

Ashfords Solicitor Employment FAQ's – COVID 19



FAQs – COVID-19 support measures announced on 20 March 2020

On Friday 20 March 2020, the government announced an unprecedented range of support measures for business and employers.

This is a summary of those measures and seeks to address some of the frequently asked questions from an employment law perspective. We are conscious that these provisions are changing and emerging on a daily basis and so we will keep you updated as further specific details are realised and as the measures are implemented.

1. The government will pay 80% of staff salaries

■ How will employers claim this?

The government will set up a Coronavirus Job Retention Scheme.

Employers need to designate affected employees as "furloughed workers" and notify those employees of this change.

Employers will then need to submit information to HMRC about the employees that have been furloughed and their earnings through a new online portal (yet to be published).

■ Are there any eligibility criteria for employers?

No, all UK businesses whatever their size will be eligible.

■ Will it apply to employers who have already had to lay off employees due to COVID-19?

Yes, as long as the employees are brought back into the workforce and instead granted a leave of absence.

■ What happens with furloughed employees during this period?

Furloughed employees will remain on an employer's pay roll and would not be laid off. Employees cannot carry out any work for their employer while they are furloughed.

■ Is it to be backdated?

Yes, it will be backdated to the start of March 2020.

■ How long will it last for?

It will last for three months initially, but the government have said they would extend the scheme for as long as necessary

■ What will it cover?

A grant for 80% of wages up to £2,500 per employee. The full £2,500 is only available for employees earning £37,500 or more. Employers are free to top up this amount to cover the difference in salary, but do not have to.

There is no limit on the number of employees that the grant can be claimed for as long as they correctly 'furloughed'.

We are waiting to see if the £2,500 is inclusive of employee benefits.

■ Who is an employee for the purposes of this scheme?

The government have simply said that the scheme will apply to individuals enrolled in PAYE. It is not clear how this will apply for casual or zero hours workers.

■ Is it re-payable?

No, it's a grant not a loan.

■ When will employers be able to access the scheme?

HMRC are urgently working on the scheme and are hoping to have it set up before the end of April 2020.

2. The government has increased the support for workers and the self-employed

■ What can workers and the self-employed claim?

Workers and the self-employed are not eligible for either the Coronavirus Job Retention Scheme or statutory sick pay (SSP). SSP is only available for employees earning a minimum of £118 per week (£120 per week from 6 April 2020).

Instead they can access Universal Credit (UC) and Employment Support Allowance (ESA).

■ What measures had the government already introduced?

For those that are experiencing COVID-19 symptoms or are self-isolating, the government has:

- Suspended the minimum income floor for UC;
- Removed the requirement to attend a jobcentre in order to claim UC; and
- Provided for ESA to be paid from the first day of sickness, rather than the eighth day.

■ What are the new changes?

The rate of UC has been increased to the equivalent of statutory sick pay (SSP), £94.25 per week (£95.85 from 6 April 2020).

As an aside, the government have also postponed the extension of the IR35 off payroll tax rules to medium and large companies in the private sector until April 2021 as a result of COVID-19.

For more information in relation to this [please click here](#).

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What more is needed?

As it stands, there is a drastic difference in terms of the support provided for employees versus the support provided to workers and the self-employed. We are expecting further concessions in announcements from the Government in the next day or so where it is expected more financial support to the self-employed will be given.

What can employers do in the meantime?

If employers are struggling to pay their staff now, the government has announced a whole host of other business support measures which may assist:

- Deferred VAT payments from 20 March 2020 until 30 June 2020 for all UK businesses;
- Statutory Sick Pay relief for UK SMEs;
- A 12 month business rates holiday for all retail, hospitality, leisure and nursery businesses in England for the 2020 to 2021 tax year;
- Coronavirus business interruption loans (due to launch today - 23 March 2020) of up to £5 million for UK based SMEs through the British Business Bank;
- A new lending facility from the Bank of England to help support liquidity among larger UK firms;
- Small business grant funding of £10,000 for all business based in England in receipt of small business rate relief or rural rate relief;
- Grant funding of £10,000 per property for retail, hospitality and leisure businesses based in England with property with a rateable value under £15,000;
- Grant funding of £25,000 per property for retail, hospitality and leisure businesses based in England with property with a rateable value between £15,001 and £51,000;
- Business rates holiday for nurseries in England for the 2020 to 2021 tax year;
- Support with tax affairs through HMRC's Time to Pay service.

ARAG works in partnership with Ashfords' solicitors, the content of this article was written by Ashfords' Employment Team.

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