

M+A

Partners

Coronavirus Job Retention Scheme

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What is the Coronavirus Job Retention Scheme?

The Coronavirus Job Retention Scheme is a temporary government-backed scheme designed to provide emergency financial support to employers whose operations have been severely affected by Coronavirus (COVID-19).

The government have announced that it is intended that the scheme will run for at least three months, starting from 1 March 2020. The scheme is available to all UK employers that had an operative PAYE payroll scheme on 28 February 2020.

The scheme enables employers to classify their staff as “furloughed workers” and more detail on this new classification is set out later in this guidance.

Am I eligible to claim for Government Support for my payroll costs?

Any UK organisation with employees may be able to claim under the Coronavirus Job Retention Scheme including;

- + Businesses;
- + Charities;
- + Recruitment agencies (agency workers paid through PAYE); and
- + Public authorities.

Importantly, employers who have employees that are quarantining under the “shielding” directive for extremely vulnerable people and who have received a letter from NHS England, their GP or hospital consultant can use the Scheme for that employee - see further information below.

Exclusions

There are some exclusions to the scheme for both employers and employees as follows:

- + Public sector employers receiving continuing public funding for staff costs;
- + Organisations who are receiving public funding specifically to provide services necessary to respond to COVID-19 are not expected to furlough staff;
- + Employees on unpaid leave cannot be furloughed, unless they were placed on unpaid leave after 28 February 2020; and
- + Employees on sick leave or self-isolating should receive Statutory Sick Pay, but can qualify for furlough after the Statutory Sick Pay regime has ended.

Which Employees can I claim for?

You can only claim for employees who were on your payroll on 28 February 2020.

They must be classified as a furloughed employee for the employer to be able to claim government support for their wage cost.

An employee on any type of contract can be classified as a furloughed employee including:

- + Full time employees;
 - + Part time employees;
 - + Employees on flexible or zero-hour contracts ;
 - + Employees on agency contracts who are not currently working ;
 - + Employees who you have made redundant since 28 February 2020, if you re-employ them; and
 - + Employees where you offer enhanced earnings-related contractual pay for maternity leave (or other similar leaves of absence).
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Which Employees can't I claim for?

- + Employees who continue to carry out their duties of employment but on reduced hours or reduced pay;
 - + Employees hired after 28 February 2020;
 - + Any employee who continues to carry out any of their employment duties whatsoever;
 - + Employees where you have not followed the correct procedure to inform the employee that they are classified as a furloughed employee, nor have you kept a copy of that letter;
 - + Employees placed on unpaid leave before 28 February 2020;
 - + Employees on sick leave or self isolating receiving Statutory Sick Pay; and
 - + Employees eligible for Statutory Maternity Pay or Maternity Allowance (as well as similar statutory allowances for adoption or paternity pay).
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How do I make a claim for financial support for payroll costs through the Coronavirus Job Retention Scheme?

A new online service will be made available to employers to submit their claims for financial support from HM Revenue & Customs for furloughed workers. This is not yet available. The government expect that this will launch at the end of April 2020 and claims can be made as soon as the service is available.

The new online portal will enable employers to claim a grant from HMRC for **the LOWER OF:**

- + 80% of furloughed employees' usual monthly wage costs, OR
- + £2,500 a month (whichever is the lowest of the two);
- + Plus the associated Employer National Insurance contributions and minimum automatic enrolment employer pension contributions on that wage.

Employers can only submit one claim at least every three weeks. **This means that THREE WEEKS is the MINIMUM TIME an employee can be furloughed for.**

Claims can be backdated to 1 March 2020 so long as all the eligibility criteria have been met for that period.

How does the Coronavirus Job Retention Scheme work in practice?

- + The Employer will continue to pay, as a minimum, 80% of the furloughed employee's basic wage before reclaiming the government support through the new reclaim mechanism going live from the end of April 2020;
- + A furloughed worker's wages will be subject to PAYE and other deductions as usual;
- + Fees, commission and bonuses should not be included in the calculation of furlough pay;
- + Employers can choose to "top up" an employee's salary beyond 80%, but are not obliged to do so;
- + If an employer decides to "top up" the associated Employer National Insurance Contributions and automatic enrolment contribution on the "top-up" salary, this will not be funded through this scheme;

- + Voluntary automatic enrolment contributions above the minimum mandatory employer contribution of 3% of income above the lower limit of qualifying earnings (which is £512 per month until 5th April and will be £520 per month from 6th April 2020 onwards) will also not be covered by the scheme; and
 - + The employer will then reclaim the qualifying furloughed employee's wages, employers NIC and statutory employer pension contribution through the new HMRC Portal. This will be repaid to the employer's bank account.
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Facts about being classified as a furloughed employee

- + Employees that have more than one employer can be furloughed for each job;
 - + Furloughed employees can still take part in volunteer work or training, as long as this does not provide services or generate revenue for, or on behalf of an organisation;
 - + If employees are required to complete online training whilst furloughed, they must be paid at least the National Living Wage / National Minimum Wage, even if this is more than the 80% of their subsidised wage;
 - + Employees that have been furloughed have the same rights as they did previously. That includes Statutory Sick Pay entitlement, maternity rights, other parental rights, rights against unfair dismissal and to redundancy payments; and
 - + Furloughed employees will still pay automatic enrolment pension contributions on qualifying earnings, unless they have opted out of this scheme.
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How do I classify an employee as a furloughed employee?

There is a process to follow and we highly recommend that you speak to your employment legal adviser from the outset, as every employer's situation is different and therefore requires its own specific advice.

- + Employers should discuss the decision to furlough an employee with the relevant individual, outlining the changes to the employment contract;
 - + Decisions relating to the process are subject to the same equality and discrimination laws as would normally apply to a change of contract; and
 - + In order to be eligible for the scheme, employers should provide written confirmation to the furloughed employee and keep a record of this communication.
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How much government support can I claim back?

There are different rules for salaried employees and those employees whose pay varies.

Salaried Full and Part Time Employees

The Lower of:

- + 80% of the employee's actual gross salary as at 28 February 2020;
- + £2500 per month;
- + Do not include bonuses, commissions or expenses repaid.

Employees whose pay varies

If the employee has been employed (or engaged by an employment business) for a full twelve months prior to the claim, claims can be made for the higher of either:

- + The same month's earning from the previous year; OR
- + Average monthly earnings from the 2019-20 tax year.

If the employee has been employed for less than a year, claims can be made for an average of their monthly earnings since they started. If the employee only started in February 2020, use pro-rata for their earnings so far to make your claim.

Claims for government support should be made in accordance with actual payroll amounts at the point at which a business runs its payroll or in advance of an imminent payroll run.

It is important to note that abuse of the Coronavirus Job Retention Scheme will be treated as a serious criminal offence. We expect HMRC to check claims by conducting compliance investigations in due course and so it is essential that your claim for government support is accurate.

How do I receive the money from the government and how do I account for it in my accounting records?

Once the new Portal goes live with HMRC at the end of April, claims for government grants for furloughed employees' wages can be made.

The taxable cash grant will be paid by BACS into a UK bank account. Employers must use all the grant monies they receive towards an employee's gross pay. This means no fees or deductions can be charged by the employer from the money they receive.

Government grants received by a business under the scheme must offset the tax-deductible revenue costs of paying the employee's wages. The grants received must therefore be included as income in the business's calculation of its taxable profits for Income Tax and Corporation Tax purposes, in accordance with normal accounting principles.

Can M+A Partners help me claim the grant monies and administer my claim under the Coronavirus Jobs Retention Scheme?

'Yes'

M+A Partners can help you work out what you can claim and when, leaving you to focus on your business at this most difficult time of National Emergency. We are here to help and support you when you need us most. We can help you by:

- + Registering your claim onto the new HMRC Portal, as soon as it become available;
- + Carrying out all necessary computations of the furloughed pay you can claim back;
- + Maximising your claim to ensure that you are repaid the full amount you can claim back including Employer National Insurance Contributions and minimum automatic enrolment employer pension contributions;
- + Operating your payroll for you, be it weekly or monthly; and
- + Advising you on the financial aspects of the Coronavirus Job Retention Scheme, helping to minimise losses within your business. By following Government guidelines on how to furlough an employee, in addition to seeking legal advice, employment relationships can also be preserved, helping staff to feel secure that they can return to their jobs when this emergency period passes, whenever that may be.

Our team can also assist non-payroll clients of M+A Partners, providing clarity on the amount that can be claimed and setting up the Portal in order to submit a claim through the scheme.

Our fees for assisting you can be tailored to the level of help you need, whether you need us to help you quantify your claim, create your registration on the new Online HMRC Portal, or provide a full support service for you to help you manage your payroll costs during this time. Contact us for more information on our fees for this service.

If you need urgent assistance with operating your payroll and calculating your claim during this time of National Emergency, then please contact CJRSSupport@mapartners.co.uk, payroll@mapartners.co.uk, your usual contact at M+A Partners or Clare Goodswen at clare.goodswen@mapartners.co.uk



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