

Coronavirus Job Retention Scheme Extension

2 November 2020

The Coronavirus Job Retention Scheme has been extended for a month, with employees receiving 80% of their usual salary for hours not worked.

1. Policy Detail

- The Coronavirus Job Retention Scheme (CJRS) has been extended by a month, until 2 December 2020, with employees receiving 80% of their usual salary for hours not worked, up to a maximum of £2,500 per month.
- The extension will apply UK-wide and eligible employers across the UK, small or large, including charitable or non-profit, will be able to claim for the extended CJRS.
- Businesses will have flexibility to use the scheme for employees for any amount of time and shift pattern, including furloughing them full-time. Employers will need to agree a furlough agreement with the employee.
- For the hours not worked, employers will only be asked to cover National Insurance and employer pension contributions which, for the average claim, accounts for just 5% of total employment costs. For the hours worked, employers will need to cover employees' contracted wages, National Insurance and employer pension contributions.
- The Job Support Scheme, which was scheduled to start on 1 November, has now been postponed.
- Further details will be set out shortly.

2. Rationale

- The CJRS was set to close on 31 October 2020 and the Job Support Scheme was going to be introduced from 1 November to provide more targeted support.
- However, in light of recent developments in the path of the virus, and the new temporary restrictions announced by the Prime Minister, the CJRS will be extended until 2 December 2020 and the Job Support Scheme is postponed.

3. Eligibility

- Neither the employer nor the employee needs to have previously claimed or have been claimed for under CJRS to make a claim under the extended CJRS (if other eligibility criteria below are met).

Coronavirus Job Retention Scheme Extension

2 November 2020

Employers

- All employers with a UK bank account and a UK PAYE payroll scheme that was registered on or before 30 October can claim the grant. This includes businesses, charities, recruitment agencies and public authorities.
- The Government expects that publicly funded organisations will not use the scheme, as has already been the case for CJRS, but partially publicly funded organisations may be eligible where their private revenues have been disrupted. All other eligibility requirements apply to these employers.

Employees

- Furloughed employees must have been employed and on an employer's PAYE payroll on 30th October 2020. This means a Real Time Information (RTI) submission notifying payment for that employee to HMRC must have been made on or before 30th October 2020.
- As under the current CJRS rules, employees can be on any type of employment contract.
- Employers can claim the grant for the hours their employees are not working, calculated by reference to their usual hours worked in a claim period.
- If employees were on payroll as of 23 September 2020 (i.e. notified to HMRC on an RTI submission on or before 23 September) and were made redundant or stopped working for their employer afterwards, they can also qualify for the scheme if their employer re-employs them.

4. Support provided

- For hours not worked by the employee, the government will pay 80% of wages up to a cap of £2,500. The grant must be paid to the employee in full. The £2,500 cap is proportional to the hours not worked.
- For the hours the employee does not work, employers will only pay employer NICs and pension contributions.
- As with the current CJRS, employers are still able to choose to top up employee wages above the scheme grant at their own expense if they wish.

5. Claims process

- The extended Coronavirus Job Retention Scheme will operate as the previous Scheme did. An employer can make their claim in anticipation of an imminent payroll run, at the point they run their payroll or after they have run their payroll. There will

Coronavirus Job Retention Scheme Extension

2 November 2020

however be a short period when we need to change the legal terms of the scheme and update the system, and businesses will need to claim in arrears for that period. There will, however, be no gap in eligibility of support between the previously announced end-date of CJRS and this extension.

- Employers will be able to make claims from next week.
- Employers must report and claim for a minimum period of 7 consecutive calendar days.
- Employers will need to report actual hours worked and the usual hours an employee would be expected to work in a claim period.
- For hours worked, employees will be paid by their employer subject to their employment contract and employers will be responsible for paying the tax and NICs due on those amounts.
- Full guidance on how to make claims will be published shortly.