



CORONAVIRUS JOB RETENTION SCHEME UPDATE (CJRS V2)

On 29 May 2020, the Chancellor announced more details about the extension to the Coronavirus Job Retention Scheme (CJRS).

The revised scheme (CJRS V2) has many of the same features as the current scheme CJRS V1 which runs between 1 March and 30 June 2020 with some significant changes intended to encourage those previously furloughed back to work.

Employees who have not been previously furloughed up to 10 June 2020 under CJRS V1 will not be eligible for the furlough scheme CJRS V2 thereafter. So, only employees who have been included in a furlough grant claim before 1 July 2020 can be furloughed under CJRS V2.

Claim periods will no longer be able to overlap months. Employers who previously submitted claims with periods that overlapped calendar months will no longer be able to do this going forward. This is necessary to reflect the forthcoming changes to the scheme.

There will be a new maximum limit to the number of staff who can be included on a claim. This will be based on the maximum staff ever included in a single claim under CJRS V1.

The key features of CJRS V2 are outlined below.

Flexible furloughing

From 1 July 2020, Employers will have the flexibility to bring previously furloughed employees back to work part-time – with the government continuing to pay 80% of wages for any of their normal hours they do not work up until the end of August.

Employers can decide the hours and shift patterns that their employees will work on their return and will be responsible for paying their wages in full while working. This means that employees can work as much or as little as the business needs, with no minimum time that Employers can furlough staff for.

Any working hours arrangement that Employers agree with their employees must cover at least one week and be confirmed to the employee in writing. When claiming the CJRS grant for furloughed hours, Employers will need to report and claim for a minimum period of a week from 1 August 2020. Employers can choose to make claims for longer periods such as on monthly or two weekly cycles if they prefer. Employers will be required to submit data on the usual hours an employee would be expected to work in a claim period and actual hours worked.

If employees are unable to return to work, or Employers do not have work for them to do, they can remain on furlough and Employers can continue to claim the grant for their full hours under the

existing rules.

Employer contributions

In **June** and **July 2020**, the government will continue to pay 80% of wages up to a cap of £2,500 as well as employer National Insurance (ER NICs) and pension contributions for the hours the employee does not work – employers will have to pay employees for the hours they work

From **August 2020**, the government grant provided through the job retention scheme will be slowly tapered.

- From **1st August 2020**, the government will reimburse 80% of wages up to a cap of £2,500 but not the ER NICs and pension contributions for the hours that employees do not work.
- Accordingly, Employers will need to bear:
 - a. The ER NICs and pension contributions when Employees are furloughed.
- From **1st September 2020**, the government will reimburse 70% of wages up to a cap of £2,187.50 for the hours the employee does not work and again will not reimburse the ER NICs and pension contributions for the hours that employees do not work.
- Accordingly, Employers will have to bear
 - a. At least 10% of Employees' wages to make up 80% of the total up to a cap of £2,500 and
 - b. The ER NICs and pension contributions when Employees are furloughed
- From **1st October 2020**, the government will reimburse 60% of wages up to a cap of £1,875 for the hours the employee does not work and again will not reimburse the ER NICs and pension contributions for the hours that employees do not work.

Accordingly, Employers will have to bear

- a. At least 20% of Employees' wages to make up 80% of the total up to a cap of £2,500 and
- b. The ER NICs and pension contributions when Employees are furloughed.

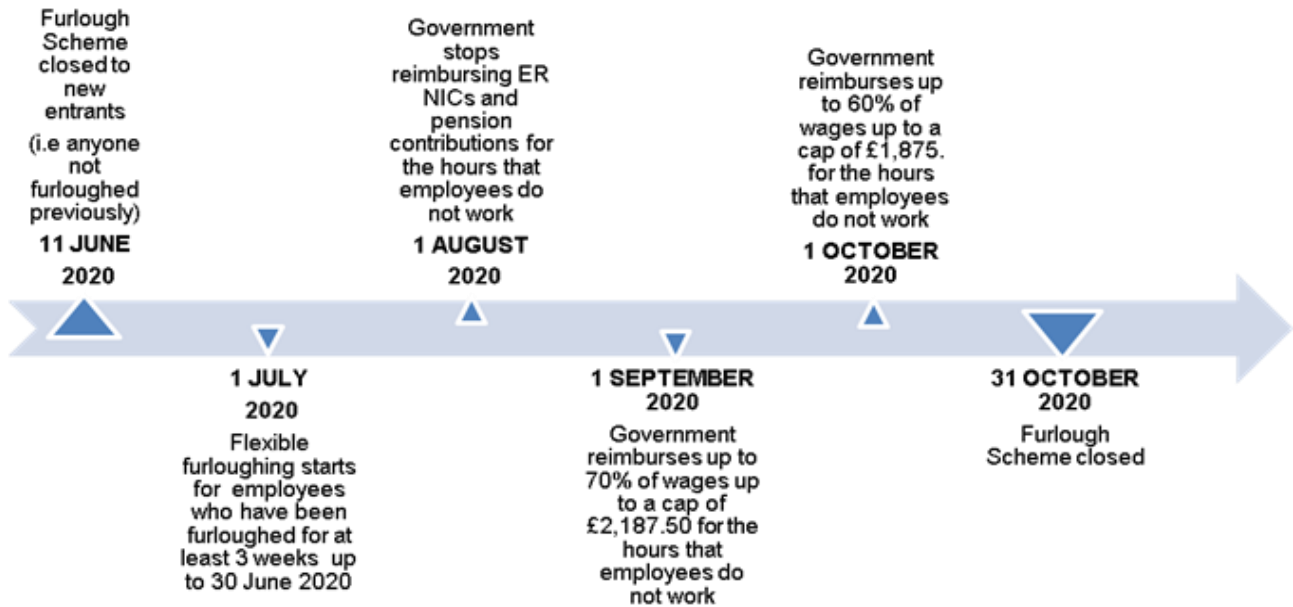
The cap on the furlough grant will be proportional to the hours not worked.

Important dates

It is important to note that the scheme will close to new entrants from **30 June**. From this point onwards, Employers will only be able to furlough employees that have been furloughed for a full three-week period prior to 30 June.

This means that the final date that Employees can furlough an employee for the first time will be **10 June** for the current three-week furlough period to be completed by 30 June. Employers will have until **31 July** to make any claims in respect of the period to 30 June.

Timeline with critical dates



Employers will need to take great care not to be caught out by the cut-off date for furloughing additional employees and for making claims.

Employers who have yet to submit claims under the previous scheme should do so as a matter of urgency.

Guidance and support

The Government will provide further support for employers and their agents on how to calculate claims with the extra flexibility will be available by 12 June, including webinars and detailed online guidance. For more guidance on the Coronavirus Job Retention Scheme, [click here](#).

Please contact us if you need any support or guidance and as usual, we will endeavour to help.

Disclaimer: While care has been taken to ensure the accuracy of the contents of this e-mail, no responsibility for loss occasioned to any person acting or refraining from action as a result of any statement in it can be accepted by the authors. Readers should take specialist advice before entering any specific transactions.

Khans Chartered Accountants

3 Sheen Road Richmond upon Thames
Surrey TW9 1AD

info@khansaccountants.co.uk | 020 8898 8675 | khansaccountants.co.uk