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OUTLINING THE EXTENSION OF THE JOB RETENTION SCHEME



On 5 November 2020 Chancellor Rishi Sunak announced changes to the package of support measures that were introduced as a consequence of a second national lockdown for England. In the original package the Coronavirus Job Retention Scheme (CJRS) was extended until the planned lifting of the lockdown on 2 December. The Chancellor recently announced that the CJRS will be extended to the end of March. Here, we take a look at the extension in greater detail.

EXTENDED CJRS – GOVERNMENT SUPPORT

The extended CJRS applies to all of the UK. The scheme follows the flexibility of the CJRS and so can be used for employees for any work pattern, including full-time furlough.

Employees will receive 80% of their usual salary for hours not worked, up to a maximum of £2,500 per month. Calculations will broadly follow the same methodology as under the CJRS. Employers can top up employee wages if they wish. Employees will be paid for worked hours by their employer on the terms in their employment contract.

Under the scheme, employers can claim for the salary received by the employee for hours not worked. Employers will need to cover the employer Class 1 national insurance contributions (NICs) and employer pension contributions. There is no gap in support between the previously announced end-date of the CJRS and the extended CJRS.

The government will review the amount of support given in January to decide whether economic circumstances are improving enough so that employers will need to make more contributions for hours not worked.

EXTENDED CJRS – ELIGIBILITY

All employers with a UK bank account and a UK Pay as You Earn (PAYE) scheme can make a claim. Neither the employer nor the employee needs to have previously claimed or have been claimed for under the CJRS to make a claim under the extended CJRS.

An employer can claim for employees who were employed and on their PAYE payroll on 30 October 2020. The employer must have made a PAYE Real Time Information (RTI) submission to HMRC between 20 March 2020 and 30 October 2020, notifying a payment of earnings for that employee.

In addition, employees who have recently been made redundant or stopped working for the employer can be re-employed. The employees must have been employed and on the payroll on 23 September. The employer must have made an RTI submission to HMRC from 20 March 2020 to 23 September 2020, notifying a payment of earnings for those employees.

WHEN CAN A CLAIM BE MADE?

The extended CJRS will operate as the previous scheme did, with businesses being able to claim either shortly before, during or after running payroll. Businesses have been able to claim from 8am on Wednesday 11 November. Claims made for November must be submitted to HMRC by no later than 14 December 2020.

Claims relating to each subsequent month should be submitted by day 14 of the following month to ensure prompt claims following the end of the month which is the subject of the claim.

HMRC GUIDANCE

HMRC has issued guidance on the key issues surrounding the extension of the CJRS. Here we summarise this guidance.

Which employees can be put on the CJRS?

Employers can claim for employees on any type of employment contract, including full-time, part-time, agency, flexible or zero-hour contracts. Foreign nationals are eligible to be furloughed.

For claim periods ending on or before 31 October 2020, employers can claim if they have employees on fixed term contracts. In these instances the normal eligibility rules apply.



However for claim periods after 1 November 2020, if an employee's fixed term contract has not already expired, it can be renewed or extended. Employers can put employees on the CJRS as long as they were employed on or before 30 October 2020. Employers are required to have made a PAYE RTI submission to HMRC between 20 March 2020 and 30 October 2020.

Employees whose fixed term contracts expired on or after 23 September 2020 can be re-employed and claimed for under the CJRS. This only applies if an employee was employed by the employer on 23 September and a PAYE RTI submission was made to HMRC between 20 March 2020 and 30 October 2020.

Employers are able to put apprentices on the CJRS, and they are permitted to continue to train whilst on furlough.

Reporting employees' wages

Employers who have claimed a grant through the CJRS are encouraged to check if they need to report payments on the PAYE RTI system. This will depend on whether they are using the grant to pay wages or reimburse wages that they've already paid.

Employers must deduct income tax and employee NICs on the full amounts they pay their employees. This includes any scheme grant. Employers must also pay HMRC the employer NICs on the full amounts that are paid to employees. These payments must be reported via a Full Payment Submission (FPS) to HMRC on or before the pay date.

Further information can be found here: <https://bit.ly/38AFVex>.

Claiming for wages

In order to make a claim, employers will need:

- to be registered for PAYE online
- their UK, Channel Island or Isle of Man bank account number and sort code (only provide bank account details where a BACS payment can be accepted)
- the billing address on their bank account
- their employer PAYE scheme reference number
- the number of employees being furloughed
- each employee's national insurance number
- each employee's payroll or employee number (optional)
- the start date and end date of the claim
- the full amounts that they're claiming for, including employee wages, employer NICs (for claims up to 31 July 2020), employer minimum pension contributions (for claims up to 31 July 2020)
- their phone number
- a contact name.

Employers also need to provide either:

- their name (or the employer's name if you're an agent)
- their corporation tax unique taxpayer reference
- their self assessment unique taxpayer reference
- their company registration number.

If an employer is claiming for employees that are flexibly furloughed, they'll also need:

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

How much you can claim

The government has developed an online calculator that can be used to work out what employers can claim. The calculator can be used for most employees who are paid either regular or variable amounts each pay period (for example, weekly or monthly). The calculator can be found here: <https://bit.ly/35tMzI7>.

Please note that the calculator cannot be used if employees:

- returned from family-related statutory leave (maternity leave, paternity leave, shared parental leave, adoption leave, parental bereavement leave)
- get director's payments
- have been transferred under TUPE
- have been employed at separate times throughout the year
- receive employer pension contributions outside of an auto-enrolment pension scheme
- have an annual pay period.

JOB SUPPORT SCHEME

As part of the Winter Economy Plan, the Chancellor announced the introduction of the government's new Job Support Scheme (JSS). There have been two revisions to the plan since then. The JSS was due to be introduced from 1 November until 30 April 2021. We may see the JSS being introduced after March, but the government is planning to review the terms of the JSS in January anyway. As a result, we are not covering the details of the JSS here.

JOB RETENTION BONUS

The Job Retention Bonus was announced by the Chancellor in July. The Bonus was to have provided a one-off payment of £1,000 to UK employers for every furloughed employee who remains continuously employed through to the end of January 2021 and who earned at least £520 a month on average between 1 November 2020 and 31 January 2021.

The purpose of the Bonus was to encourage employers to keep people in work until the end of January. The government now considers that with the extension of the CJRS, the policy intent of the Bonus falls away. The government intends to redeploy a retention incentive at the appropriate time.

We are here to provide you with support. Please contact us if you have any queries on the extension of the CJRS.