

# Coronavirus Job Retention Scheme

Updated 21.03.20 @ 7pm

Under the new Coronavirus Job Retention scheme, government grants will cover 80% of the salary of PAYE employees **who would otherwise have been laid off** during this crisis. The scheme, open to any employer in the country, will cover the cost of wages backdated to 1 March 2020 and will be open before the end of April. It will continue for at least three months, and can include **workers who were in employment on 28 February**.

**To claim under the scheme employers will need to:**

- designate affected employees as ‘furloughed workers’, and notify employees of this change. Changing the status of employees remains subject to existing employment law and, depending on the employment contract, may be subject to negotiation **so please take HR advice** ; and
- submit information to HMRC about the employees that have been furloughed and their earnings through a new online portal. HMRC will set out further details on the information required.
- HMRC will reimburse 80% of furloughed workers wage costs, up to a cap of £2,500 per month.

While HMRC is working urgently to set up a system for reimbursement, we understand existing systems are not set up to facilitate payments to employers. Business that need short-term cash flow support, may benefit from the VAT deferral announced and may also be eligible to apply for a Coronavirus Business Interruption Loan.

## FAQs

**Q:** What does “furloughed” mean?

**A:** I had to look this one up myself. It’s if you allow someone to be absent from work for a period.

**Q:** Are the government going to pay my team for me?

**A:** There seems to be a common misconception that the government will subsidise 80% of your team costs while they work for you. Not so – it’s only for people who you would normally make redundant in any other situation. They are in effect on “garden leave”, and should not be doing any work during the “furloughed” period.

**Q:** Surely they can do some odd jobs for me whilst off...

**A:** A lot depends on the details, but highly unlikely.

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**Q:** Can they go part time and benefit from this?

**A:** Not as its written, they can't lift a finger. You'd be best making some of your staff full time, and put others on garden leave. However until we see the detail we cant be 100%

**Q:** Who qualifies?

**A:** Anyone on payroll at 29<sup>th</sup> February.

**Q:** How do you work out what they get 80% of?

**A:** Not sure yet – We are thinking it'll work like other things, so average of last 12 weeks pay though that doesn't work for employees that started in Jan or Feb.

**Q:** Can we alter February's payroll to bump the figure up?

**A:** No - its all gone through RTI already, thats why HMRC chose February

**Q:** Can directors benefit from this?

**A:** No guidance yet – we suspect shareholders will be excluded.