

Coronavirus Job Retention Scheme – Key Facts

Under the Coronavirus Job Retention Scheme, UK employers will be able to access support to continue paying part of their employees' salaries for those who would otherwise have been laid off during the ongoing COVID-19 pandemic.

Described as "furloughed workers", the employees are those that the employer cannot afford to pay due to coronavirus and as such, they have been asked to stop working temporarily but have not been made redundant.

For employers to be eligible, they must have created and started a PAYE payroll scheme on or before 28 February 2020 and have a UK bank account.

The Coronavirus Job Retention Scheme will initially run for at least 3 months from 1 March 2020 but will be extended if necessary.

It is expected that employers borrow or self-fund in the short term to provide the wage package before the grant can be claimed. This will be backdated from the date the employer has recorded.

If a business needs short term cash flow support, it may be eligible for a Coronavirus Business Interruption Loan. [You can find out more on this here.](#)

How will the scheme work?

- The employer can claim a grant from HMRC to cover the lower of **80% of an employee's regular wage or £2,500 per month, plus the associated Employer National Insurance contributions and minimum automatic enrolment employer pension contributions** on that subsidised wage. They will not be able to claim for more than 80% of £3,125.
- The employees remain on the payroll, deducting tax and national insurance under the PAYE system.
- The grant received to cover wages is taxable, because the salaries being paid are tax deductible.
- Employers have the option to fund the difference between payment and employee's salary, but do not have to. Employer NICs and Auto Enrolment contributions on any additional top-up salary will not be funded through this scheme. Nor will any voluntary automatic enrolment contributions above the minimum mandatory employer contribution of 3%.
- The furloughed workers **should not undertake any work** for their employer while they are furloughed.
- The scheme is available to all **employees on the employers PAYE payroll on 28 February 2020** and can be on any type of contract.
- Employees must be furloughed for a **minimum of 3 weeks and for up to 3 months** – but this may be extended.
- The employer needs to get agreement from the worker to do this, unless it's covered by a 'lay off' clause in the employment contract.
- If an employee's salary is reduced as a result of these changes, the employee may be eligible for support through the welfare system, including Universal Credit.
- For employees on zero-hour contracts, the employer can use the monthly pay in February 2020 as a benchmark for each person's pay when furloughed. If any employee did not work in that month, they should claim Universal Credit.
- If employees have to stay at home to look after young children, the employer is likely to be allowed to claim compensation if they furlough these workers.

What should I do to be able to make a claim?

- Employers should discuss with affected employees then follow up with a written letter or email, confirming they have become "furloughed workers". [You can find an example letter here.](#)
- Employers will need to submit information on those employees that have been furloughed with their earnings to HMRC via a new online portal (this is not yet live).
- Employers will be required to make one claim for the entire workforce and keep a record of how many workers are covered under the scheme.

Disclaimer: This was written on Friday 27 March 2020 and the information provided was correct at that time. We make every effort to ensure that the information provided is accurate and up to date, however EQ cannot be held responsible for any action taken, or not taken, as a result of reading this publication.

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There is expected to be cross-checks between the applications received and PAYE records for each employer to protect against fraud so please ensure your claim is submitted correctly when the portal is up and running.

How and when should I make the claim?

The submission of a claim will be through a new online portal which is expected to be live before the end April. We expect further information and guidance from HMRC in the coming weeks.

HMRC are working urgently to set up a system for reimbursement. Existing systems are not set up to facilitate payments to employers.

Before you can make a claim, you will need to calculate the amount you are claiming and will need to provide HMRC with the following information:

- your ePAYE reference number
- the 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

Please make sure you have all of this information to hand before the online portal is available to allow you to make a claim efficiently once it is up and running.

ICAEW put together some information with two examples of the calculation you will need to make prior to making a claim. You can find these [here](#).

HMRC has issued further guidance on a variety of different circumstances which you can find [here](#).

For further guidance and support, please get in touch with your usual EQ contact via email or phone. We are here to help as much as we can throughout this difficult time.

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