

Guidance for employers to claim wage costs through Coronavirus Job Retention Scheme (CJRS)

This document has been compiled based on a summary of the information provided by the Government on 26th March 2020. The intention is to provide a quick overview of the key information regarding eligibility and details of how the scheme will operate.

Overview

This scheme has been designed to support employer whose operations have been severely affected by coronavirus (COVID-19). Here is an overview of the scheme:

- CJRS is a temporary scheme open to all UK employers.
- The scheme will retrospectively start from 1st March 2020.
- It will be in operation for at least 3 months.
- The scheme, including an online portal and payment mechanism, will be fully operational by the end of April.
- It can be accessed by all UK employers that had created and started PAYE payroll scheme on, or before, 28th February 2020 and have a UK bank account.
- Claims can be made for employees on any type of employment contract.
- Employers can use a portal to claim 80% of furloughed employees (employees on a leave of absence) usual wage costs up to £2,500 per month (plus associated NI contributions and pension contributions).
- Employers remain liable for associated Employer NI and pension contributions on behalf of their furloughed employees.
- You can choose to provide top-up salary (20%) in addition to the grant.
- This scheme can be used by employers at any point during the operating period.

Which employers can claim?

Any UK organisation with employees can apply, including:

- businesses
- charities
- recruitment agencies (agency workers paid through PAYE)
- public authorities

If a company is being taken under the management of an administrator, the administrator will be able to access the scheme.

Who can I claim for?

- Full-time
- Part-time
- Employees on agency contract
- Employees on flexible or zero-hour contracts

The scheme covers employees who were made redundant on or after 28th February 2020 if they are rehired by their employer.



A furloughed employee has the same rights as they previously did, including; Statutory Sick Pay (SSP) entitlement, maternity rights, other parental rights, rights against unfair dismissal and to redundancy payments.

How does furlough apply to the following circumstances?

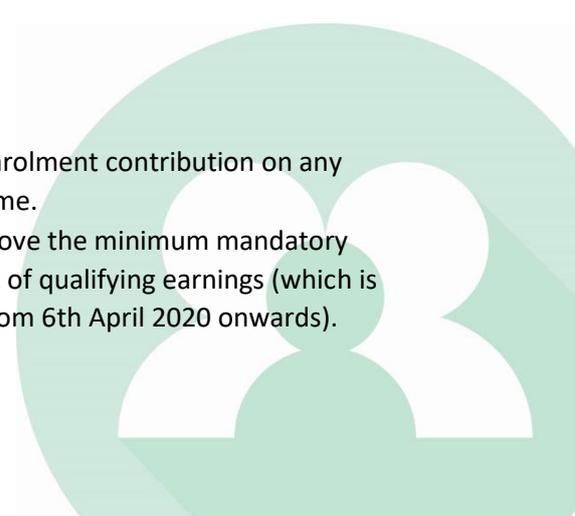
- **Unpaid leave:** Only if the employee was placed on unpaid leave after 28th February.
- **Statutory Sick Pay (SSP):** The employee can be furloughed following sick leave or self-isolation whereby they should get SSP.
- **Shielding due to COVID-19:** Employees who are shielding in line with public guidance can be placed on furlough.
- **More than one job:** The employee can be furloughed for each job. Each job is separate, and the cap applies to each employer individually.
- **Volunteer work or training:** It is fine for the employee to take part in volunteer work or training as long as it does not provide services to or generate revenue the employer, or on behalf of the organisation.
- **Maternity Leave:** Individuals who are on or plan to take Maternity Leave must take at least 2 weeks off work immediately following the birth of the baby. This is a health and safety requirement. If your employee is eligible for Statutory Maternity Pay or Maternity Allowance, the normal rules apply, and they are entitled to claim up to 39 weeks of statutory pay or allowance. If you offer enhanced (earnings related) contractual pay to women on Maternity Leave, this is included as wage costs that you can claim through the scheme.
- **National Living Wage/National Minimum Wage:** Individuals are only entitled to the National Living Wage (NLW)/National Minimum Wage (NMW) for the hours they are working. Therefore, furloughed workers, who are not working, must be paid the lower of 80% of their salary, or £2,500 even if, based on their usual working hours, this would be below NLW/NMW. However, if workers are required to for example, complete online training courses whilst they are furloughed, then they must be paid at least the NLW/NMW for the time spent training, even if this is more than the 80% of their wage that will be subsidised.

What can you claim?

- You will receive a grant from HMRC to cover the lower of 80% of an employee's regular wage or £2,500 per month (plus associated Employer National Insurance (ENI) contributions and minimum employer pension contributions (MPC) on that subsidised wage).
- At a minimum, employers must pay their employees the lower of 80% of their regular wage or £2,500 per month.
- An employer can also choose to top-up an employee's salary but is not obliged to under this scheme.
- More guidance will be issued on how employer should calculate claims for National Insurance and pension contributions.

What is *not* funded through the scheme?

- Employer National Insurance Contributions and automatic enrolment contribution on any additional top-up salary will not be funded through this scheme.
- Nor will any voluntary automatic enrolment contributions above the minimum mandatory employer contribution of 3% of income above the lower limit of qualifying earnings (which is £512 per month until 5th April and will be £520 per month from 6th April 2020 onwards).



What happens when the scheme ends?

- When the scheme ceases to operate the employer will decide, depending on circumstances, for the employee to return to their duties or consider termination of employment (redundancy).
- HMRC will continue to process remaining claims before terminating the scheme.

Are they important considerations?

- When deciding to who to offer furlough to, equality and discrimination laws will apply in the usual way.
- Eligibility for the subsidy include writing to employees and confirming that they have been furloughed and keeping a record of this communication.
- If hired after 28th February, and employee cannot be furloughed or claimed for in accordance to the scheme.
- When on furlough an employee cannot undertake work for or on behalf of the organisation. Including providing services or generating income.
- While on furlough, the employee's wage will be subject to usual income tax and other deductions.
- Employers may need to seek legal advice on the process.
- HMRC will retain the right to retrospectively audit all aspects of your claim.

At Parental Choice we can provide [legal support](#) and HMRC related administration to assist. To manage this process on your behalf, this service is charged at £150 (inclusive of VAT) for our existing clients.

This covers legal advice and drafting of formal documentation (including a notice to furlough) as well as related HRMC administration such as salary calculations, payroll reporting, application and HMRC communication records. In order to set this up please get in touch with the **Parental Choice Payroll Team on 020 8979 6453**.

Parental Choice Payroll have created a [Coronavirus Advice Hub](#) for employers and nannies, we are also regularly adding useful content and advice to our [blog](#).

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