

Covid19- Coronavirus Briefing3

Government Income Replacement Schemes

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	Furloughed Employees ¹ (CJRS) Coronavirus Job Retention Scheme	Self Employed ² (SEISS) Self Employed Income Support Scheme
Who's it for?	Employees on PAYE payroll before or on 19/3/2020 . ³ Employee and employer need to agree furlough.	Be self-employed or a member of partnership . Have lost trading/partnership trading profits due to COVID-19.
How much?	Taxable grant of 80% of regular gross wages through the Coronavirus Job Retention Scheme, up to a monthly cap of £2,500 . Includes overtime but not tips. Employers will claim for the higher of either: the amount earned in the same month last year. or an average of your monthly earnings from the last year If been employed for less than a year, employers will claim for an average of regular monthly wages since started work. Same for zero-hour contracts. From Sept. will drop to 70%, with employees contributing in part- 10% plus NI and pension contributions. From October will drop to 60%, with the employer contributing 20%.	Taxable grant of 80% of your trading profits up to a maximum of £2,500 per month for the next 3 months. From June to August this will drop to 70% up to a maximum of £2190 per month. HMRC will use the average profits from tax returns in 2016-17, 2017-18 and 2018-19 to calculate the size of the grant. Must have traded in 2019-20; be currently trading at the point of application (or would be except for COVID 19) and intend to continue to trade in the tax year 2020 to 2021. Note-must submit Income Tax Self-Assessment tax return for the tax year 2018-19 by 23 April 2020.
What period will it cover?	The day the employee was placed on furlough (can be backdated to 1 March 2020). Can claim for a minimum of 3 consecutive weeks and for up 8 months - this has been extended to October. Employer can choose to pay you more than the minimum.	Up to 3 months , and then a further 3 months June- August.
When will it be paid?	The employer must claim online from 20/4/2020 and the Govt. will pay the employer by the end of April 2020 .	Self Employed Income Support Scheme(SEISS)- The government has confirmed- ⁴

¹ Govt Guidance accessed 7 4 2020 <https://www.gov.uk/guidance/check-if-you-could-be-covered-by-the-coronavirus-job-retention-scheme> and <https://www.gov.uk/guidance/claim-for-wage-costs-through-the-coronavirus-job-retention-scheme>

² Govt guidance accessed 7 4 2020 <https://www.gov.uk/guidance/claim-a-grant-through-the-coronavirus-covid-19-self-employment-income-support-scheme#who-can-apply>

³ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/879484/2004_14_CJRS_DIRECTION_-_33_FINAL_Signed.pdf

⁴ Govt Press release 4 5 2020 <https://www.gov.uk/government/news/self-employed-invited-to-get-ready-to-make-their-claims-for-coronavirus-covid-19-support>

From 4/5/2020, the government will begin contacting possible eligible clients. In the meantime, they can check online to see if they might qualify and if yes, from when they can submit their online claim. This will be during the 7 day period commencing 13 5 2020⁵ Will have the money paid into their bank account by 25/6 or within 6 working days.

Typical recipients

Employees who have no work. Can be furloughed by more than one employer. Also could include apprentices(these can continue to train), nannies, people caring for family/self isolating. Includes zero-hour contract/ a temporary contract/ fixed term contract/. agency workers/ company directors. You can be furloughed under the scheme if you are a foreign national. Company dividends are not covered. Those advised by the govt to shield may get SSP, but furlough payments would be preferable(can't get both) if employer agrees.^{6 7} If employed as of 28/2/2020 and on payroll (i.e. notified to HMRC on an RTI submission on or before 28 February) and were made redundant or stopped working for your employer prior to 19 March 2020, can also qualify if employer re-employs you and puts you on furlough.

Self-employed trading profits must also be less than £50,000 and more than half of your income come from self-employment. Must have trading profits/partnership trading profits in 2018-19 of less than £50,000 and these profits constitute more than half of total taxable income. OR have average trading profits in 2016-17, 2017-18, and 2018-19 of less than £50,000 and these profits constitute more than half of average taxable income in the same period.

Can continue to work?

No, can't make money or provide services to employer/ related companies. Can do training/ voluntary work or even work for another employer whilst receiving payment. Can't be paid in respect of an unpaid sabbatical or unpaid leave of an employee beginning before or after 19 March 2020.⁸ From 1/7/2020 there will be scope to allow employees to return to work part time.

Yes and earn in same work.

⁵ <https://www.tax.service.gov.uk/self-employment-support/enter-unique-taxpayer-reference>

⁶ [The Statutory Sick Pay \(General\) \(Coronavirus Amendment\) \(No. 3\) Regulations 2020](#)

⁷ Para8.6. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/879484/200414_CJRS_DIRECTION_-_33_FINAL_Signed.pdf

⁸ Para6.3&6.5 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/879484/200414_CJRS_DIRECTION_-_33_FINAL_Signed.pdf

The employer will be expected to contribute to the cost of the furlough payments. Wage caps are proportional to the hours not worked.

	July	August	September	October
Government contribution: employer NICs and pension contributions	Yes	No	No	No
Government contribution: wages	80% up to £2,500	80% up to £2,500	70% up to £2,187.50	60% up to £1,875
Employer contribution: employer NICs and pension contributions	No	Yes	Yes	Yes
Employer contribution: wages	-	-	10% up to £312.50	20% up to £625
Employee receives	80% up to £2,500 per month	80% up to £2,500 per month	80% up to £2,500 per month	80% up to £2,500 per month

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Public sector

Generally no - Where employers receive public funding for staff costs, and that funding is continuing, employers should use that money to continue to pay staff in the usual fashion. **Voluntary sector- YES**

N/a

What if your sick?

Claim SSP/ ESA(c) new style. Can be furloughed before and after this.

ESA(c) new style. (on top of grant?)

How will they affect benefits?

The taxable grant will count as income for means tested benefits. For the legacy benefits-

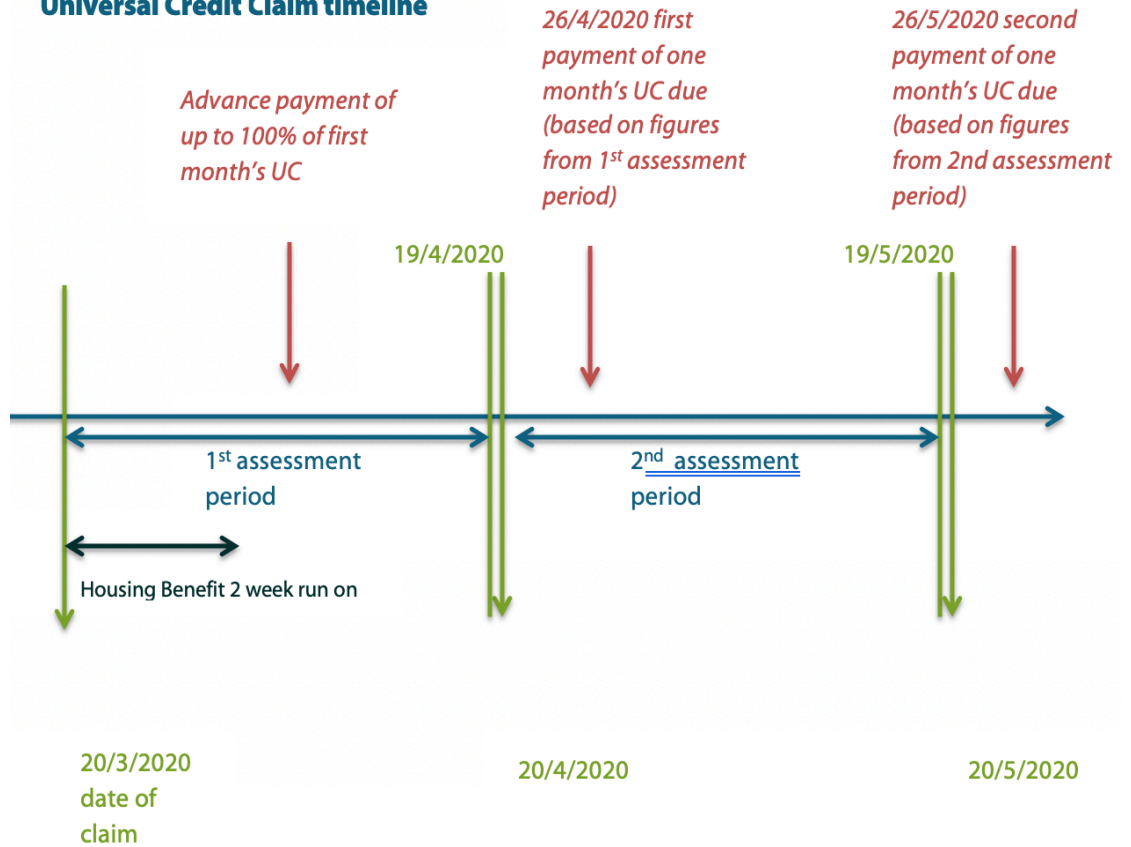
- HB/ IS/ JSA(IB) these would be assessed weekly back to the date the grant is paid from.¹⁰
- Tax credits are assessed yearly so it would count as income when income is reconciled each April.
- It will affect UC in the period in which it is paid.¹¹ Also under the surplus earnings rule, possibly any part above £2,500+max. UC paid as a lump sum would be carried forward to subsequent assessment periods. 'that money set aside for tax liability can be considered to be a business asset and therefore doesn't fall under the £16,000 savings rule'.

⁹ Accessed 1 9 2020 <https://www.gov.uk/government/publications/changes-to-the-coronavirus-job-retention-scheme/changes-to-the-coronavirus-job-retention-scheme>

¹⁰ [Guidance LA Welfare Direct 4/2020. Updated 9 4 2020](#)

¹¹ 23 4 2020 <https://parliamentlive.tv/Event/Index/86ed5d4f-9daf-40b0-9b97-384ddc6cc897>

Universal Credit Claim timeline



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