



6<sup>th</sup> April 2020

## **Recap on the Job Retention Scheme Checklist**

Further to our previous e-mail on Furloughing your employees and the Coronavirus Job Retention Scheme, we have summarised the main points.

### **Eligibility**

To be eligible for the job retention grant, you must be a UK based company with a UK bank account. The scheme is open to all businesses including charitable and non-profit organizations.

During the period that the employee is furloughed, they must not work for the business.

### **Timing**

Any employee must have been on the company's payroll before or on the 28<sup>th</sup> February 2020. The scheme covers all employees, even those on zero hour or temporary contracts. If you have any employee starting after this date, or if they were made redundant before this date, they are not eligible.

### **How much to pay**

The maximum grant from the Government is 80% of an employee's regular wage up to a cap of £2,500. In addition, the grant will cover the employer's national insurance and auto-enrolled pension contribution.

For example, if you claim the maximum grant of £2,500, you will also be able to claim £245 (Employers National Insurance) and £59 (auto-enrolment pension contribution). The maximum claim becomes £2,804.

The claim should be for regular contractual pay and should not include discretionary commission (including tips) or bonuses.

If your staff have variable wages and have been employed for over a year, the claim will be the higher of either the amount they earned for the same month last year or an average of earnings for the past year.

If staff have been employed for less than a year, the rate will be the average of the regular wage paid since starting.

You will need to discuss with your employees how much they are to be paid when on furlough. You may decide by agreement to pay them 80%. This will be covered by the Government grant. If you decide to pay 100% of their wage, then your business will have to fund the difference. You can't pay less than 80% and claim a higher amount from the Government.

### **While of Furlough**

To claim the Government Grant, employees must not work for the business.

You can undertake training or volunteer work, but you should not be involved with making money or provide services to the employer.

Company directors often receive a salary. The general guidance is that directors need to carry on statutory duties they owe to the company. If the duties are statutory ones and would be judged reasonably necessary for the business and are not generating commercial revenue, then they can be put on furlough.

These duties can include paying staff, running payroll, paying suppliers, arranging finance etc.

### **Written agreement**

Staff should be notified and agree to be put on furlough. Please make sure that you keep copies of all documents including signed agreements from staff. Please feel free to send us copies of any documents you have as we can save them securely on our system. These document will be essential when HMRC audit the claims.

### **When will the grants be paid?**

The Government are still hopeful that the claim portal will be up and running by the end of April.

