



Burgis & Bullock  
Chartered Accountants

## COVID-19 UPDATE JOB RETENTION SCHEME ["JRS"]



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### LATEST GUIDANCE EXTENDED SUPPORT AND TAPERING

1<sup>st</sup> June 2020

In what we suspect will be the final update to the Job Retention Scheme the Chancellor made some significant changes to the current scheme as well as extending the scheme to 31<sup>st</sup> October 2020.

We are awaiting updates to the Treasury Direction and the Employer's Guidance, but these are the headline points announced at his press conference:

- 10<sup>th</sup> June 2020 will be the last day that employers can place employees on furlough
- From 1 July, 'flexible furlough' is being introduced, meaning employees will be able to work part-time and be furloughed part-time. Businesses will decide how that will work (in terms of the time split). Further guidance on flexible furloughing and how employers should calculate claims will be published on 12 June, although it would seem we are going to go from calendar days model back to some working days model

Employers will be required to submit data on the usual hours an employee would be expected to work in a claim period and actual hours worked. Employees who believe they are not getting their 80% share can also report any concerns to the HMRC fraud hotline. HMRC will not hesitate to take action against those found to be abusing the scheme.

- from 1 August, employers will have to pay employee's national insurance contributions (13.8%) and pension contributions and can no longer reclaim them through the CJRS.
- from 1 September, the government will only reimburse 70% of salary (up to a maximum of £2,190). Employers are required to top-up to 80% (or more, depending on what the employer agreed with the employee). As with the existing scheme the £2500 limit is restricted by days in furlough period so these limits will no doubt be reduced by the days worked
- from 1 October, the government will only reimburse 60% of salary (up to a maximum of £1,875), and employers will continue having to top up to 80% (or more).
- the furlough scheme will close on 31 October 2020.

If you are a smaller employer, some or all of your employer NIC bills will be covered by the Employment Allowance, so you should not be significantly impacted by that part of the tapering of the government contribution.

Around a quarter of JRS monthly claims relate to wages that are below the threshold where employer NICs and auto enrolment contributions are due, and so no employer contribution will be required for these furloughed employees in August.

### **Important dates**

It's important to note that the scheme will close to new entrants from 30 June. From this point onwards, you will only be able to furlough employees that you have furloughed for a full three-week period prior to 30 June.

This means that the final date that you can furlough an employee for the first time will be 10 June for the current three-week furlough period to be completed by 30 June. Employers will have until 31 July to make any claims in respect of the period to 30 June.

Once the further guidance has been published on 12 June, we will be able to provide you with a further update.

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