Information for employees on the COVID 19 Job Retention Scheme (Updated 6 May 2020)

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Employment Law News

Information for employees on the COVID-19 Job Retention Scheme

The COVID-19 Job Retention Scheme has been introduced to encourage employers to retain staff during the coronavirus crisis and avoid having to make redundancies. In this

briefing, we explain what the Scheme means for affected employees. This briefing was last updated on 6 May 2020.

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BDBF is currently advising many employees on the challenges presented by the coronavirus. If you need advice on furlough leave or other coronavirus-related matter please contact Amanda Steadman (amandasteadman@bdbf.co.uk) or your usual BDBF contact.



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The COVID-19 Job Retention Scheme has been introduced to encourage employers to retain staff during the coronavirus crisis and avoid having to make redundancies. In this briefing, we explain what the Scheme means for affected employees. This briefing was last updated on 6 May 2020.

What is the COVID-19 Job Retention Scheme (Scheme)?

Under the Scheme, the Government will pay 80% of the wage costs of employees who are placed on temporary leave as a result of the coronavirus pandemic (known as **furlough**). The payments will be capped at £2,500 per month. Initially, the Scheme was intended to cover payments for a three-month period between 1 March 2020 and 31 May 2020. On 17 April 2020, it was announced that the Scheme would be extended to 30 June 2020 and may be extended again if necessary. The Scheme covers employees and those with other employment statuses. For ease of reference, in this note the term "employees" is used to cover all eligible individuals.

The Scheme is governed by a <u>Treasury Direction</u> (**Direction**) published on 15 April 2020, which sets out the legal framework, and the following six pieces of non-binding HMRC guidance (together, the **Guidance**):

- Employer Guidance on how to check if you can claim (9th version dated 1st May 2020)
- 2. Employer Guidance on claiming for wages (4th version dated 30th April 2020)
- Employer Guidance on how to calculate the wages costs claim (5th version dated 30th April 2020)
- Employer Guidance on reporting payments in PAYE Real Time Information from the Coronavirus Job Retention Scheme (1st version dated 23 April 2020)
- Employer Step-by-Step Guide to making a claim (3rd version dated 29th April 2020)
- 6. Employee Guidance (8th version dated 1st May 2020)

2. Is my employer able to apply for funding under the Scheme?

The Scheme is open to any UK employer, regardless of their size or sector. This includes individual employers, who are able to furlough employees such as nannies, provided they meet the other eligibility criteria.

To qualify, your employer must have:

- created and started a PAYE payroll scheme on, or before, 19 March 2020 (this has changed from the original cut-off date of 28 February 2020);
- · enrolled for PAYE online; and
- a UK bank account.

If your employer receives public funding for staff costs, or to provide services necessary to the response to coronavirus, then they are not expected to apply for funding under the Scheme.