

# Coronavirus Job Retention Scheme ('CJRS'): A Brief Guide

## Background

The CJRS (otherwise known as 'furlough') has been extended to **31 March 2021**.

The aim of the scheme is to support employers and employees who are suffering from the effects of coronavirus lockdown measures and the general economic downturn. The latest employer guidance refers to employers using the scheme if "*they are unable to operate or have no work for you to do because of coronavirus*".

The Job Support Scheme which was set to replace the CJRS has been scrapped although it is likely to reappear in some form after the end of the CJRS scheme.

## Eligibility

### Eligibility criteria – Employers who can claim

All employers can claim under the CJRS regardless of whether their business is open or closed or whether they have used the CJRS previously.

All employers can claim provided they have:

- created and started a PAYE payroll scheme **as at 23.59 on 30 October 2020**;
- enrolled for PAYE online; and
- a UK bank account.

Any entity with a UK payroll can apply, including businesses, charities, recruitment agencies and public authorities.

### Eligibility criteria – Employees who can claim

An employer can claim for employees on any type of employment contract, including full-time, part-time, agency, flexible or zero-hour contracts.

Foreign nationals are eligible too. Grants under the scheme are not counted as 'access to public funds' and an employer can furlough employees on all categories of visa.

An employer does not need to have previously claimed for an employee before the 30 October 2020 to claim for periods from 1 November 2020.

## Requirements

Claiming for an employee on **or after 31 October 2020**:

- An employee must be employed and on the PAYE payroll on **30 October 2020**.

The employer must have made a PAYE Real Time Information (RTI) submission to HMRC between the **20 March 2020** and **30 October 2020**, notifying a payment of earnings for that employee.

## Flexible Furlough

Employers can:

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- **Fully furlough employees** – this means the employee does no work for the employer.
- **Flexibly furlough employees** – this means employees can work for any amount of time, and any work pattern and claim the grant for the furloughed hours, with reference to hours the employee would usually have worked in that period.

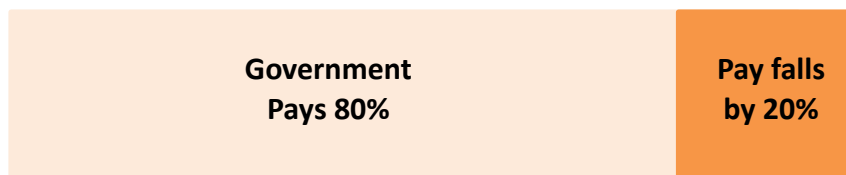
There is no minimum furlough period. Flexible furlough agreements can last any amount of time. Employees can enter into a flexible furlough agreement more than once.

Although flexible furlough agreements can last any amount of time, unless otherwise specified the period claimed for must be for a minimum claim period of at least one week.

### What employers can claim – calculations

For claims between 1 November 2020 and 31 January 2021, employers will be able to claim a grant for 80% of usual wages up to a maximum government grant of £2,500 per month per employee for the time the employee spends on furlough. The £2,500 cap is proportional to the hours not worked.

#### Example: Fully Furlough Employee



Employers will need to:

- pay their employees for the time worked and the government grant for the time not worked;
- operate PAYE on behalf of their employees; and
- pay employer National Insurance contributions and pension contributions for their employees on the full amount that they pay the employee, including any scheme grant.

Employers can top up employee wages above the maximum salary threshold at their own expense or top up the 20% fall in pay rise.

The government will review the CJRS after 31 January 2021 and may require employers to pay a greater contribution.

### Notice Period

Up to the **end of November 2020**, an employer can claim for a furloughed employee who is serving a statutory notice period. However, grants cannot be used to substitute redundancy payments.

For claim periods starting **on or after 1 December 2020**, an employer cannot claim for any days on or after 1 December 2020 during which an employee is serving a contractual or statutory notice period for their employer (this includes people serving notice of retirement or resignation).

An employee is entitled to receive redundancy pay based on their normal wage and not their reduced furlough rate.