

COVID-19 Job Retention Scheme (JRS)



JRS – what is it?

- The JRS will apply from 1 March to 30 June 2020 and may be extended.
- To support employers whose operations have been severely affected by the COVID-19 outbreak, HMRC will pay them:
 - 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 **in cash** the lower of 80% of their reference pay or £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 legislation on 15 April 2020 and updated guidance on 17 April 2020.



Who is eligible?

- Any employer that operated a PAYE scheme on 19 March 2020, is enrolled for PAYE Online, and has a UK bank account can access the JRS.
- Employees who were on the payroll and notified to HMRC on an RTI submission on or before 19 March 2020, regardless of the type of employment contract, can be furloughed **if** they were not on unpaid leave starting on or before 28 February 2020.
- 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** at a time.



How do I furlough employees?

- An employer can furlough some or all of its eligible employees with their agreement. Employers must record that agreement in writing.
- In reaching agreement, the usual employment law principles apply, including anti-discrimination and consultation legislation.
- Mandatory collective consultation of 30 or 45 days may be triggered depending on the number of affected employees although the crisis **might** constitute 'special circumstances' meaning those time periods may not apply (and agreement may be reached more quickly).
- Furloughed workers retain their existing employment rights and continuity of employment.
- The CJRS grant claim is made via a new HMRC online portal which will launch on 20 April. Payments are expected to be made within 6 days of the claim.



What are the practical points?

- For workers who are fixed rate employees, the grant will be based on their actual salary, before tax, as at 19 March.
- Reference pay for those who are not fixed rate employees is the higher of:
 - average monthly pay for the 2019/20 tax year; and
 - the pay from the same month in the prior year.
- The reference pay includes regular payments such as basic pay and may also include overtime, fees and compulsory commission. Discretionary payments – such as bonuses and tips – and the cost of benefits in kind are excluded.
- During and after the furlough period, if employees cannot return to their duties, redundancy may be considered.
- Furloughed employees continue to accrue annual leave. Employees are also able to take holidays whilst furloughed.



KPMG comments

- The updated guidance published on 17 April 2020 clarifies a number of points.
- In relation to redundant employees who have been re-employed, the grant will only cover the period from the date they were furloughed and cannot be backdated to when they were made redundant.
- HMRC reserve the right to audit retrospectively, and written records of the furlough agreements must be kept for 5 years. Payments may be withheld or repayable in full if the claim is based on dishonest, inaccurate or fraudulent information.
- Employers cannot make more than one claim per claim period and cannot make changes to the claim once submitted.
- Employers need to take care to classify their employees as fixed rate or variable rate and ensure that they have claimed correctly for specific pay types. Neither of these matters are straightforward.
- For more information on the JRS, please contact [Matthew Hunnybun](#) (Partner, People Services Tax) or [Donna Sharp](#) (Director and Solicitor, Employment Legal Services) or speak to your usual KPMG contact.