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CHARTERED ACCOUNTANTS

JOB SUPPORT SCHEME

# JOB SUPPORT SCHEME FACTSHEET

## 1. What is it?

- The Job Support Scheme is designed to protect viable jobs in businesses who are facing lower demand over the winter months due to Covid-19, to help keep their employees attached to the workforce. The company will continue to pay its employee for time worked, but the burden of hours not worked will be split between the employer and the Government (through wage support) and the employee (through a wage reduction), and the employee will keep their job.
- Now the economy is opening up, we should target support on those businesses that need it most: focusing on those that are being impacted by Coronavirus and who can support their employees doing some work, but that need more time for demand to recover.
- The Government will pay 62% of hours not worked up to a cap, with the employer also contributing 5%. This will ensure employees earn a minimum of 73% of their normal wages, where the Government contribution has not been capped.
- Employers using the Job Support Scheme will also be able to claim the Job Retention Bonus if they meet the eligibility criteria.
- The scheme will open on 1 November 2020 and run for 6 months, until April 2021. Further guidance will be published shortly.

## 2. Who is eligible?

### I. Employers

- All employers with a UK bank account and UK PAYE schemes can claim the grant. Neither the employer nor the employee needs to have previously used the Coronavirus Job Retention Scheme.
- Large businesses will have to meet a financial assessment test, so the scheme is only available to those whose turnover is lower now than before experiencing difficulties from Covid-19. There will be no financial assessment test for small and medium enterprises (SMEs).
- Our expectation is that large employers using the Job Support Scheme will not be making capital distributions, such as dividend payments or share buybacks, whilst accessing the grant. Further details will be set out in guidance.

### II. Employees

- Employees must be on an employer's PAYE payroll on or before 23 September 2020. This means a Real Time Information (RTI) submission notifying payment to that employee to HMRC must have been made on or before 23 September 2020.
- In order to support viable jobs, for the first three months of the scheme the employee must work at least 20% of their usual hours. After 3 months, the Government will consider whether to increase this minimum hours threshold.

- Employees will be able to cycle on and off the scheme and do not have to be working the same pattern each month, but each short-time working arrangement must cover a minimum period of seven days.

### 3. What does the grant cover?

- For every hour not worked by the employee, the Government will pay 62% and the employer will pay 5% of the usual hourly wage for that employee. Workers will be paid up to a maximum of £2,100 a month.
- Grant payments will be made in arrears, reimbursing the employer for the Government's contribution. The grant will not cover Class 1 employer NICs or pension contributions, although these contributions will remain payable by the employer.
- "Usual wages" calculations will follow a similar methodology as for the Coronavirus Job Retention Scheme. Full details will be set out in guidance shortly. Employees who have previously been furloughed, will have their underlying usual pay and/or hours used to calculate usual wages, not the amount they were paid whilst on furlough.
- Employers must pay employees their contracted wages for hours worked, and the Government and employer contributions for hours not worked. Our expectation is that employers cannot top up their employees' wages above the two-thirds contribution to hours not worked at their own expense.

### 4. What does it mean to be on reduced hours?

- The employee must be working at least 20% of their usual hours.
- For the time worked, employees must be paid their normal contracted wage.
- For time not worked, the employee will be paid up to two-thirds of their usual wage.
- Employees cannot be made redundant or put on notice of redundancy during the period within which their employer is claiming the grant for that employee.

### 5. How can I claim?

- The scheme will be open from 1 November 2020 to the end of April 2021. Employers will be able to make a claim online through Gov.uk from December 2020. They will be paid on a monthly basis.
- Grants will be payable in arrears meaning that a claim can only be submitted in respect of a given pay period, after payment to the employee has been made and that payment has been reported to HMRC via an RTI return.

## 6. HMRC checks

- HMRC will check claims. Payments may be withheld or need to be paid back if a claim is found to be fraudulent or based on incorrect information. Grants can only be used as reimbursement for wage costs actually incurred.
- Employers must agree the new short-time working arrangements with their staff, make any changes to the employment contract by agreement, and notify the employee in writing. This agreement must be made available to HMRC on request.
- Our intention is that employees will be informed by HMRC directly of full details of the claim.