

## CLAIM FOR WAGE COSTS THROUGH THE CORONAVIRUS JOB RETENTION SCHEME

The Coronavirus Job Retention Scheme is a temporary scheme open to all UK employers for at least three months starting from 1 March 2020. HM Revenue & Customs expect the scheme to be up and running by the end of April. It is designed to support employers whose operations have been severely affected by coronavirus (COVID-19).

Employers can use a portal to claim for 80% of furloughed employees' (employees on a leave of absence) usual monthly wage costs, up to £2,500 a month, plus the associated Employer National Insurance contributions and minimum automatic enrolment employer pension contributions on that wage. Employers can use this scheme anytime during this period.

The scheme is open to all UK employers that had created and started a PAYE payroll scheme by 28 February 2020.

### **Who can claim?**

Any UK organisation with employees can apply.

### **Employees you can claim for**

Furloughed employees must have been on your PAYE payroll on 28 February 2020, and can be on any type of contract, including:

- full-time employees;
- part-time employees;
- employees on agency contracts;
- employees on flexible or zero-hour contracts;

The scheme also covers employees who were made redundant since 28 February 2020, if they are rehired by their employer.

### **Work out what you can claim**

Employers need to make a claim for wage costs through this scheme. You will receive a grant from HMRC to cover the lower of 80% of an employee's regular wage or £2,500 per month, plus the associated Employer National Insurance contributions and minimum automatic enrolment employer pension contributions on that subsidised wage.

Fees, commission and bonuses should not be included.

At a minimum, employers must pay their employee the lower of 80% of their regular wage or £2,500 per month. An employer can also choose to top up an employee's salary beyond this but is not obliged to under this scheme.

### **Full time and part time employees**

For full time and part time salaried employees, the employee's actual salary before tax, as of 28 February should be used to calculate the 80%. Fees, commission and bonuses should not be included.

### **Employees whose pay varies**

If the employee has been employed (or engaged by an employment business) for a full twelve months prior to the claim, you can claim for the higher of either:

- the same month's earning from the previous year; or
- average monthly earnings from the 2019-20 tax year

If the employee has been employed for less than a year, you can claim for an average of their monthly earnings since they started work.

If the employee only started in February 2020, use a pro-rata for their earnings so far to claim.

### **Employer National Insurance and Pension Contributions**

All employers remain liable for associated Employer National Insurance contributions and minimum automatic enrolment employer pension contributions on behalf of their furloughed employees.

### **Making a claim**

The grant will be paid to the employer through a new online system which is being built for this purpose. There is no detail about the application process currently.

You can only submit one claim at least every 3 weeks, which is the minimum length an employee can be furloughed for. Claims can be backdated until the 1 March if applicable. Businesses can deduct employment costs as normal when calculating taxable profits for Income Tax and Corporation Tax purposes.

More details can be found here:

[Coronavirus \(COVID-19\): what you need to do](#)

### **CONTACT US**

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