CORONAVIRUS JOB RETENTION SCHEME - CHANGES ANNOUNCED
SELF-EMPLOYMENT INCOME SUPPORT SCHEME - EXTENDED

INTRODUCTION

On Friday, 29 May 2020 the Chancellor, Rishi Sunak, set out the Government’s long-awaited plans to wind down the Coronavirus Job Retention Scheme (CJRS). Introduced in March 2020, the Scheme was the Government’s economic response to the coronavirus health crisis in a bid to safeguard jobs. To date, it has supported 8.5 million furloughed workers, across 1 million businesses at a cost of £15 billion.

The Chancellor confirmed that the Scheme will end on 31 October 2020, and a new flexible element will be introduced from 1 July that will allow employers complete flexibility to bring furloughed employees back to work on a part-time basis as business activity ramps up (employer to pay wages for hours worked and the Scheme will fund the remaining balance).

The Scheme will close to new entrants from 30 June. From this point onwards, employers will only be able to furlough employees that they have furloughed for a full three-week period prior to 30 June.

This means that the final date by which an employer can furlough an employee for the first time will be the 10 June, in order for the current three-week furlough period to be completed by 30 June.

Furloughed workers remain entitled to 80% of their wages – capped at £2,500 per month – until the Scheme ends in October. Employers are required to make a contribution towards those wages from 1 August 2020 as the Government’s contribution is tapered down.

IMPORTANT NOTE: Government will publish further guidance on how the new phase of the CJRS will be implemented on 12 June. Meanwhile, please see factsheet below.

CORONAVIRUS JOB RETENTION SCHEME - FACTSHEET

From 1 July – Flexible Furlough – What we Know

- Employers can bring back to work employees that have previously been furloughed under the new flexible furlough arrangement while still being able to claim the CJRS grant for their normal hours not worked.

- When claiming the CJRS grant for furloughed hours; employers will need to report and claim for a minimum period of a week.

- To be eligible for the grant, employers must agree with their employee any new flexible furloughing arrangement and confirm that agreement in writing.
• Employers can claim the grant for the hours their employees are not working calculated by reference to their usual hours worked in a claim period. Further details will be included in the 12 June guidance (see Important Note 1 above).

• For worked hours, employees will be paid by their employer subject to their employment contract and employers will be responsible for paying the tax and NICs due on those amounts.

• The number of employees an employer can claim for in any claim period cannot exceed the maximum number they have claimed for under any previous claim under the current CJRS.

• Employers will be able to make their first claim under the new scheme from 1 July.

From August 2020 onwards – Tapering – Employer Costs

• In June and July, the government will pay 80% of wages up to a cap of £2,500 as well as employer National Insurance Contributions (employer NICS) and pension contributions for the hours the employee doesn’t work. Employers will have to pay employees for the hours they work.

• In August, the government will pay 80% of wages up to a cap of £2,500 and employers will pay employer NICS and pension contributions for the hours the employee does not work.

• In September, the government will pay 70% of wages up to a cap of £2,187.50 for the hours the employee does not work. Employers will pay employer NICS and pension contributions and 10% of wages to make up 80% total up to a cap of £2,500.

• In October, the government will pay 60% of wages up to a cap of £1,875 for the hours the employee does not work. Employers will pay employer NICS and pension contributions and 20% of wages to make up 80% total up to a cap of £2,500.

Note: As with the previous scheme, employers are still able to choose to top up employee wages above the scheme grant at their own expense if they wish.

SELF-EMPLOYMENT INCOME SUPPORT SCHEME (SEISS)

On 29 May the Government also announced that the Self-Employment Income Support Scheme (SEISS) would be extended to include a Second and Final Grant. A summary of the extension is as follows:

• Eligible individuals can claim a taxable grant worth 70 per cent of their average monthly trading profits, paid out in a single instalment covering three months’ worth of profit, and capped at £6,570 in total.

• The eligibility criteria are the same for previous grants, and individuals will need to confirm that their business has been adversely affected by coronavirus when applying for the second and final grant.

• An individual does not need to have claimed the first grant in order to be eligible for the second and final grant.

• Applications will open in August 2020, and further information on this second grant will be available on GOV.uk on 12 June 2020.