

## **Corona Virus and Government support for Employers and Employees- the Job Retention Scheme, (as known as furlough)**

### **Key policy objectives of the scheme:**

*Overall objective is to keep people at home while enabling employers to retain staff who will be needed when they begin to rebuild their businesses in the future. This will enable work to begin again with a critical core who have the necessary knowledge*

### **The Rules**

- All UK Employers are eligible
- The scheme is available for any employer operated PAYE scheme and designed to support anyone who would otherwise be unemployed as a result of the Corona virus outbreak. -irrespective of their earnings
- The scheme is also open to Company directors and those on zero hours contracts
- The scheme will be back-dated to March 1 with a view to covering those who have already been made redundant due to the Coronavirus outbreak
- It is available for those employees on the payroll as at 28<sup>th</sup> February 2020
- The scheme will be reviewed after three months
- The grants will be available through an online portal which is currently being constructed and will reimburse Employers up to 80% of Employment costs up to a maximum of £2500
- An additional grant is available to cover the employer's National Insurance Contributions on salary up to those limits and the minimum Auto-enrolment pension contributions
- There are special rules for employees with variable earnings  
<https://www.gov.uk/guidance/claim-for-wage-costs-through-the-coronavirus-job-retention-scheme#work-out-what-you-can-claim>
- Workers will not be able to work for their employer if on this scheme, but they can work for other (unrelated) Employers

### **Some additional questions**

**Q: How do we report payments to furloughed workers?**

**A:** Payments to furloughed workers should be via the RTI system as normal, employees will still pay Income Tax and National Insurance on any payments received from their employer.

Employers will also continue to pay Employer NICs on wages. An additional grant is available to cover the employer's National Insurance Contributions on salary up to those limits and the minimum Auto-enrolment pension contributions.

**Q: What happens with variable earnings and what is deemed a regular income?**

**A:** There are rules published in the 26 March guidance on the scheme that explain how the average salary of employees with variable earnings are calculated.

<https://www.gov.uk/guidance/claim-for-wage-costs-through-the-coronavirus-job-retention-scheme#work-out-what-you-can-claim>

**Q. What happens to annual leave? Does it accumulate or do they start afresh when they re no longer Furloughed workers?**

**A.** <https://www.acas.org.uk/coronavirus/using-holiday>

**Q: Can directors' furlough themselves - given they have statutory responsibilities**

**A:** The rules are that directors cannot earn fees but can be retained under the furlough scheme to comply with their statutory and administrative responsibilities (e.g. filing accounts and tax returns)

**Q: What happens to employees who aren't eligible to be furloughed ie: started after 28/02/2020. What benefits can they get?**

**A:** We have strengthened the welfare system to support those whose hours change including an increase to the Universal Credit standard allowance and the working tax credit basic element This builds on the initial package announced at Budget including enhancements to contributory employment support allowance, which will now be available from day 1 and making advances for all new Universal Credit claimants available online with no requirement to attend a job centre.

**Q: In the guidance under the Claim section: what do you do after you've claimed' it says you must pay the employee all grant you receive for their gross pay' What about NI, Tax, & Pensions. Doesn't that come off first?**

**A:** Yes - employees will pay Income Tax and National Insurance on any payments received from their employer just as they would do normally.

**Q: what happens where employer makes employee work even when on the scheme else they will not pass on the money.**

**A:** All employers participating in the scheme will be required to pay furloughed staff 80% of their wages, up to a cap of £2,500 per month.

If workers are concerned, they are not receiving this, they should raise it with their employer in the first instance.



Government will retain the right to retrospectively audit all aspects of the scheme with scope to claw back fraudulent or erroneous claims.

### **Special rules for sick pay**

#### **Q: Can occupational sick pay be included in the amount to reclaim?**

**A:** Eligible employers will only be able to reclaim expenditure for any employee who has claimed SSP (according to new eligibility criteria) as a result of Covid-19, subject to the maximum of 2 weeks per employee.)

#### **Q: Can someone get one day SSP for self-isolation and then be furloughed? Can we reclaim the SSP in these circumstances?**

**A:** Employers should continue to make SSP payments to eligible employees (according to the new eligibility criteria). HMRC will provide further details in due course on how eligible employers can access the rebate <https://www.gov.uk/statutory-sick-pay>

#### **Q: Is SSP payable just for those who cant work because they have to self-isolate? Or also those that cant work because they are one of the vulnerable groups that have to social distance/shield?**

**A:** Employers should continue to make SSP payments to eligible employees (according to the new eligibility criteria). HMRC will provide further details in due course on how eligible employers can access the rebate <https://www.gov.uk/statutory-sick-pay>

### **Holiday pay**

#### **Q: how does it work with employees that have been furloughed - with their annual leave entitlement?**

**A:** <https://www.acas.org.uk/coronavirus/using-holiday>