



COVID19

FAQs – Job Retention Scheme

Introduction

This is the first in a series of FAQs designed to help business owners through the current COVID19 crisis. We will update the guidance as and when new information becomes available.

Do let us know if there's a question we haven't covered yet, or you become aware of new information before we do.

This guidance has been updated on 15 April 2020. Additional or updated text is in Red.

I'm a director of my own company, do I qualify for the 80% funding on my salary?

Directors can qualify provided they do only those tasks that are the responsibility of directors. The example in the guidance is filing of accounts and (by extension) the Annual Confirmation Statement. However, they have a number of other responsibilities under Companies Act 2006, employment law, and Health & Safety rules.

I would argue that provided the activities are limited to those categories, it should be possible to put directors on furlough.

Very often, private limited companies have spouses as directors as well. It may be much easier to argue that the "administrative director" is on furlough than the most client-facing spouse.

Remember that the normal rules about informing in writing and compliance with contracts of employment still apply.

In the case of a director, the guidance requires an appropriate Board minute supporting the decision.



How much can I claim?

Further clarification has been provided and it is good news. You can claim up to £2,500 per month per employee (or 80% of their “salary” – see below for definition. In addition, you can claim the Employer’s NIC that would be payable on the qualifying salary and the minimum auto-enrolment pension contribution that is payable too.

The maximum that can be claimed has been calculated at just over £2,800 per employee per month, rather than £2,500. Please contact us if you need help with the calculations.

The actual claim you can make is the higher of the average salary during 2019/20, or the salary paid in the same month last year. So, if employees’ pay has fallen over the past year, it might give a better result if the prior year figure is used. Again, we can calculate that for you.

My staff get bonuses and /or benefits-in-kind, can I include them in the calculations?

The guidance limits the claims to just the base salary. This is calculated as the average salary paid over the 12 months ended 28 February 2020. If an employee joined you after 1 April 2019, they won’t have a full year. In this event, average the salary into a monthly figure since they started. The Employer’s NIC and the auto-enrolment pension follows on from this.

I have put staff on furlough, do I have to top up their salary to the 100% level?

No, this is optional, subject to their employment contract.

One of my employees is on sick leave/self-isolating, can they be furloughed?

The simple answer is yes, once their period of sick leave ends. This is subject to employment law considerations. If you have a right within the employment contract to cut hours this should be straightforward. If not, you may need to negotiate it, but if the choice is between redundancy and a cut to 80% of normal wage, which would you choose?

I haven’t paid myself anything through PAYE yet, can I claim anything?

Unfortunately not, you must have started a PAYE scheme before **19 March** 2020 and have a UK bank account in order to apply.

I have taken on a new employee, can I claim for them?

Only employees who were on the payroll on **19 March** 2020 qualify for the funding. While you could put new employees on furlough, you won’t get funding for their salary.



Can employees on furlough still work for the business on a “voluntary” basis?

Definitely not! Being on furlough means they have no work to do. If they are required to work, consider cutting their paid hours instead.

They are allowed to undertake training so maybe now is a good time to get them skilled up, particularly as a lot of this can be done online from home.

They can undertake voluntary or community work, or even work for another employer. Several clients have employees working for supermarkets for example.

Can I rotate my furloughed staff?

Yes, although each individual employee must be furloughed for at least three weeks at a time. Each time an employee is placed on furlough, the minimum period of three weeks applies. You cannot add up all the separate periods of furlough.

Normal rules regarding the legal position apply.

What about staff on maternity/paternity/shared parental leave?

The usual rules apply. You can claim for enhanced earnings related contractual pay.



What do I need to make a claim?

You'll need access to HMRC's online portal when it is ready. HMRC have confirmed it will go live on 20 April 2020. In the meantime, you can prepare the following information:

- Your PAYE reference number
- The number of employees being furloughed
- National Insurance Numbers for the employees you want to furlough
- Names of the employees you want to furlough
- Payroll/works number for the employees you want to furlough
- your Self Assessment Unique Taxpayer Reference or Corporation Tax Unique Taxpayer Reference or Company Registration Number
- the claim period (start and end date)
- amount claimed (per the minimum length of furloughing of 3 consecutive weeks)
- your bank account number and sort code
- your contact name
- your phone number

Is the funding taxable on the employees?

Technically, the funding is for the employer, not the employees, so you should continue to pay them in the usual way, making the usual PAYE filings.

Any funding received is taxable on the employer. It will be treated as non-VATable income and included in your accounts in the same way as any other income.

What happened when the scheme comes to an end?

The JRS is currently in place for a minimum of three months from 1 March 2020. Once it ends, you will have to decide whether to re-employ each employee, or whether to offer them short-time working or make them redundant. Normal employment law considerations will apply.

Do I have to show the 80% salary separately on their payslip if I'm topping up the salary?

You could continue to process pay as before (subject to any reduction you have agreed), but we would suggest you identify each separate element of gross pay. Some payroll packages have been amended to allow you to calculate the grant claim figures automatically, and you'll want to be able to remove the discount when the furloughed period/scheme comes to an end.

As a side note, you should account for the grant received as a separate line of income in your accounting records, as it is unlikely to be repeated and could skew your management reporting.



When will I get the cash?

HMRC have indicated that the first payments will hit employer bank accounts on 30 April 2020, but we are expecting some delays due to the huge number of claims that will be made.

Where can I go for more guidance?

<https://www.gov.uk/guidance/claim-for-wage-costs-through-the-coronavirus-job-retention-scheme>

is the place!!

Do get in touch if you have any other questions.

The team @ Numbers (UK) Limited
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