

The Job Support Scheme was introduced as part of the Chancellor's Winter Economy Plan, protecting viable jobs in businesses that will face lower demand over the winter months as a result of the coronavirus pandemic.

The scheme can be used along-side the Job Retention Bonus, where the eligibility criteria are met.

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## When does the scheme start?

- + The scheme opens on 1 November 2020; and
  - + It will operate for six months.
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## How does it work?

- + The employer continues to pay the employee for all hours worked; and
  - + The cost of hours not worked will be split between the employer and the Government;
  - + For the time not worked, the employee will be paid up to two-thirds of their usual wage;
  - + HMRC expects that employers **will not** top up their employee's wages above the two-thirds contribution to hours not worked at their own expense; and
  - + Employees cannot be made redundant or put on notice of redundancy during the period within which their employer is claiming this grant for them.
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## How much will the Government contribute?

- + For every hour not worked by the employee, the Government will pay a third of the employee's usual hourly wage;
- + The Government contribution will be capped at £697.92 a month; and
- + Grant payments will be made in arrears, reimbursing the employer for the Government's contribution.

## How much will the employer contribute?

- + Employers must pay employees their contracted wages for hours worked;
- + The employer will contribute a third of the usual hourly wage for the hours not worked by the employee;
- + This ensures the employee earns a minimum of 77% of their normal wage (where the Government contribution has not been capped); and
- + Class 1 employer NICs and pension contributions will remain payable by the employer.

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## What is the definition of a 'usual hourly wage'?

- + 'Usual hourly wage' will follow a similar approach as with the Coronavirus Job Retention Scheme; whereby
- + Usual hours are contracted hours for salaried employees; or
- + Specific formula for zero hours or variably paid employees.

Further details on this are due to be published shortly.

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## Example of how the scheme works

Beth works five days a week and earns £350 a week.

Beth's employer puts her on the Job Support Scheme.

### Beth's new working hours

- + Two days a week (40% of her usual hours); and
- + Her employer pays her £140 for her contracted hours worked.

### Beth's hours not worked

- + Three days a week (60% of her usual hours) - a total of £210; and
- + Beth will earn two-thirds of her hours not worked - £140.

Her total earnings will be £280 (80% of her normal wage).

### The Government contributes

- + A grant of one-third of the hours not worked - £70.

The percentage contribution of the Job Support Grant will vary depending on the employee wage and their hours worked and not worked. The table below provides some examples:

|                                       |     |     |     |     |     |
|---------------------------------------|-----|-----|-----|-----|-----|
| Hours employee worked                 | 33% | 40% | 50% | 60% | 70% |
| Hours employee not working            | 67% | 60% | 50% | 40% | 30% |
| Employee earnings (% of normal wages) | 78% | 80% | 83% | 87% | 90% |
| Government grant (% of normal wages)  | 22% | 20% | 17% | 13% | 10% |
| Employer cost (% of normal wages)     | 55% | 60% | 67% | 73% | 80% |

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## Are all businesses eligible?

- + All employers with a UK bank account and UK PAYE schemes can claim the grant;
- + You do not need to have previously used the Coronavirus Job Retention Scheme to apply;

- + Turnover must be lower than when you were trading prior to being adversely affected by the coronavirus pandemic;
- + Large businesses will be required to meet a financial assessment test to ensure they meet the reduced turnover criteria (there will be no test for SMEs); and
- + Large employers are expected not to make capital distributions, including dividend payments or share buybacks, whilst accessing the grant.

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## Are all employees eligible?

- + Employees must have been on your PAYE payroll on or before 23 September 2020; meaning
- + A Real Time Information (RTI) submission to HMRC, notifying payment for the employee, must have been made on or before 23 September 2020;
- + The employee must work at least 33% of their usual hours for the first three months of the scheme (after this time, the Government will review);
- + Working patterns for employees can change each month, enabling them to cycle on and off the scheme; however
- + Each employee's short-time working arrangement must cover a period of seven days.

All new short-time working arrangements must be agreed with the employee and the employee should be notified in writing. Changes to the employment contract must be by agreement and should be made available to HMRC on request.

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## How will the claims be made?

- + Employers will be able to make a claim from December 2020;
- + Claims will be made online, through GOV.UK;
- + Payments will be on a monthly basis; and
- + Claims can only be made following payment to the employee, and once that payment has been reported to HMRC via an RTI return.

It is important to note that HMRC will check all claims, and payments will be withheld or there will be a requirement to pay them back if a claim is found to be fraudulent.

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