



Coronavirus Job Retention Scheme

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On Thursday 26th March an update was released on how the scheme is to work and clarification on the claim has been provided. It was confirmed that either 80% or a maximum £2,500 monthly grant for employees will be used as the gross salary for the month whilst in the Coronavirus Job Retention Scheme. Any additional costs incurred by the employer for statutory obligations such as Employers National Insurance and Pension can be claimed in addition to the salary in use on the scheme by the employer.

Who can claim?

All businesses, charities, recruitment agencies (agency workers paid through PAYE) and public authorities.

What employees does the scheme cover?

The scheme covers all employees who were on the PAYE payroll as of 28 February 2020. If you have made an employee redundant after this date, if you rehire them to your payroll scheme, they will be eligible for the Job Retention Scheme - or furloughed as is now more commonly known. If you have employed new employees in March then they cannot be furloughed nor can a claim be made under the scheme.

What can the employee do whilst on Furlough?

To be eligible for the subsidy grant (Furlough), an employee is not able to undertake any work for the organisation that has placed the employee on furlough.

How to enter the Furlough stage

As an employer you should discuss with your staff and make any necessary changes to their employment contract by agreement. You need to write to your employees confirming that they have been furloughed and keep a record of this communication.

Statutory Sick Pay - SSP

Employees on sick leave or self-isolating should get SSP for the period they are sick, then they can be furloughed afterwards. Employees who are shielding in line with public health guidance can be placed on furlough. Employees still have to meet the normal rules to qualify for SSP - this being an average earning of £118 for the previous 8 weeks pay and will need to provide an isolation note to support the claim (these can be provided by NHS 111).



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Working out pay

For full time and part time salaried employees this is a simple calculation of 80% on their basic salary. The grant will not be calculated on overtime, bonuses or commission payments. The cap is set at £2,500 pcm per employee.

If you pay your staff on an hourly or varied rate, then the claim is made on either of the higher of these options, still to the maximum of £2,500 pcm:-

- The same month's earnings from the previous year
- Average monthly earnings from the 2019-20 tax year (if the employee started part way through the tax year then the calculation is to be pro-rata of earnings to date).

How to make a claim

To make a claim via the HMRC portal when it is up and running in April, you will need the following:-

- ePAYE reference number
- number of employees being furloughed
- the claim period (start and end date)
- amount claimed (per the minimum length of furloughing of 3 weeks)
- your bank account number and sort code
- your contact name
- your phone number

The grant will be paid direct to your UK bank account once HMRC have received your claim and you are eligible for the grant.

When the scheme ends as an employer you must make a decision on your circumstances as to whether employees can return to normal duties. If not, it may be necessary to consider redundancy.

During the Furlough period, employees still have the same rights as they would normally. This includes all statutory entitlements, rights against unfair dismissal and to redundancy payments.

Useful links

<https://www.bookkeeping4u.biz/covid-19-updates>

<https://www.businesssupport.gov.uk/>



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