

Coronavirus Job Retention Scheme – Relief for Employers and Employees alike.

The Government has introduced the new Coronavirus Job Retention Scheme, under which the Government will cover the costs of 80% of salary (up to a maximum of £2,500 per person per month) for individuals who are kept on the payroll but not required to work during the Coronavirus outbreak, instead of being laid off.

Such individuals are classed as “furloughed workers”.

As of today, only basic details pertaining to the scheme have been made available and many questions remain unanswered.

Key details as of today include:

- The scheme will be open to all employers who should contact HMRC to apply for a grant.
- Employers will need to designate affected individuals as “furloughed workers” and notify them of the change following normal processes for agreeing changes to terms unless their contract contains has lay off provisions.
- Employers must submit information to HMRC about the relevant individuals using a new online portal. HMRC will set out further details on the information that will be required in due course.
- The scheme will be available for an initial period of 3 months, after which it will be reviewed and therefore possibly extended. Grants will be backdated to cover wages from 1 March 2020.
- No limit has been placed on the amount of funding available under the scheme or the number of jobs it will support.
- HMRC are working to set up a system for reimbursement and hope to be able to pay out the first grants within a matter of weeks with a target for the system to be up and running before May.

Employers will have the option to top-up salaries over the 80% that will be covered by the grant at their own cost, but they will still need the individual’s agreement to pay them only 80% of their salary if they do not choose to top-up.

What is clear is that any employee put onto this scheme must not undertake any work.

If you think that you may benefit from this scheme, please call to chat it through with us and seek assistance in undertaking the necessary planning.

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