. This will also apply where monthly pay is variable, for example, for those on zero-hours contracts. For anybody who started work in February 2020, their employer will pro-rata their earnings from that month. Fees, commissions and bonuses should not be included.

Once the employee's salary claim figure has been established, employers must calculate the amount of ER National Insurance (NI) contributions and minimum automatic enrolment employer pension contributions they can claim, as they will be reimbursed in addition to the 80% of the employee's salary, or £2,500 per month. If employers decide to top up employee salaries, they cannot claim for the associated ER's NI and automatic enrolment pension contributions through the scheme

The scheme is open to all UK employers who had created and started a PAYE payroll scheme on 28 February 2020, and they must have a UK bank account. Any UK organisation with employees can apply, including:

- Businesses
- Charities
- Recruitment agencies (agency workers paid through PAYE)
- Public authorities

If a company has been taken under the management of an administrator, that administrator will have access to the Job Retention Scheme.

In order to make a claim, employers will need:

- Their ePAYE reference number
- The number of employees being furloughed
- The claim period start and end date
- The amount claimed (per the minimum length of furloughing of three weeks)
- Their bank account number and sort code
- Their contact name
- Their phone number

Claims can be backdated to 1 March 2020, where applicable. HMRC will pay the amounts via BACS to the designated employer bank account.

When the scheme ends, employers must decide whether employees can return to their duties, and if they can't, redundancies may be considered.

Employees who have been furloughed retain the same employment rights, such as entitlement to SSP, maternity rights, other parental rights, redundancy payments and protection against unfair dismissal.

Payments received by businesses under the scheme must be included as income in the business's calculation of its taxable profits for Income Tax and Corporation Tax purposes, in accordance with normal principles. Businesses can deduct employment costs as usual when calculating taxable profits for those same purposes.

Details correct at the date of publication 27th March 2020.