

Job Retention Scheme

Last updated 4 March 2021

This scheme was introduced by the government to help employers with the cost of paying staff whom they could not use in their business due to coronavirus restrictions. The scheme was extended until the end of September 2021 in the Chancellor's Budget on 3 March 2021.

The package applies to all organisations (including businesses and charities) and individual employers (eg employers of a nanny) who had a PAYE scheme by 23:59 on 30 October 2020 and who enrol for PAYE Online (“e-PAYE”).

Employers may “furlough” employees who are unable to work at all, or need to work reduced hours due to enforced closure, reduced trading or social distancing rules.

The levels of grant have changed over time as follows:

- Until the end of June 2021 HMRC will pay 80% of non worked hours (up to a maximum of £2,500) and employers will cover the National Insurance and employer pension contribution.
- In July HMRC's contribution falls to 70% (up to £2187.50) with employers contributing 10% plus the NI and pension.
- In August and September, HMRC will contribute 60% (up to £1875) and employers contribute 20% plus the NI and pension.

The employer may choose to top up the employee's salary to full pay if all agree.

What you need to know

- If the contract of employment does not permit short time and laying off, it must be by agreement with the employee (it does not supersede Employment Law) and employees must be notified in writing (email or letter) and the communication kept for 5 years.
- Employees that were employed and on the payroll on 23 September 2020 who were made redundant or stopped working for their employer afterwards can be re-employed and claimed for. The employer must have made a PAYE Real Time Information (RTI) submission to HMRC from 20 March 2020 to 23 September 2020, notifying a payment of earnings for those employees. Similarly, an employee who was on a fixed term contract, on payroll on 23 September, and that contract expired after 23 September can be re-employed and claimed for, provided that the other eligibility criteria are met.
- Furloughed apprentices and trainees can continue their studies during and for any day they do so, they are to be paid at least according to relevant statutory minimum wage rules in full.
- The scheme extends to full-time, part-time, zero-hours, directors and salaried members of LLP's (these people may still carry out statutory duties), agency works paid through PAYE, and “limb (b)” workers.
- Claims are also available for earnings related part of pay for people on maternity, adoption, paternity and parental leave.
- The salary used in the 80% calculation is salary, or for those with varying pay, the grant will be based on either same month in the previous year, or, if the person was not an employee then, average monthly earnings.

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We will keep clients up to date at hillierhopkins.co.uk

How to make a Job Retention Scheme claim

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

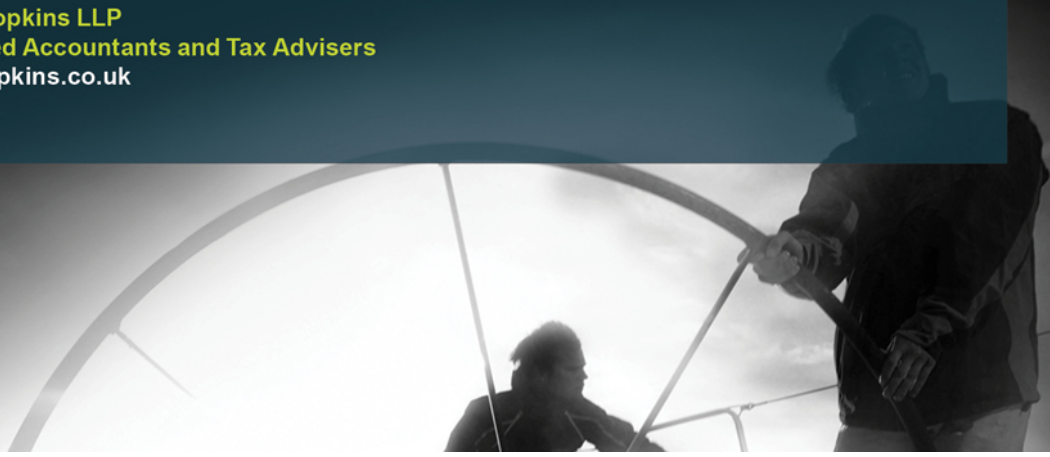
Information about government help and advice is at <https://www.gov.uk/government/news/coronavirus-covid-19-guidance-for-employees-employers-and-businesses>



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- Salary includes all compulsory contractual payments but does not include discretionary bonuses, commissions or tips.
- There are now monthly deadlines for claims. Claims must be submitted within 14 calendar days after the month they relate to, unless this falls on a weekend in which case the deadline is the next weekday.

Our Comments

This scheme appears largely well considered. The objective is to retain jobs. Payments to furloughed employees are taxable as normal through the PAYE system.

One criticism of the scheme is that it does not include tips which are paid to restaurant staff through a properly operated tronc system. Restaurant and bar staff rely on these tips and have a reasonable expectation of them arising regularly. The former Chancellor, George Osborne wrote in the Evening Standard that he would hope that tips would be included, but they have expressly been excluded.

What you should do

- If you are considering this scheme, you need to review all employees and decide who among them cannot work due to the Coronavirus outbreak.
- Check their employment contracts to see what you may do and professional advice if you are unsure.
- Hold discussions with employees to agree what you will pay them while furloughed. You need to decide whether they will be on full pay or anything between 80% (up to £2,500 per month) and full pay.
- Notify them formally that they are to be furloughed and the terms agreed. This should be in writing or email.
- Continue to pay them what you have agreed.
- **HMRC’s portal for claims under the new scheme will be available via the following website <https://www.gov.uk/guidance/claim-for-wages-through-the-coronavirus-job-retention-scheme>.**

How we can help you

If we are your PAYE Agent, we can make the claim for you and we will contact you. If we are a “filing agent” (as for most Payroll Bureau Clients) you will have to make the claim yourself, but we will provide you with all the information you need. If in doubt please contact us. If we do not provide you with payroll services, we will still be able to help you with advice on using the system.

We will be happy to assist you and invite you to contact your normal team who will offer you support. We are experts in many of these areas and will be pleased to assist you in every way we possibly can. If you are not sure who to contact, call us on 0330 024 3200 or email hi@hhllp.co.uk.

This is a fast-changing situation and we will keep you informed as and when we know more. If you have any concerns or queries, please speak to your usual adviser or contact us on 0330 024 3200.

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