

Coronavirus support – latest updates to the Job Retention Scheme and support for the self-employed

On Friday 29 May the Chancellor of the Exchequer, Rishi Sunak, announced further updates and extensions to both the Job Retention Scheme and support for the self-employed.

We set out below what these changes are.

Coronavirus Job Retention Scheme (CJRS) changes

The details of the CJRS were given in a separate help-sheet and can be found here <https://www.mckmasterclass.com/coronavirus-job-retention-scheme/> and for those of you where McKellens process your payroll for you, we have been making the appropriate furlough claims on your behalf.

The Chancellor had previously announced that the scheme would be extended until 31 October 2020 but that the employer would be expected to make a contribution to the costs of the furlough scheme with effect from 1 August 2020. The update he gave included details of the new flexible CJRS and it looks as though it will cause a change in how to calculate the claim, moving from calendar days to hours normally expected to work compared to hours actually worked in the pay period. How this will work for zero hour contracts we are not sure and will have to wait for the further detailed guidance to be announced which is due on 12 June 2020.

The key changes and things to note are:-

- CJRS will run until 31 October
- The Scheme will remain as it is until and including 30 June.
- From 1st July the CJRS will become flexible - businesses can bring employees on and off furlough.
- The Scheme closes to new entrants from 30 June - employers will only be able to furlough employees that they have furloughed for a full three-week period prior to 30 June.
- The final date by which an employer can furlough an employee for the first time will be the 10 June, in order for the current three-week furlough period to be completed by 30 June.
- Employers will have until 31 July to make CJRS claims for periods up to 30 June.
- Businesses will pay wages in full for the period the employee is un-furloughed but can claim under CJRS whilst the employee is furloughed.
- Employers will need to provide details of the usual hours an employee is expected to work as well as the actual hours worked.
- Any working hours arrangement between the employer and employee must cover at least one week and be confirmed in writing to the employee.
- From 1 July, claim periods will no longer be able to overlap months, employers who previously submitted claims with periods that overlapped calendar months will no longer be able to do this going forward
- When claiming for the furloughed hours the employer will need to report and claim for a minimum 1 week period, but can claim over a longer period such as 2 weekly or monthly cycles.
- During June and July, businesses can continue to claim the full 80% of wages re furloughed employees under the Scheme.
- From 1 August the CJRS claim remains at 80% of the salary/wages. However businesses will meet the employer's pension contributions and employers NI.
- From 1 September the Government will meet 70% of the wages up to £2,190. The remaining 10% to be met by the employer.

- From 1 October the Government will meet 60% of the wages up to £1,875. Employers will need to meet the remaining 20%.
- From 1st November the CJRS comes to an end.

As a result of these changes we have put together some worked examples of how we interpret those changes and the implications behind them. There are quite a few examples so please let us know if you would like a copy.

If a business is intending to furlough someone for the first time or to re-furlough someone, then, from a CJRS perspective, it should be done by 30 June at the very latest and preferably on or before 10th June, otherwise they won't be able to claim under CJRS from 1st July onwards.

Remember, that for CJRS claim purposes, from 1 July the number of furloughed employees who can be claimed for cannot be greater than the maximum number of employees claimed under any previous claim within the period up to and including 30 June.

Finally, further details are expected on how the flexible CJRS works on 12 June 2020.

Self Employed Income Support Scheme (SEISS) Extension

The basics of the scheme are that if you were self-employed before the 2019/2020 tax year, and your trading profits were less than £50,000 (annually) and your self-employment income was more than 50% of your total income and had been adversely affected by COVID-19, you were entitled to claim up to 80% of your trading profit, up to a maximum of £2,500 per month for three months.

HMRC should have been in touch to confirm your eligibility and you, the individual tax-payer were expected to go to an online portal to make a claim. This claim couldn't be made for you by your accountant / tax advisor.

What the Chancellor announced on 29th May was:-

- The scheme will remain open to cover a second claim for the months of June, July and August.
- The individual can make the second claim even if they did not make the first one.
- Individuals who have not made the first claim have until 13th July to do so.
- The claim portal will be open in August to make a claim. (But no specific date has been provided).
- The claim will be based upon 70% not 80% up £6,570 covering the 3 month period.
- The grant is taxable and should be reflected in the accounting period the grant is received.
- The criteria for the second claim is the same as the first one.
- Again, the individual has to make the claim.
- Further information will be released on 12th June.

Discretionary grants from local authorities

Small and micro businesses with fixed property costs that are not eligible for the Small Business Grant Fund or the Retail, Hospitality and Leisure Grant Fund may be eligible for the Discretionary Grants Scheme. You may be able to get a grant of £25,000, £10,000 or any amount under £10,000

You are potentially eligible if your business:

- is based in England

- has fewer than 50 employees
- has fixed building costs such as rent
- was trading on 11 March 2020
- has been adversely impacted by the coronavirus

Local councils have been asked to prioritise businesses such as:

- small businesses in shared offices or other flexible workspaces, such as units in industrial parks or incubators
- regular market traders
- bed and breakfasts paying council tax instead of business rates
- charity properties getting charitable business rates relief, which are not eligible for small business rates relief or rural rate relief

Please note that you cannot apply if you are already claiming under another government grant scheme. You can apply even if you are using the CJRS or SEISS schemes.

Beware – these funds are discretionary and time limits may be set by your local authority, so act quickly!

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