

COVID-19

Coronavirus briefing, helpful advice and tips –

2nd November 2020



The Coronavirus Job Retention Scheme (CJRS) extended.

The Government announced on Saturday 31 October that the Coronavirus Job Retention Scheme (CJRS) – also known as the furlough scheme - has been extended until December (the exact end date has yet to be confirmed at time of writing).

This is to help people affected by the national lockdown, which is starting in England on Thursday 2 November until 2nd December. The finer details are still being unravelled but we focus on what this means for employers – and employees - as well as the self-employed.

Is the furlough scheme providing the same terms as before?

- From the employee's point of view, the furlough scheme will still subsidise 80% of their wages if they can't do their jobs, either because their workplace is closed, or because there isn't enough work for them.
- The scheme is now more generous for employers; the government will pay the full 80%, up to a cap of £2,500, and the employer will only be required to cover pension and national insurance contributions. As with the previous CJRS, employers are still able to choose to top up employee wages above the scheme grant at their own expense if they wish.
- The Government is currently updating the system for furlough; in the meantime, employers will submit their wage claim to them and will be refunded afterwards. Once the system is running, employers will be paid upfront to cover the cost.
- Since July, employers have been able to bring back employees part-time, and furlough them for the rest. This will continue.

Who is eligible?

- To be eligible for this extension, employees must have been on the employer's PAYE payroll by 23.59 on 30 October 2020. There is no requirement for either the employer or employee to have used the CJRS previously.
- As previously, employees can be on any type of contract. Employers will be able to agree working arrangements with employees - so flexible furlough as well as full-time furlough is permitted. The employee's normal hours and reference pay level will continue to be as defined back in March for the furlough scheme, unless the employee began employment after that date. Ensure that written agreement is obtained to any changes to terms and conditions.

What support will be available when lockdown ends in England?

The Job Support Scheme will replace the furlough scheme.

Support for the Self Employed

The Coronavirus Self Employed Income Support Scheme (SEISS) Grant Extension

The extension will last six months from November 2020 to April 2021.

The first grant will cover 1 November 2020–31 January 2021.

The enhanced scheme will open for applications from the end of November, and cover 80% of trading profits for that month. This is an increase from the previously announced level of 40%. Including the new higher November grant, it means the November-January payment will be at 55% of profits, up to a maximum of £5,160.

Another grant, will cover a three-month period from the start of February 2021 until the end of April 2021. The level of this is still to be set.

Who can claim?

- Over half of a claimant's income must be earned from self-employment.
- They must have a trading profit of less than £50,000 in 2018-19, or an average trading profit of less than £50,000 from 2016-17, 2017-18 and 2018-19. This excludes newly self-employed people because they won't have filed a tax return to fit the criteria.
- Self-employed people who pay themselves a salary and dividends through their own company are not covered by the scheme. However, they will have some of their salary covered by job retention schemes if they operate through PAYE.

Delayed tax payments

The Government has also offered the self-employed the option of delaying their tax payments through the self-assessment system. They can opt to take a payment plan, giving more time to pay their full tax bill, up to January 2022.

Please contact us if you would like any further guidance on these issues or a chat about other ways to protect your business.

Best wishes

The FirmValue Payroll Team