



COVID-19 Job Retention Scheme ('JRS')



JRS – what is it?

- The JRS will apply from 1 March to 31 May 2020 and may be extended.
- To support employers whose operations have been severely affected by the COVID-19 outbreak, HMRC will pay employers:
 - 80% of a 'furloughed worker's' pay up to a cap of £2,500 per month; **plus**
 - the associated Employers' NIC and minimum automatic employer pension contributions.
- The employer must pay the furloughed worker the lower of 80% of their reference pay and £2,500 per month. The employer may, but is not obliged, to top this up.
- Participation in the JRS is subject to existing employment laws.
- HMRC issued interim guidance on 26 March 2020.



Who is eligible?

- Any employer that operated a PAYE scheme and had a UK bank account on 28 February 2020 can access the JRS.
- Employees who were on the payroll on 28 February 2020, regardless of the type of employment contract, can be furloughed **if they were not on unpaid leave on 28 February 2020 and are not receiving Statutory Sick Pay.**
- Individuals **made redundant** after 28 February can be **rehired** and then furloughed to preserve their job.
- Furloughed employees cannot undertake **any** work for the employer (therefore the JRS cannot be used to support employees who continue to work reduced hours).
- Employees must be furloughed for a **minimum of three weeks**, but can be furloughed more than once in the 3-month JRS period.



How do I furlough employees?

- An employer can furlough some or all of its eligible employees with their agreement.
- This is done by designating them as 'furloughed' in writing and notifying HMRC through a new online portal (not yet available).
- Normal employment law principles apply, including contractual requirements, anti-discrimination and consultation legislation.
- Mandatory collective consultation of 30 or 45 days may be triggered depending on the number of affected employees.
- The COVID-19 outbreak **might** constitute 'special circumstances' meaning those time periods may not apply (and agreement may be reached more quickly), but this is currently unclear.
- Furloughed workers retain their existing employment rights and continuity of employment.



What are the practical points?

- For full and part time salaried employees, the grant will be based on their actual salary, before tax, paid in February.
- For employees with irregular working hours, their reference pay is the higher of:
 - average monthly pay for the 2019/20 tax year; and
 - the pay from the same month in the prior year.
- Fees, commission and bonuses are **not** included in the reference pay.
- Details needed to claim include: ePAYE reference number; number of furloughed employees, claim period, amount claimed, bank details.
- Employers cannot claim more than once every 3 weeks.
- During and after the furlough period, if employees cannot return to their duties, redundancy may be considered.



KPMG comments

- The guidance published on 26 March 2020 gives welcome clarification of a number of points.
- As expected, HMRC have confirmed they reserve the right to audit retrospectively so employers will need to take care when submitting claims.
- Understandably, some of the key details – particularly on the mechanics of calculating pay – have still to be confirmed.
- However, HMRC are working urgently to set up a system to pay JRS grants to employers, with the first payments expected by the end of April.
- In the meantime, employers may be able to access funding through other Government cash flow bridge options.
- For more information on the JRS, please contact [Matthew Hunnibun](#) (Partner, People Services Tax) or [Donna Sharp](#) (Director, Employment Legal Services) or speak to your usual KPMG contact.

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