

# Employers

## Changes to Job Retention Scheme Summary

Employers please be aware a number of changes will apply to the Coronavirus Job Retention Scheme (CJRS) from 1<sup>st</sup> July. Whilst there will be new flexibilities, there are also more complexities if you are to continue to qualify for the government grant.

### The position up to 30th June

- Any eligible employee who had not been furloughed before and the employer wants to furlough them after 30<sup>th</sup> June, has to be furloughed on or before 10<sup>th</sup> June and remain so for at least 21 days. *(See example 1)*
- An employee who has been furloughed before, but is presently back at work, can be furloughed at any time between now and 30<sup>th</sup> June and the CJRS claim can be made for the period up to 30<sup>th</sup> June, as long as the employee is furloughed for 21 days or more. *(See example 2)*
- The employer has until 31<sup>st</sup> July to make a claim for any period up to 30<sup>th</sup> June. That claim can cover more than one calendar month if you so wish.

### The position from 1<sup>st</sup> July

- Businesses can bring employees on and off furlough on a flexible basis.
- Any working hours arrangement between the employer and employee must cover at least one week and be confirmed in writing to the employee.
- A claim period cannot straddle a calendar month *(see example 3)*.
- Claim periods from 1<sup>st</sup> July must 'usually' be a minimum of 7 calendar days.
- However, if the claim period the employer is claiming for includes, either the first day or the last day of the month, and the employer has claimed for a period immediately before it, then, the claim period can be less than 7 calendar days. *(See example 3)*
- Employers will pay wages in full for the period the employee is un-furloughed but can claim under CJRS whilst the employee is furloughed.
- Employers will need to provide details of the 'usual hours' an employee is expected to work, as well as the actual hours worked, in any given claim period.
- All employees who are either flexibly or completely furloughed in any given claim period must be reflected within that one

claim, even if the employer pays employees at different times in that claim period.

- In July, the employer can still claim 80% of the eligible wages (up to a monthly maximum of £2,500), plus the relevant employer's national insurance and employer's pension contributions.

### The position from 1<sup>st</sup> August

- From 1<sup>st</sup> August the CJRS claim remains at 80% of the salary/wages (up to a monthly maximum of £2,500). However, businesses will meet the employer's pension contributions and employers NIC.

### The position from 1<sup>st</sup> September

- From 1<sup>st</sup> September the Government will meet 70% of the wages (up to a monthly maximum of £2,190). The remaining is to be met by the employer.

### The position from 1<sup>st</sup> October

- From 1<sup>st</sup> October the Government will meet 60% of the wages (up to a monthly maximum of £1,875). Employers will need to meet the remaining amount.
- The Scheme comes to an end on 31<sup>st</sup> October.

From	Gov't grant covers	Employer pays*
1 <sup>st</sup> July	80% max £2,500, Pension & NIC	
1 <sup>st</sup> Aug	80% max £2,500	Pension and NIC
1 <sup>st</sup> Sept	70% max £2,190	Pension, NIC & 10%
1 <sup>st</sup> Oct	60% max £1,875	Pension, NIC & 20%

\*The employer may pay more than this if they pay employees more than the 80% minimum while furloughed.

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### Maximum number of employees that can be claimed for

From 1<sup>st</sup> July the maximum number of employees who can be claimed for must not exceed the highest number of employees who were in any claim up to and including 30<sup>th</sup> June.

There are exceptions for:

- Employees returning from parental leave who had not been included in a claim up to 30<sup>th</sup> June.
- Employees who have been moved to a new PAYE Scheme as a result of a scheme reorganisation after 10<sup>th</sup> June but had been in a claim under their previous PAYE scheme between 1<sup>st</sup> March 2020 and 30<sup>th</sup> June 2020.
- Employees transferred under TUPE rules into a business due to a change of ownership or a compulsory liquidation after 10<sup>th</sup> June, but who had been in a claim under their previous PAYE scheme between 1<sup>st</sup> March 2020 and 30<sup>th</sup> June 2020.
- Army, navy and air force reservists who have come back from active service who will be returning to work after 30<sup>th</sup> June.

There will be a facility to adjust the claim numbers to accommodate such employees (*See example 4*).

### HMRC Penalties

HMRC will have the power, by way of a **100% tax charge**, to recover payments which were either:

- Not due
- Not used to pay wages and PAYE
- Not used to make pension contributions

Penalties will be imposed where there has been deliberate non-compliance.

- If an employer makes a voluntary disclosure to HMRC the **penalty would be from 30% to 100% of the overpayment.**
- If prompted by HMRC the penalty range would narrow to **between 50% and 100% of the overpayment.**

### What if the employer over claims?

- HMRC takes the view that if an employer is going to flexibly furlough then a claim should not be made until the employer knows what hours will be worked in that claim period.
- However, if any over claim has been made, HMRC have updated the CJRS application process. The next time the business makes a claim they will be asked if they want to reduce the latest claim to take account of a previous error. The new claim will then be reduced to reflect that.
- If no further claim is to be made HMRC are setting up a process to enable the over claim to be paid back.
- HMRC have emphasised the importance of keeping all records pertaining to the CJRS claims for at least 6 years.

### What if the employer under claims?

- You have to contact their CJRS helpline number 080 0024 1222.
- HMRC will process this 'further' claim and issue the employer with a reference number which they should retain along with employer's calculations and reasoning for at least 6 years.

### Records to be kept

- Furlough agreements signed and dated by both employer and employee.
- The amount claimed and the claim period for each employee.
- The claim reference number for your records.
- Your calculations in case HMRC need more information about the claim
- Where an over claim was made, evidence of how the over claim came about and proof of when the repayment was made.
- Where an under claim was rectified, evidence of how that under claim arose. The amount of the 'repayment' and the reference number supplied by HMRC in respect of the claim.
- Details of the usual hours worked, including any calculations that were required, for employees you flexibly furloughed.
- Details of actual hours worked for employees your flexibility furloughed.

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