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## Coronavirus Job Retention Scheme

### Update based on latest HMRC Guidelines

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The Coronavirus Job Retention Scheme is a temporary scheme open to all UK employers for at least 3 months starting from 1 March 2020. The scheme is expected to be up and running by the end of April 2020.

Employers can claim up to 80% of furloughed employee's (employees on a leave of absence) usual monthly wages up to £2,500 a month, plus the associated Employers National Insurance Contributions (NICs) and minimum automatic enrolment employer pension contributions.

Any UK organisation with employees can claim under this scheme providing they had created and started a PAYE scheme on or before 28 February 2020 and have a UK bank account.

#### Employees you can claim for

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

To be eligible for the subsidy the employee must have been on your PAYE payroll on 28<sup>th</sup> February 2020 and cannot undertake work for or on behalf of the organisation while they are furloughed. Employees hired after 28 February 2020 cannot be furloughed or claimed for in accordance with this scheme. Employers should discuss this with their staff and make any changes to their employment contract by agreement. You do not need to place all of your employees on furlough however equality and discrimination laws will apply in the usual way.

Employees on unpaid leave cannot be furloughed unless they were placed on unpaid leave after 28 February 2020.

Employees on sick leave or who are self isolating should get statutory sick pay, but can be furloughed after this. Employees who are shielding in line with public health guidance can be placed on furlough.

If your employee is eligible for statutory maternity pay, maternity allowance, contractual adoption pay, paternity pay or shared parental pay the statutory pay continues as normal. If their contract entitles them to enhanced maternity pay this is included as a wage cost that can be claimed through the scheme.

#### What can you claim?

You will receive a grant from HM Revenue & Customs to cover the lower of 80% of an employee's regular wage or £2,500 per month, plus the associated NICs and minimum automatic enrolment employer pension contributions. Fees, commission and bonuses are not included in this scheme.

Employers can choose to top up their employees salary if they wish but they are not obliged to under this scheme, you will not be able to claim for the additional Employers NIC or pension contribution on the additional wage.

The employees actual salary before tax as of 28 February 2020 should be used to calculate the 80%. If the employees pay varies you can claim the higher of either:

- The same month's earnings from the previous year **or**
- The average monthly earnings from the 2019/20 tax year

If the employee has been working less than 12 months an average of their monthly earnings since they started work can be claimed.

HM Revenue & Customs retain the right to retrospectively audit all aspects of your claim.

### **Information needed to make a claim**

In order to make a claim for this scheme you will need the following information:

- Your PAYE Reference
- The number of employees being furloughed
- The claim period (start and end date)
- Amount claimed (per the minimum length of furloughing of 3 weeks)
- Bank account number and sort code
- Contact name
- Phone number

You can only submit one claim every 3 weeks which is the minimum time and employee can be furloughed for. The claims can be backdated to 1 March 2020 if necessary.

Furloughed employee rights continue as normal, this includes statutory sick pay etc.

Wages of furloughed staff will be subject to income tax and National Insurance as normal, they will also have to pay automatic enrolment contributions unless they opt out.

Payments received by the business under the Coronavirus Job Retention Grant must be included in the business's calculation of its taxable profits for income tax and corporation tax purposes. Business can deduct employment costs as normal when calculating their profits.

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