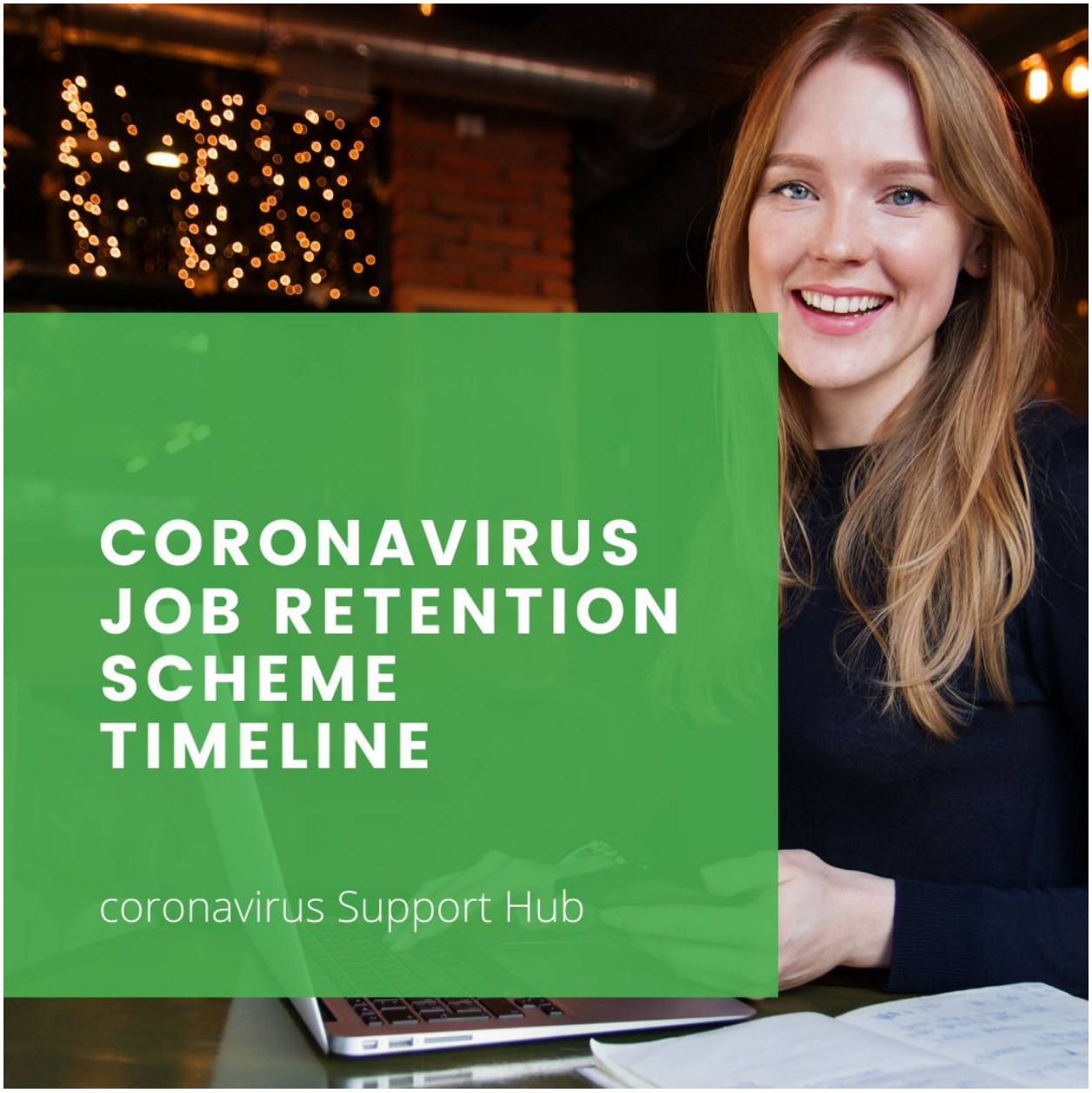
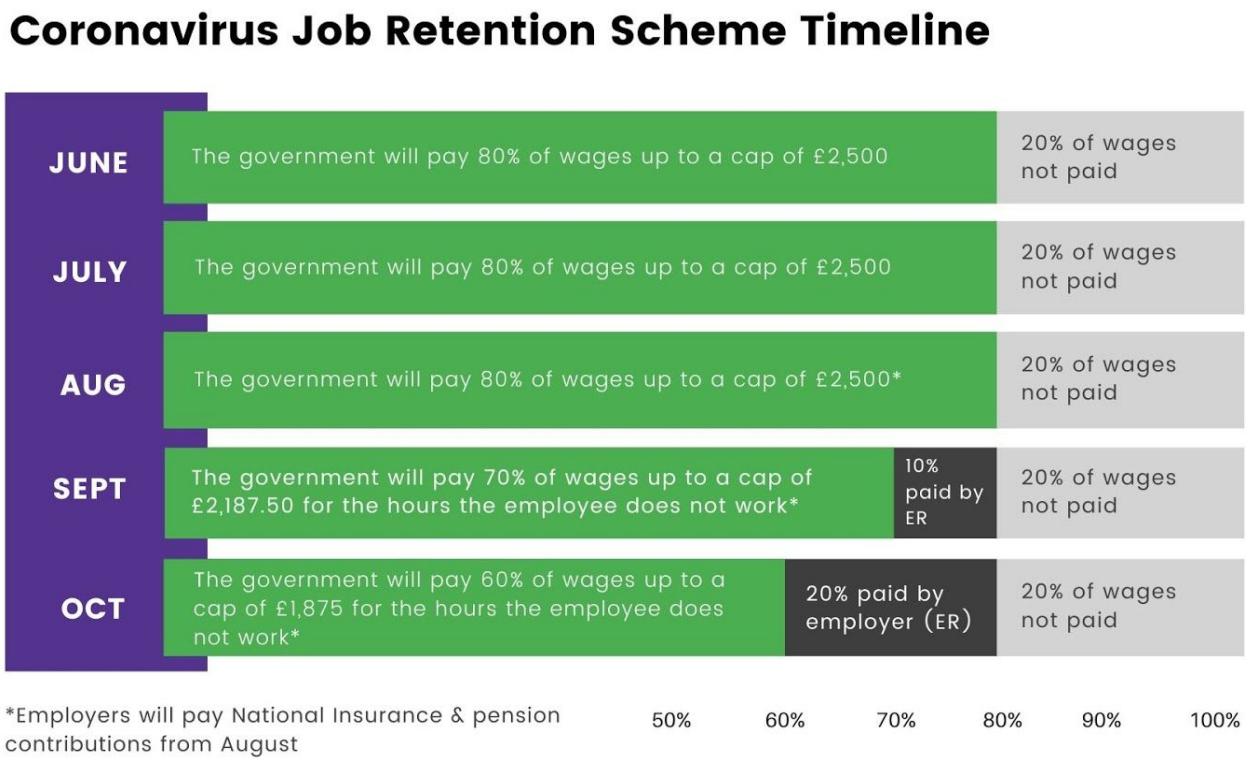


The Chancellor has outlined further details on the extension of the Coronavirus Job Retention Scheme, including improved flexibility to bring furloughed employees back part time in July, and a new taper requiring employers to contribute modestly to furloughed salaries from August.

Employers will have access to government support to continue paying part of their furloughed employees' salaries and potentially protect the employees from redundancy.

To enable the introduction of part time furloughing, and support those already furloughed back to work, claims from July onwards will be restricted to employers currently using the scheme and previously furloughed employees. **The scheme will close to new entrants on 30th June, with the last three-week furloughs before that point commencing on 10th June.**

From 1st July, employers will be able to agree any working arrangements with previously furloughed employees.



There have been a number of questions on the closure to new entrants to the CJRS. Although full details of the scheme are not available until 12th June, HMRC have issued the following guidance:

- The scheme will close to new entrants from 30th June. From this point onwards, employers will only be able to furlough employees that they have furloughed for a full three-week period prior to 30th June. This means that the final date by which an employer can furlough an employee for the first time will be the 10th June, in order for the current three-week furlough period to be completed by 30th June. [Therefore if an

employee has been furlough on or before 10th June and potentially returned, they will be eligible for the scheme going forward]

- Employers will have until 31st July to make any claims in respect of the period to 30th June. [This will mean any employers that have not made a claim yet, or planned to do one claim at the end of October, must ensure they submit a claim before 31st July for the period ending 30th June]

- From 1st July the scheme will only be available to employers that have previously used the scheme in respect of employees they have previously furloughed.

- From 1st July, claim periods will no longer be able to overlap months, employers who previously submitted claims with periods that overlapped calendar months will no longer be able to do this going forward. This is necessary to reflect the forthcoming changes to the scheme. [Our interpretation of this will mean that claims will need to be part or complete months from 1st July and may require pay periods to be split]

- The number of employees an employer can claim for in any claim period cannot exceed the maximum number they have claimed for under any previous claim under the current CJRS.

- Employers can continue to make claims in anticipation of an imminent payroll run, at the point payroll is run or after payroll has been run.

- Employers will be able to make their first claim under the new scheme from 1st July.

If you are thinking of applying, the scheme will be closed to new entrants from the 10th June.

Employers can access the scheme through an online portal, providing details of the affected furloughed employees and information about their earnings and any other information required (such as the employee's NI number). Full guidance is available on the Government website step by step guidance on making a claim

How we can help you.

It is very important that you seek legal advice, to ensure the appropriate changes are made to employment contracts if you are considering furloughing staff, and also to take tax advice to fully understand your obligations and the implications of furlough.

If you need to make the difficult decision of furloughing members of your team, we are here to help you through this process. All clients have access to free HR advice, please contact our helpline 01255 850 002 on or email accounts@gwcox.co.uk

---

Flexible furloughing explained further.

From 1st July, employers can bring back to work employees that have previously been furloughed for any amount of time and any shift pattern, while still being able to claim CJRS grant for their normal hours not worked.

From 1st July, employers will be able to agree any working arrangements with previously furloughed employees.

When claiming the CJRS grant for furloughed hours; employers will need to report and claim for a minimum period of a week.

This is a minimum period and those making claims for longer periods such as those on monthly or two weekly cycles will be able to do so.

To be eligible for the grant, employers must agree with their employee any new flexible furloughing arrangement and confirm that agreement in writing.

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. Further details will be included in future guidance.

Employers will need to report hours worked and the usual hours an employee would be expected to work in a claim period.

For worked hours, 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.

Further guidance on flexible furloughing and how employers should calculate claims will be published on 12th June.

Closure to new entrants from July explained further.

The scheme will close to new entrants from 30th June. From this point onwards, employers will only be able to furlough employees that they have furloughed for a full three-week period prior to 30th June.

This means that the final date by which an employer can furlough an employee for the first time will be the 10th June, in order for the current three-week furlough period to be completed by 30th June. Employers will have until 31st July to make any claims in respect of the period to 30th June.

From 1st July, the scheme will only be available to employers that have previously used the scheme in respect of employees they have previously furloughed.

From 1st July, claim periods will no longer be able to overlap months, employers who previously submitted claims with periods that overlapped calendar months will no longer be able to do this going forward. This is necessary to reflect the forthcoming changes to the scheme.

The number of employees an employer can claim for in any claim period cannot exceed the maximum number they have claimed for under any previous claim under the current CJRS. • Employers can continue to make claims in anticipation of an imminent payroll run, at the point payroll is run or after payroll has been run.

Employers will be able to make their first claim under the new scheme from 1st July.

Employer costs explained further.

From August 2020, the level of the grant will be slowly tapered to reflect that people will be returning to work:

In June and July, the government will pay 80% of wages up to a cap of £2,500 as well as employer National Insurance Contributions (ER NICS) and pension contributions for the hours the employee doesn't work. Employers will have to pay employees for the hours they work.

In August, the government will pay 80% of wages up to a cap of £2,500 and employers will pay ER NICs and pension contributions for the hours the employee does not work.

In September, the government will pay 70% of wages up to a cap of £2,187.50 for the hours the employee does not work. Employers will pay ER NICs and pension contributions and 10% of wages to make up 80% total up to a cap of £2,500.

In October, the government will pay 60% of wages up to a cap of £1,875 for the hours the employee does not work. Employers will pay ER NICs and pension contributions and 20% of wages to make up 80% total up to a cap of £2,500. The cap will be proportional to the hours not worked.