

## Job Retention Bonus

Claims for the £1,000 bonus per eligible employee, agency worker or office holder must be made between **15 February 2021 and 31 March 2021**. This is a change of approach which will also be reflected in the job support scheme.

Under CJRS it was a case of ‘pay now, check later’ to ensure businesses had sufficient cashflow to make salary payments. But with the job support scheme (JSS) and the bonus scheme, HMRC will move to a ‘check first, pay later’ model, with RTI data validating claims. Where a CJRS claim is still being investigated this can delay the bonus payment being made by HMRC.

### **Eligibility**

Employers will be eligible to claim the bonus for an employee, if that individual was included in a claim under the CJRS and they remain continuously employed until 31 January 2021. Employers can claim for the same employees under the JSS and receive the £1,000 bonus.

If an employee was transferred under a TUPE arrangement to the employer’s payroll, that new employer must have made at least one CJRS claim for them before that finishes on 31 October.

An employee must have received taxable pay in each of the three tax months:

- *6 November – 5 December*
- *6 December – 5 January*
- *6 January – 5 February*

*And*

- *The employee must have received at least £1,560 as taxable pay across those three tax months, any tax free allowance or adjustment as driven by their tax code is not deducted/added to the taxable pay.*

*And*

- *The full payment submission for each of those three months has been sent under RTI to HMRC on time and is accurate.*

It follows then that an employee who is paid £2,000 in November and December and then offered no work in January would not be eligible for the bonus. Although that employee meets the minimum income threshold, as they had not received a payment in each tax month, they would not qualify.

## Exclusions

An employee ceases to be eligible for the bonus scheme if:

- *The employer has repaid all CJRS grant claimed in respect of that employee.*
- *They are not paid at least once in each of the three tax months.*
- *Their total taxable pay does not reach £1,560 across the three months.*
- *A leaving date has been reported on or before 31 January 2021.*
- *They are placed on contractual or statutory notice of termination of their employment at any point before 31 January 2021.*

The contractual notice of termination of employment applies to all reasons for leaving including retirement, not just redundancy. It follows that it would be an abuse of the scheme to delay reporting a leaving date, and this of course could be validated by RTI data.

## Minimum income threshold

There are some particular points to note about the minimum income threshold of £1,560.

- *The threshold relates to total taxable pay in a tax month regardless of how many times the employee is paid in the tax month.*
- *Periods of family related or sick leave do not lead to any reduction in the minimum income threshold.*
- *Employers who are payrolling benefits in kind will have a higher gross taxable pay figure as it will include the notional amount for the benefits in kind as well as their cash earnings. There is no indication in the guidance that HMRC requires payrolled benefits to be deducted from taxable pay.*
- *There is no reference to tronc schemes in the guidance. If a tronc is set up as a separate PAYE scheme it will have taxable pay which could reach the minimum income threshold. But as the tronc master is not the employer and therefore cannot be said to have made a claim on behalf of the employee, one would expect that such PAYE schemes would not be eligible. Conversely if tips are being paid through the employer's PAYE scheme as taxable pay then they would be included in the minimum income threshold.*

The guidance refers to gross taxable pay but then requires net taxable pay to be used where there are tax relieved amounts. If you look at the [example of Charlotte](#) as she is in a net pay arrangement pension her contributions reduce her gross taxable pay and only the net amount is used to assess if the threshold is reached. If Charlotte had been in a relief at source pension scheme, pension contributions come off net pay so she would have qualified for the job retention bonus based on the minimum income threshold.

I assume that charitable giving and share incentive plan contributions will similarly reduce gross taxable pay for the minimum income threshold.

## Compliance and preparation

In preparation for making a claim HMRC requires the employer to file all their RTI returns accurately and on or before the contractual payment date for the whole of the 2020/21 tax year. It is not clear if the employer has used the three day late reporting easement, or has a first late reporting default, if this would invalidate the employer from using the bonus scheme.

HMRC asks that the employer use the 'irregular payment pattern indicator' in the full payment submission (FPS) if the employee is not paid regularly. Any requests for information from HMRC in respect to CJRS claims must be dealt with promptly as these can delay payment of the bonus or lead to a claim being rejected.

Agents who are authorised for PAYE online can make claims on behalf of clients.

## Taxable income

The bonus is taxable income for both corporation tax and income tax purposes.

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