

Coronavirus Job Retention Scheme FAQs

This guidance sheet is intended to provide answers to some of the many questions that we are receiving in regard to the Coronavirus Job Retention Scheme. We will update this guidance document regularly and keep updated answers on our website.

What is the Coronavirus Job Retention Scheme?

The Coronavirus Job Retention Scheme is a ‘temporary’ scheme open to Employers for at least 3 months (with the potential to be extended dependent on the pandemic situation) starting on 1st March 2020.

It is designed to support Employers who have been severely affected by COVID-19. There is no financial limit on what Employers can claim (but there is a cap for how much can be claimed *per Employee* which is £2500).

How does the Scheme cover?

Employers will have to apply through an HMRC portal (due to be opened in April 2020 – official date still TBC) for a **grant** to cover wages for their Employees. It will cover 80% of the wages of retained Employees to a maximum of £2500 per month **plus** Employer’s National Insurance Contributions and Employer’s minimum auto-enrolment Pension Contributions of 3%.

Does the 80% include fees, commission and bonuses?

No – only the salary, NI contributions and pension contributions. Any ‘additional earnings’ aren’t taken into consideration.

How do Employers calculate the wages of Employees who work variable hours?

If the Employee has been employed for a full 12 months prior to the claim, the Employer can claim for the **higher of either:**

- (a) The same month’s earning from the previous year;
- (b) Average monthly earnings from the 2019-2020 tax year.

If the Employee has been employed for less than a year, an Employer can claim for an average of the Employee’s monthly earnings since they started work.

What Employers are eligible for the CJRS?

The Scheme is open to all UK Employers that had created and started a PAYE payroll scheme on or before 28th February 2020 and have a UK bank account. Where a company is in administration, the administrator will be able to access the CJRS.

Which Employees can benefit from the CJRS?

The Scheme applies to Employees who were on PAYE payroll on 28th February 2020 who are “furloughed” instead of being **laid off**. Employees who were employed after the 28th February 2020 are **not eligible** for the Scheme.

The Scheme applies to all full-time Employees, part-time Employees, Employees on Agency contracts and Employees on flexible or zero-hour contracts. Employees on unpaid leave *prior* to 28th February 2020 are **not eligible**, however those placed on unpaid leave after that date would be eligible.

Similarly, Employees who are on sick-leave or medically self-isolating can only be furloughed once they are “fit to return to work”. However, Employees that are off work shielding (i.e. cautiously self-isolating) can be placed on furlough.

Are Workers and Self-Employed Contractors eligible for the CJRS?

No, as they are not normally subject to PAYE. However, they may be eligible for the new Self-Employed Income Support Scheme or Universal Credit.

How long can an Employee be furloughed?

Employees must be furloughed for a **minimum** continuous period of 3 weeks. We expect the Scheme to stay open for 3 months, but it may stay open longer, there is no maximum time period at this stage.

Can an Employer rotate furloughed Employees?

Yes, provided that the Employees meet the aforementioned criteria and are furloughed for a minimum of 3 weeks at a time. There is no limit (at this stage) on how many Employees can be furloughed by a single Employer.

Does the CJRS apply to those Employees who are on reduced hours or working for reduced pay?

No, as they are still working (and there is work available for them). The CJRS only applies to Employees that are not working (as there is no work available for them) and would otherwise be at risk of being laid off.

Can an Employer top-up the 20% difference in wages?

They can do so if they wish to, but there is no obligation to do so. The Employer should be clear with the Employee at the point of consultation.

Will Employers have to repay all grant payments? Is there any risk of debt?

No, the CJRS is not a loan system so no re-payments are required, nor should there be any risk of debt.

How do you apply for the CJRS grant?

The HMRC are launching a new online portal through which the Employer must apply, this is anticipated to be completed by the end of April 2020.

The Employer will need to provide:

- (a) ePAYE reference number;
- (b) The number of Employees being furloughed;
- (c) The claim period (start and end date) – don’t forget the Scheme allows for retrospective claims covering March salaries;
- (d) The amount claimed for (it’s still unclear whether this will be the *total* amount, the total amount for *each* Employee or the *monthly* amount for each Employee (dependent on length of time furloughed));
- (e) Their UK bank account number and sort code, together with the Employers name, Business name and Business address;

Can a furloughed Employee work for another Employer?

No, furloughed Employees can do volunteering or training, providing it does not generate any money for their Employer. If Employees are required to complete online training courses while furloughed then they

must be paid *at least* the National Living Wage/National Minimum Wage for the time spent training, even if this is more than the 80% of their wage that will be subject to the grant.

Does holiday accrue while Employees are furloughed?

Yes. Initially the indications were that Employees would have their status changed to “Furlough Worker” revoking some of their employment benefits, such as holiday. However, this was challenged and now an Employee will be put on “Furlough Leave” allowing them to still accrue their normal holiday entitlement while off.

However, the rules around annual leave carryover have been relaxed due to the pandemic. Allowing Employees to carryover unused holiday entitlement from 2020 for the next two years.

For example, if your Employee is entitled to 28 days annual leave per year, has used none so far, is to be furloughed for 3 (maybe more) months and normal trade isn't expected to restart until September/October in which time you can't afford to allow all Employees to take 28 days leave as the business needs to be in recovery mode. The Employer could agree that the Employees can take 19 days holiday in the remainder of 2020 (assuming your new holiday year starts in January) and carry over 19 days, which is to be split between 2021 and 2022 equally. This therefore relieves some pressure on the Employer.

Can Employers insist on Employees being furloughed?

No, Employers can only furlough Employees if:

- (a) They have a contractual lay-off clause in their Employment Contract, or
- (b) They hold a consultation meeting (in the circumstances this can be via phone or video conference) with their Employee and reach mutual agreement. Which is then to be correctly documented.

Equivalently, Employees cannot demand to be furloughed. However, Employers should take care to ensure any furlough process does not discriminate.

Can Employers re-employ Employees that have been dismissed by reason of Redundancy and then furlough them?

Yes, provided the Employees were on PAYE payroll on 28th February 2020 and their employment ended by reason of redundancy after this date.

Can Employees on Maternity Leave (or any Family Leave) be furloughed?

Family Leave including Maternity, Paternity, Adoption etc all have their own statutory rights. The guidance is not clear on this aspect, however if an Employee on leave agreed to return to work early, they could be put on furlough at this stage. However, they should not be furloughed while they still have statutory entitlement under a Family Leave.