

JRS 2 – UPDATE

The JRS Scheme is changing from 1 July.

Employees will be able to work part time and also be furloughed for the remainder of their working time, giving employers much needed flexibility.

The scheme will continue to be fully funded by the Government in July.

From 1 August Employers will be required to contribute to some of the furloughing costs, an incremental basis until the scheme closes on 31 October.

Summary:

- Employers may claim and pay a grant to their employees instead of making them redundant, due to the adverse effects of the coronavirus.
- The grant consists of:
 - up to 80% of the salaries of employees, subject to a cap of £2,500 per month for the period March to August 2020.
 - up to 70% of salaries subject to a cap of £2,187.50 for September 2020.
 - up to 60% of salaries subject to a cap of £1,875 for October 2020.
- The scheme has been extended to the end of October.
- On 29 May, new changes were announced which allow for part-time working for furloughed workers and a tapered form of employer contribution to the scheme.
- From July 2020, employees may undertake part-time work for their employers and the employer may claim a grant for time not worked.
- The minimum claim period is reduced to 1 week from July 2020.
- Claims for periods ending on or before 30 June 2020 must be made by 31 July 2020.

How to claim

HMRC has created a guide

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/894161/Coronavirus_Job_Retention_Scheme_step_by_step_guide_for_employers.pdf

How much can be claimed – Changes from 1 July -----

https://www.tax.service.gov.uk/job-retention-scheme-calculator/?_ga=2.129165004.11276274.1592895715-1481888586.1580061173

<https://www.gov.uk/guidance/steps-to-take-before-calculating-your-claim-using-the-coronavirus-job-retention-scheme>

From 1 July 2020

- The minimum furlough claim period is one week and claims cannot span 2 months
- Employees may also work part-time.
- Employers may claim a grant of up to 80% of salaries, plus ERs NICs and pensions costs, adjusted for paid working hours.
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HMRC have provided the following example of how to calculate minimum furlough pay for an employee who is flexibly furloughed and is working part-time from 1 July.

- Q Ltd's employee has been furloughed continuously since 1 May 2020. The employee is paid calendar monthly.
- From 1 July, the employee returns to work part-time for Q Ltd and is furloughed for the rest of their usual hours.
- Q Ltd makes a flexible furlough claim for 1 July to 31 July.
- Q Ltd has calculated that the employee's usual hours from 1 July to 31 July are 164.
- The employee actually works 80 hours, and is therefore furloughed for the remaining 84 usual hours.
- Q Ltd has calculated that 80% of the employee's usual wages is £1,800. The maximum wage amount is £2,500 as the claim is for a full month.

Q Ltd calculates the minimum furlough pay:

- Start with £1,800 - this is the lesser of 80% of the employee's usual wages (£1,800) and the maximum wage amount (£2,500)
- Multiply by 84 - this is the employee's furloughed hours
- Divide by 164 - this is the employee's usual hours
- Q Ltd must pay the employee £921.95 for the time they are on furlough.
- Q Ltd must also work out how much they can claim for ER's NIC and pension costs based on the hours worked.

From 1 August 2020

- Employers must pay ERs NICs and pension contributions in respect of furloughed pay.

From 1 September 2020

The maximum grant that can be claimed will be:

- up to 70% of salaries subject to a cap of £2,187.50 for September 2020.
- up to 60% of salaries subject to a cap of £1,875 for October 2020.

Employers pay the balance to take furlough pay up to 80% of normal pay and pay all ERs NICs and pension costs.

HMRC have provided an example of how to calculate the minimum furlough pay from 1 September 2020:

- R Ltd's employee has been furloughed continuously since 15 April 2020. The employee is paid calendar monthly.
- R Ltd makes a claim for 1 September to 30 September.
- R Ltd has calculated that the minimum furlough pay for this period is £1,500, which is 80% of the employee's usual wages.

R Ltd calculates how much it can claim for its employee's furlough pay:

1. Start with £1,500 - this is the minimum furlough pay
2. Divide by 80
3. Multiply by 70 - because the claim period is in September.

R Ltd can claim a grant of £1,312.50 towards its employee's wages.

R Ltd must pay the employee the minimum furlough pay amount of £1,500, and can choose to pay more than this but does not have to.

If the claim period here was October 2020, step 3 above would require you to multiply by 60.

The scheme now extends until the end of October 2020 and under taper provisions, furloughed employees will be able to work part-time and employers will begin to contribute to Employers National Insurance (ERs NICs).

	<u>March to August</u>	<u>30 June</u>	<u>1 July</u>	<u>1 August</u>	<u>September</u>	<u>October</u>
<u>Furlough wages: government contribution</u>	Government pays 80% of furloughed workers' wages up to a cap of £2,500		Government pays 80% of furloughed workers' wages up to a cap of £2,500	Government pays 80% of furloughed workers' wages up to a cap of £2,500	Government pays 70% of wages up to a cap of £2,187.50.	Government pays 60% of wages up to a cap of £1,875. Employers will pay ERs NICs and pension contributions and 20% of wages to make up 80% total up to a cap of £2,500.
<u>Furlough wages: employer contribution</u>					Employer pays 10% of wages (to	Employer pays 20% of wages (to

					make up to 80%)	make up to 80%)
<u>ERs NICS & pensions</u>	Government pays			Employer pays		
<u>Other key changes</u>		The scheme will close to new entrants	Part-time work possible whilst furloughed			
<u>Minimum claim period</u>	3 weeks		1 week			