

COVID-19

The Coronavirus Job Retention Scheme - the basics



In March 2020 the Government introduced temporary measures to help employers - businesses, charities, recruitment agencies (agency workers paid through PAYE) and public authorities with a PAYE scheme in place on or before 19 March 2020 and which held a UK bank account - during the Covid-19 pandemic. They were made available to all UK PAYE employers who needed support to help them pay part of their employees' salary and make up the Coronavirus Job Retention Scheme (CJRS). The following are frequently asked questions and answers covering the basics of the scheme.

Which employees can I claim for?

The last day that an employee could have been put on furlough for the very first time was 10 June 2020 – they also had to have been on your payroll on 19 March 2020 to be eligible. From 1 July 2020 you can only claim for employees for whom you have successfully claimed a previous CJRS grant. This means that they must have been put on furlough for at least 3 consecutive weeks between 1 March and 30 June 2020.

What do I tell my employees?

Please note that employees have a contractual right to be paid in full and therefore employers must obtain employees' consent to reduce their pay (and to put them on furlough). This consent should be in writing.

Can I reclaim Statutory Sick Pay (SSP) for staff sickness due to the coronavirus?

Yes, you can. The Government brought in legislation on 26 May 2020 which allows SME businesses to reclaim SSP for staff sickness due to the coronavirus.

To be eligible, your business would need to have been classified as an SME as at 28 February 2020 and employ less than 250 employees.

For more information on how to claim for SSP please refer to our factsheet, [Coronavirus Statutory Sick Pay Rebate Scheme](#), which is available in the [Resources](#) section of our website.

What information do I need in order to make a CJRS claim?

You will need the following to make the claim:

- To be registered for PAYE online
- Your UK bank account number and sort code (only provide the bank account details where a BACS payment can be accepted)
- The billing address on your bank account (this is the address on your bank statements)

- Your employer PAYE scheme reference number
- The number of employees being furloughed
- Each employee's National Insurance number
- Each employee's payroll or employee number (optional)
- The start date and end date of the claim
- The full amounts that you're claiming for including:
 - Employee wages
 - Employer National Insurance contributions (for claims up to 31 July)
 - Employer minimum pension contributions (for claims up to 31 July)
- Your phone number
- Contact name

You also need to provide either:

- Your name (or the name of the employer if you are the agent)
- Your Corporation Tax unique taxpayer reference
- Your Self-Assessment unique taxpayer reference
- Your company registration number

For the claim period you'll also need:

- The number of usual hours your employee would work in the claim period
- The number of hours your employee has or will work in the claim period
- You will also need to keep a record of the number of furloughed hours your employee has been furloughed in the claim period

Do I need to do any calculations?

Yes, you or your payroll bureau will need to calculate the amount you are claiming. However, there is a calculator available on the GOV.UK website – Coronavirus Job Retention Scheme calculator – which you can use to work out the figures you'll need when you complete a claim through the scheme. It also gives a detailed breakdown of calculations for each pay period for your records.

The figures are for one employee for the claim period you specify. You will therefore need to run the calculator again for any other employees you are claiming for and add up the results. The calculator works for most employees paid weekly, 2 weekly, 4 weekly or monthly.

You can also use the calculator from 1 July, when employees can be brought back to work for some of their normal hours, as it will take this into account.

However it won't work for employees who:

- Returned from statutory leave such as maternity leave in the last 3 months
- Receive director's payments
- Have been transferred under TUPE
- Have been employed at separate times throughout the year
- Receive employer pension contributions outside of an auto-enrolment pension scheme

In these circumstances there is guidance on the GOV.UK website under 'calculation guidance' or seek professional advice.

Please note that it is the employer's responsibility to check that the amount claimed is correct and HMRC will have the right to audit any aspects of claims retrospectively.

What will happen to employer's costs from 1 August 2020 until October 2020?

The level of the grant is being tapered to reflect more people returning to work. It will work as follows with the cap on the furlough grant being proportional to the hours not worked.

- In June and July, the Government will pay 80% of wages up to a cap of £2,500, as well as employer NICs and pension contributions for the hours the employee does not work.
- In August, the Government will continue to pay 80% of wages up to a cap of £2,500, but employers will pay employer's NICs and pension contributions.
- 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's NICs and pension contributions and 10% of wages to make up a total of 80%. This total is capped at £2,500.
- In October, the Government will pay 60% of wages up to a cap of £1,875 for the hours the employee doesn't work. Employers will be required to pay employer's NICs and pension contributions plus 20% of wages to reach the necessary 80%. Again this will be capped at £2,500.

Can I top up my employees' pay?

Yes, you can top up your employees' salary in addition to the Government grant if you wish to. However, employer's NICs and auto enrolment contributions in June and July on any additional top up pay will not be funded through the scheme.

Voluntary automatic enrolment contributions above the minimum mandatory employer contribution of 3% of income above the lower limit of qualifying earnings are not covered either.

You must pay the employee ALL the grant that you receive for their gross pay. Employers cannot enter into any arrangement with employees which reduces their wages below the amount claimed. This includes administration charges, fees or other costs in connection with their employment.

How are income tax and employees' NICs treated?

The wages of employees on furlough are subject to the usual income tax and NICs deductions as usual. Unless they have opted out of an auto enrolment scheme they will also have to pay auto enrolment contributions on qualifying earnings.

Is there a deadline to claim for employees who are furloughed prior to the changes coming into effect in July?

Employers will need to make any claims in respect of the period to 30 June 2020 by 31 July 2020. From 1 July 2020, the scheme will only be available to employers for staff who have already been furloughed in the past.

When can I make a claim under the new scheme?

Employers can make their first claim under the new scheme from 1 July 2020. Furthermore, employers who previously made claims that overlapped calendar months will no longer be able to do this.

How do I send the information to HMRC?

You should use HMRC's online portal to submit information about furloughed employees along with their earnings and other necessary details.

How should my business account for the Coronavirus Job Retention Scheme for tax purposes?

HMRC has said that these payments must be accounted for as income in the business' taxable profits for income tax and corporation tax purposes. Businesses can deduct employment costs as usual when calculating taxable profits for income tax and corporation tax purposes.

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