

## CHANGES TO THE CORONAVIRUS JOB RETENTION SCHEME

The Coronavirus Job Retention Scheme will close on 31 October 2020.

From 1 July, employers can bring furloughed employees back to work for any amount of time and any shift pattern, while still being able to claim CJRS grant for the hours not worked. From 1 August 2020, the level of grant will be reduced each month. To be eligible for the grant employers must pay furloughed employees 80% of their wages, up to a cap of £2,500 per month for the time they are being furloughed.

The timetable for changes to the scheme is set out below. Wage caps are proportional to the hours an employee is furloughed. For example, an employee is entitled to 60% of the £2,500 cap if they are placed on furlough for 60% of their usual hours:

- There are no changes to grant levels in June.
- For June and July, the government will pay 80% of wages up to a cap of £2,500 for the hours the employee is on furlough, as well as employer National Insurance Contributions (ER NICs) and pension contributions for the hours the employee is on furlough. Employers will have to pay employees for the hours they work.
- For August, the government will pay 80% of wages up to a cap of £2,500 for the hours an employee is on furlough and employers will pay ER NICs and pension contributions for the hours the employee is on furlough.
- For September, the government will pay 70% of wages up to a cap of £2,187.50 for the hours the employee is on furlough. Employers will pay ER NICs and pension contributions and top up employees' wages to ensure they receive 80% of their wages up to a cap of £2,500, for time they are furloughed.
- For October, the government will pay 60% of wages up to a cap of £1,875 for the hours the employee is on furlough. Employers will pay ER NICs and pension contributions and top up employees' wages to ensure they receive 80% of their wages up to a cap of £2,500, for time they are furloughed.

Employers will continue to be able to choose to top up employee wages above the 80% total and £2,500 cap for the hours not worked at their own expense if they wish. Employers will have to pay their employees for the hours worked.

The table shows Government contribution, required employer contribution and amount employee receives where the employee is furloughed 100% of the time.

Wage caps are proportional to the hours not worked.

	July	August	September	October
Government contribution: employer NICs and pension contributions	Yes	No	No	No
Government contribution: wages	80% up to £2,500	80% up to £2,500	70% up to £2,187.50	60% up to £1,875
Employer contribution: employer NICs and pension contributions	No	Yes	Yes	Yes
Employer contribution: wages	-	-	10% up to £312.50	20% up to £625
Employee receives	80% up to £2,500 per month			

See: <https://www.gov.uk/government/publications/changes-to-the-coronavirus-job-retention-scheme/changes-to-the-coronavirus-job-retention-scheme>

If you are claiming for employees who are flexibly furloughed, you'll need to have agreed the furlough arrangement with the employee and keep a written agreement that confirms the furlough arrangement.

### For the claim period you will also need:

- the number of usual hours your employee would work in the claim period
- the number of hours your employee has or will work in the claim period
- you will also need to keep a record of the number of furloughed hours your employee has been furloughed in the claim period

### After you have claimed

You must pay the full amount you are claiming to your employee and pay the associated employee tax and National Insurance Contributions, even if your company is in administration. If you are not able to do that, you will need to repay the money back to HMRC. The same applies in relation to employer NICs and pension contributions you claim regarding your employee. The full amount you claim in respect of these must be paid or you will need to repay the money back to HMRC.

Employers cannot enter into any transaction with the worker which reduces the wages below the amount claimed. This includes any administration charge, fees or other costs in connection with the employment. Where an employee had authorised their employer to make deductions from their salary, these deductions can continue while the employee is furloughed provided that these deductions are not administration charges, fees or other costs in connection with the employment.

## **When the government ends the scheme**

When the scheme closes on October 31, you must decide, depending on your circumstances, as to whether employees can return to their normal hours. If not, it may be necessary to consider reducing their hours, or a termination of employment (redundancy). Normal redundancy rules apply to furloughed employees.