

Covid-19 Update - Latest on the Coronavirus Job Retention Scheme

Information correct as at 09:00am on 17.04.2020

The Jobs Retention Scheme (JRS) has evolved over the last few weeks and has broadened its scope considerably. However, it is worth highlighting that the spirit of the scheme is to support those businesses directly affected by Covid-19 and to protect those who would have otherwise been made redundant. In addition, participation in the scheme is at the discretion of the employer.

Key Points

- The scheme is designed to support businesses directly impacted by Covid19
- Employees can be furloughed and are eligible for 80% of their usual pay (up to £2500/month). Employers can claim back salary up to these limits
- Guidance updated to include extra categories of employees
- Online HMRC portal expected to be live in April

What is the scheme?

- All businesses are eligible
- Reimbursement of 80% (capped at £2,500/month gross pay) of a worker's wage costs, including employer NI and pension contributions
- Payments may be backdated to 1 March
- Scheme is to be provisionally in place for three months but may be extended
- Employees need to be on the PAYE payroll on 19 March 2020
- The scheme may be used at any time during the period
- An employee must be furloughed for a minimum of three weeks
- It is possible for employees to come in and out of furlough provided that the three weeks minimum is achieved on each occasion

Who can be furloughed?

- All employees whether full-time, part-time, agency workers and those on flexible or zero hours contracts can be furloughed
- Employees who have more than one job, the £2,500 cap applies to each employer individually
- Apprentices can be furloughed and continue to be trained; you will need to top-up their wages to reflect the appropriate minimum wage for the time they spend training
- Foreign nationals can be furloughed and those on all categories of visa are included
- Employees currently on long-term sick can be furloughed, provided there are also business reasons for the furlough
- Those shielding in line with public health guidance may be furloughed, although it is the employer's decision



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- Those with caring responsibilities as a result of Covid-19 can be furloughed, for example those with children
- Directors of Limited Companies can be furloughed if paid by PAYE. They cannot continue to carry out work for the company but can fulfil statutory obligations e.g. filing of accounts

What do you need to do?

- Notify affected employees that their status changes to 'furloughed workers'
- Check their employment contract to see if specific terms exist in relation to changing employment status
- Submit information to HMRC about the employees that have been furloughed, including their earnings required (when available)
- You may pay the difference between the 80% salary and usual rate although this is discretionary
- Employees cannot undertake any work for the company that generates revenue, although training is possible provided that they are paid if the 80% wage means they do not achieve the National Minimum Wage for the training hours

How can I claim?

- HMRC are in the process of creating an online portal
- It is expected to be live by the end of April
- Claims may be made every three weeks for furloughed employees

For further discussion or to help with any questions that you may have, please contact Consultant Support on consultantsupport@kiteconsulting.com or 01902 851007 / 07542 403225

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