

COVID 19 (Coronavirus)

Coronavirus Job Retention Scheme for Furloughed Workers

V5.2: 22 April 2020

Introductory notes

pages 1 to 2

Copy of HMRC's Employer Guidance on the Coronavirus Job Retention Scheme

pages 3 to 13

What does this update cover?

The Coronavirus Job Retention Scheme went live on 20 April. The government has produced a range of guidance documents to support businesses using the scheme including the employer guidance - [Check if you can claim for your employee's wages through the Coronavirus Job Retention Scheme](#) copied here. That employer guidance has been updated repeatedly but it doesn't seem that the HMRC website keeps a copy of previously published guidance. Therefore, to assist agencies, we copy each HMRC update in this document. The government has also produced a range of supplemental guidance and we include the links in the list below.

1. A written [Direction](#) from Treasury to HMRC which sets out the formal rules for the operation of the scheme. The Direction was issued under the Coronavirus Act - the emergency legislation introduced to manage the Coronavirus outbreak.
2. [Work out 80% of your employees' wages to claim through the Coronavirus Job Retention Scheme](#). This guidance includes a number of examples about how to calculate the furlough grant for each worker. See also [REC's guidance on working out furlough pay](#).
3. [Claim for your employees' wages through the Coronavirus Job Retention Scheme - a step by step guide](#). This guidance also includes a number of examples but also sets out the steps to follow before making the claim and how to use the [online portal](#).
4. Guidance for businesses working in the public sector - [Public Procurement Notice 02/20 Supplier Relief due to COVID-19](#). See the [REC analysis of PPN 02/20](#).
5. For agencies supplying schools see section 12 of [Actions for Schools during the coronavirus outbreak](#).

In previous versions of this document we included a number of FAQs asked by agencies. However given the regularity with which government is updating its guidance it has become difficult to maintain those FAQs and cross reference against the various guidance documents. So, for the time being we have deleted the FAQs from this document but will publish them again as soon as we can.

A quick recap - what is the Coronavirus Job Retention Scheme?

The Coronavirus Job Retention Scheme is a temporary scheme open to all UK employers for at least four months starting from 1 March 2020. It is designed to support employers whose operations have been severely affected by coronavirus (COVID-19).

Employers can use a portal to claim for 80% of furloughed employees' (employees on a leave of absence) usual monthly wage costs, up to £2,500 a month, plus the associated Employer National Insurance contributions and minimum automatic enrolment employer pension contributions on that wage. Employers can use this scheme anytime during this period.

The scheme is open to all UK employers that had created and started a PAYE payroll scheme on 19 March 2020. Though the guidance documents use the terms "employer", "employee" and "contract of employment", it is clear that scheme also applies to agency workers and that employment businesses (and umbrella companies) can access the scheme grant for agency workers' pay.

Note that there is a [separate scheme for self-employed people](#) – we haven't covered that scheme in this guidance.

How to use this document

We have reproduced HMRC's employer's guidance in **section 1** below. The guidance for employers issued by the government has been written in a Q&A format and answers many of the questions that agencies have been asking since the scheme was initially announced.

More information on coronavirus

We appreciate that it has been very difficult for members to manage their businesses while constantly waiting for more information about this scheme. We are constantly working with government so that we can ensure that the interests of the recruitment sector are represented and to obtain as much detail as possible to keep our members updated. However, this type of scheme is unprecedented.

We have provided as much information in this guidance as we can. As soon as any further information is provided by government, we will update this information on the [REC Coronavirus Hub](#).

We update the hub twice a day, even if only to confirm that there is no further information available - so you can be sure to find the most recent information there.

REC documents have been prepared exclusively for REC Corporate Members. You must not distribute these documents to third parties except where you require them to complete the document.

NOTE: In this section we include the full text of [HMRC's Guidance on the Coronavirus Job Retention Scheme](#) (as updated on 20 April 2020). We have added paragraph numbers so that in our separate FAQ document (to be updated) we can refer agencies back to the relevant paragraphs of HMRC's guidance but you will not find these paragraph numbers in the online version of the guidance.

1 HMRC Guidance:

Check if you can claim for your employees' wages through the Coronavirus Job Retention Scheme

Find out if you're eligible and how much you can claim to cover wages for employees on temporary leave ('furlough') due to coronavirus (COVID-19).

Published 26 March 2020

Last updated 20 April 2020 — [see all updates](#)

From:

[HM Revenue & Customs](#)

Contents

1. Who can claim
2. Employees you can claim for
3. Agreeing to furlough employees
4. Before you claim
5. When your employees are on furlough
6. Contacting HMRC

If you've already worked out how much you can claim, you can [claim for wages online](#) through the Coronavirus Job Retention Scheme.

If you cannot maintain your current workforce because your operations have been severely affected by coronavirus (COVID-19), you can furlough employees and apply for a grant that covers 80% of their usual monthly wage costs, up to £2,500 a month, plus the associated Employer National Insurance contributions and pension contributions (up to the level of the minimum automatic enrolment employer pension contribution) on that subsidised furlough pay.

This is a temporary scheme in place for 4 months starting from 1 March 2020, but it may be extended if necessary and employers can use this scheme anytime during this period. It is designed to help employers whose operations have been severely affected by coronavirus (COVID-19) to retain their employees and protect the UK economy. However, all employers are eligible to claim under the scheme and the government recognises different businesses will face different impacts from coronavirus.

The way to make a claim is online- the service should be simple to use and any support you need available on GOV.UK.

Please use the online support and do not contact HMRC unless it is absolutely necessary - any questions should be directed at your agent, representative or our Web chat service.

HMRC will check claims made through the scheme. Payments may be withheld or need to be repaid in full to HMRC if the claim is based on dishonest or inaccurate information or found to be fraudulent.

Dishonest or deliberately fraudulent claims put our essential public services and the protection of livelihoods at risk during these challenging times.

HMRC has put in place an online portal for employees and the public to report suspected fraud in the Coronavirus Job Retention Scheme.

1.1 Who can claim

You must have:

- created and started a PAYE payroll scheme on or before 19 March 2020
- enrolled for [PAYE online](#)
- a UK bank account

Any entity with a UK payroll can apply, including businesses, charities, recruitment agencies and public authorities.

1.2 Apprentices

Apprentices can be furloughed in the same way as other employees and they can continue to train whilst furloughed.

However, you must pay your Apprentices at least the Apprenticeship Minimum Wage/National Living Wage/National Minimum Wage (AMW/NLW/NMW) as appropriate for all the time they spend training. This means you must cover any shortfall between the amount you can claim for their wages through this scheme and their appropriate minimum wage.

Guidance is available for changes in [apprenticeship learning arrangements because of COVID-19](#).

1.3 Public sector organisations

The government expects that the scheme will not be used by many public sector organisations, as most public sector employees are continuing to provide essential public services or contribute to the response to the coronavirus outbreak.

Where employers receive public funding for staff costs, and that funding is continuing, we expect employers to use that money to continue to pay staff in the usual fashion – and correspondingly not furlough them. This also applies to non-public sector employers who receive public funding for staff costs.

Organisations who are receiving public funding specifically to provide services necessary to respond to COVID-19 are not expected to furlough staff.

In a small number of cases, for example where organisations are not primarily funded by the government and whose staff cannot be redeployed to assist with the coronavirus response, the scheme may be appropriate for some staff.

1.4 Individuals

Individuals can furlough employees such as nannies provided they pay them through PAYE, and sent HMRC an RTI submission notifying a payment in respect of the employee on or before 19 March 2020.

1.5 Administrators

Where a company is being taken under the management of an administrator, the administrator will be able to access the Job Retention Scheme. However, we would expect an administrator would only access the scheme if there is a reasonable likelihood of rehiring the workers. For instance, this could be as a result of an administration and pursuit of a sale of the business.

1.6 Employees you can claim for

You can only claim for furloughed employees that were on your PAYE payroll on or before 19 March 2020 and which were notified to HMRC on an RTI submission on or before 19 March 2020. This means an RTI submission notifying payment in respect of that employee to HMRC must have been made on or before 19 March 2020. Employees that were employed as of 28 February 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 the employer after that and prior to 19 March 2020, can also qualify for the scheme if the employer re-employs them and puts them on furlough.

Employees can be on any type of employment contract, including full-time, part-time, agency, flexible or zero-hour contracts. Foreign nationals are eligible to be furloughed. Grants under the scheme are not counted as 'access to public funds', and you can furlough employees on all categories of visa.

To be eligible for the grant, when on furlough, an employee cannot undertake work for, or on behalf, of the organisation or any linked or associated organisation. This includes providing services or generating revenue. Employers are free to consider allocating any critical business tasks to staff that are not furloughed. While on furlough, the employee's wage will be subject to usual income tax and other deductions.

1.7 If you made employees redundant or they stopped working for you after 28 February

If you made employees redundant, or they stopped working for you on or after 28 February 2020, you can re-employ them, put them on furlough and claim for their wages from the date on which you furloughed them through the scheme. This applies to employees that were made redundant or stopped working for you after 28 February, even if you do not re-employ them until after 19 March. This applies as long as the employee was on your payroll as at 28 February and had been notified to HMRC on an RTI submission on or before 28 February 2020. This means an RTI submission notifying payment in respect of that employee to HMRC must have been made on or before 28 February 2020.

If an employee has had multiple employers over the past year, has only worked for one of them at any one time, and is being furloughed by their current employer, their former employer/s should not re-employ them, put them on furlough and claim for their wages through the scheme.

1.8 If your employees are working reduced hours

If an employee is working, but on reduced hours, or for reduced pay, they will not be eligible for this scheme.

1.9 If your employee is on unpaid leave

If an employee started unpaid leave after 28 February 2020, you can put them on furlough instead. If you put them on furlough then you should pay them at least 80% of their regular wages, up to the monthly cap of £2500.

If an employee went on unpaid leave on or before 28 February, you cannot furlough them until the date on which it was agreed they would return from unpaid leave.

1.10 If your employee is self-isolating or on sick leave

If your employee is on sick leave or self-isolating as a result of Coronavirus, they'll be able to get [Statutory Sick Pay](#), subject to other eligibility conditions applying. The Coronavirus Job Retention Scheme is not intended for short-term absences from work due to sickness, and there is a 3 week minimum furlough period.

Short term illness/ self-isolation should not be a consideration in deciding whether to furlough an employee. If, however, employers want to furlough employees for business reasons and they are currently off sick, they are eligible to do so, as with other employees. In these cases, the employee should no longer receive sick pay and would be classified as a furloughed employee.

Employers are also entitled to furlough employees who are being shielded or off on long-term sick leave. It is up to employers to decide whether to furlough these employees. You can claim back from both the Coronavirus Job Retention Scheme and the SSP rebate scheme for the same employee but not for the same period of time. When an employee is on furlough, you can only reclaim expenditure through the Coronavirus Job Retention Scheme, and not the SSP rebate scheme. If a non-furloughed employee becomes ill, needs to self-isolate or be shielded, then you might qualify for the SSP rebate scheme, enabling you to claim up to two weeks of SSP per employee.

1.11 If your employee becomes sick while furloughed

Furloughed employees retain their statutory rights, including their right to Statutory Sick Pay. This means that furloughed employees who become ill must be paid at least Statutory Sick Pay. It is up to employers to decide whether to move these employees onto Statutory Sick Pay or to keep them on furlough, at their furloughed rate.

If a furloughed employee who becomes sick is moved onto SSP, employers can no longer claim for the furloughed salary. Employers are required to pay SSP themselves, although may qualify for a rebate for up to 2 weeks of SSP. If employers keep the sick furloughed employee on the furloughed rate, they remain eligible to claim for these costs through the furloughed scheme.

1.12 Shielding Employees

Employees who are unable to work because they are [shielding in line with public health guidance](#) (or need to stay home with someone who is shielding) can be furloughed.

1.13 Employees with caring responsibilities

Employees who are unable to work because they have caring responsibilities resulting from coronavirus (COVID-19) can be furloughed. For example, employees that need to look after children can be furloughed.

1.14 If your employee has more than one job

If your employee has more than one employer they can be furloughed for each job. Each job is separate, and the cap applies to each employer individually.

Employees can be furloughed in one job and receive a furloughed payment but continue working for another employer and receive their normal wages.

1.15 If your employee is on a fixed term contract

Employees on fixed term contracts can be furloughed. Their contracts can be renewed or extended before their natural conclusion during the furlough period without breaking the terms of the scheme. There is no minimum period which must be left to run on a fixed term contract to enable it to be renewed or extended, but it must not have ended. The furlough period must be for a minimum period of three consecutive weeks. Where a fixed term employee's contract ends because it is not extended or renewed before its natural conclusion you will no longer be able to claim grant for them once the contract ends. Fixed term contracts which ended, without extension or renewal, on or before 19 March 2020 will not qualify for the grant once they have ended.

1.16 Eligible individuals who are not employees

As well as employees, the grant can be claimed for any of the following groups, if they are paid via PAYE: office holders (including company directors), salaried members of Limited Liability Partnerships (LLPs), agency workers (including those employed by umbrella companies), and limb (b) workers.

The guidance below sets out specific considerations for those individuals who are paid via PAYE, but who are not necessarily employees in employment law. Unless explicitly set out below, all other guidance is applicable to these cases, and should be followed.

1.17 Office Holders

Office holders can be furloughed and receive support through this scheme. The furlough, and any ongoing payment during furlough, will need to be agreed between the office holder and the party who operates PAYE on the income they receive for holding their office. Where the office holder is a company director or member of a Limited Liability Partnership (LLP), the furlough arrangements should be adopted formally as a decision of the company or LLP.

1.18 Company Directors

As office holders, salaried company directors are eligible to be furloughed and receive support through this scheme. Company directors owe duties to their company which are set out in the Companies Act 2006. Where a company (acting through its board of directors) considers that it is in compliance with

the statutory duties of one or more of its individual salaried directors, the board can decide that such directors should be furloughed. Where one or more individual directors' furlough is so decided by the board, this should be formally adopted as a decision of the company, noted in the company records and communicated in writing to the director(s) concerned.

Where furloughed directors need to carry out particular duties to fulfil the statutory obligations they owe to their company, they may do so provided they do no more than would reasonably be judged necessary for that purpose, i.e. they should not do work of a kind they would carry out in normal circumstances to generate commercial revenue or provides services to or on behalf of their company.

This also applies to salaried individuals who are directors of their own personal service company (PSC).

1.19 Salaried Members of Limited Liability Partnerships (LLPs)

Members of LLPs who are designated as employees for tax purposes ('salaried members') under the Income Tax (Trading and Other Income) Act (ITTOIA) 2005 are eligible to be furloughed and receive support through this scheme.

The rights and duties of a member of an LLP are set out in an LLP agreement and in the absence of an agreement, default provisions in the LLP Act 2000, based upon company and partnership law. Such an agreement may include separate agreement between the LLP and an individual member setting out the terms applicable to that member's relationship with the LLP.

To furlough a member, the terms of the LLP agreement (or any such agreement between the LLP and the member) may need to be varied by a formal decision of the LLP, for example to reflect the fact that the member will perform no work in the LLP for the period of furlough, and the effect of this on their remuneration from the LLP. For an LLP member who is treated as being employed by the LLP (in accordance with s863A of ITTOIA 2005), the reference salary for this scheme is the LLP member's profit allocation, excluding any amounts which are determined by the LLP member's performance, or the overall performance of the LLP.

1.20 Agency Workers (including those employed by umbrella companies)

Where agency workers are paid through PAYE, they are eligible to be furloughed and receive support through this scheme, including where they are employed by umbrella companies.

Furlough should be agreed between the agency, as the deemed employer, and the worker, though it would be advised to discuss the need to furlough with any end clients involved. As with employees, agency workers should perform no work for, through or on behalf of the agency that has furloughed them while they are furloughed, including performing such work through or on behalf of the agency for the agency's clients.

Where an agency supplies clients with workers who are employed by an umbrella company that operates the PAYE, it will be for the umbrella company and the worker to agree whether to furlough the worker or not.

1.21 Limb (b) Workers

Where Limb (b) Workers are paid through PAYE, they can be furloughed and receive support through this scheme.

Those who pay tax on their trading profits through Income Tax Self-Assessment, may instead be eligible for the Self-Employed Income Support Scheme (SEISS), announced by the Chancellor on 26 March 2020.

[Read more information on the Self-Employed Income Support Scheme](#), including eligibility criteria and how to claim.

1.22 Contingent workers in the public sector

The Cabinet Office has issued guidance on how payments to suppliers of contingent workers impacted by COVID-19 should be dealt with where the party receiving the contingent worker's services is a Central Government Department, an Executive Agency of a Central Government Department or a Non-Departmental Public Body.

[Read more information on contingent workers impacted by COVID-19](#). This guidance applies to agency workers paid through PAYE, as well as those paid through umbrella companies on PAYE and off-payroll workers supplying their services through a Personal Service Company (PSC).

1.23 Contractors with public sector engagements in scope of IR35 off-payroll working rules (IR35)

Public sector bodies will follow the Crown Commercial Services guidance in the vast majority of cases. In a small number of cases, for example where organisations are not primarily funded by the government and whose staff cannot be redeployed to assist with the coronavirus response, it may be appropriate to claim under the CJRS. Contractors who are deemed employees according to the off-payroll working rules might be eligible for this scheme.

In this scenario, if the public sector organisation wished to furlough a contractor, they would have to confirm this with both the contractor's Personal Service Company (PSC) and the fee-payer (as set out in the off-payroll working rules, usually the agency paying the contractor's PSC). It should be formally agreed between these parties that the contractor is to do no work for the public sector organisation during their period of furlough. The fee-payer would be able to apply for the furlough payment of 80% of the monthly contract value, up to a maximum of £2,500, as well as the employer NICs on that subsidised wage. The fee-payer would then pay at least the amount of wage-grant received to the PSC, and report the payment via PAYE using the contractor's details, making the usual tax and National Insurance contributions (NICs) deductions for contracts in scope of the off-payroll rules. The PSC would then be required to report the amount it pays to the contractor as deemed employment income via PAYE using box 58A on the PAYE Real Time Information return.

Where a contractor is continuing to receive payments from a public sector client (including through the CJRS or other any other scheme), income from this client should be excluded from any calculation of the reference pay for the purposes of the CJRS if the contractor also decides to furlough themselves as an employee or director of their own company.

1.24 Employee transfers under TUPE and on a change in ownership

A new employer is eligible to claim under the CJRS in respect of the employees of a previous business transferred after 19 March 2020 if either the TUPE or PAYE business succession rules apply to the change in ownership.

Read more guidance on [TUPE rules](#).

Read more guidance on [business succession](#).

1.25 Payroll consolidation

Where a group of companies have multiple PAYE schemes and there is a transfer of all employees from these schemes into a new consolidated PAYE scheme after 19 March 2020, the new scheme will be eligible to furlough those employees and claim the grants available under the CJRS.

1.26 If your employee does volunteer work

A furloughed employee can take part in volunteer work, if it does not provide services to or generate revenue for, or on behalf of your organisation or a linked or associated organisation. Your organisation can agree to find furloughed employees new work or volunteering opportunities whilst on furlough if this is in line with public health guidance.

1.27 If your employee undertakes training

Furloughed employees can engage in training, as long as in undertaking the training the employee does not provide services to, or generate revenue for, or on behalf of their organisation or a linked or associated organisation. Furloughed employees should be encouraged to undertake training.

Where training is undertaken by furloughed employees, at the request of their employer, they are entitled to be paid at least their appropriate national minimum wage for this time. In most cases, the furlough payment of 80% of an employee's regular wage, up to the value of £2,500, will provide sufficient monies to cover these training hours. However, where the time spent training attracts a minimum wage entitlement in excess of the furlough payment, employers will need to pay the additional wages (see National Minimum Wage Section for more details).

1.28 If your employee is on maternity leave, adoption leave, paternity leave or shared parental leave

The normal [rules for maternity and other forms of parental leave and pay](#) apply.

You can claim through the scheme for enhanced (earnings related) contractual pay for employees who qualify for either:

- maternity pay
- adoption pay
- paternity pay
- shared parental pay

1.29 Agreeing to furlough employees

Employers should discuss with their staff and make any changes to the employment contract by agreement. When employers are making decisions in relation to the process, including deciding who to offer furlough to, equality and discrimination laws will apply in the usual way.

To be eligible for the grant employers must confirm in writing to their employee confirming that they have been furloughed. If this is done in a way that is consistent with employment law, that consent is

valid for the purposes of claiming the CJRS. There needs to be a written record, but the employee does not have to provide a written response. A record of this communication must be kept for five years.

You do not need to place all your employees on furlough. However, those employees who you do place on furlough cannot undertake work for you.

1.30 Minimum furlough periods

Any employees you place on furlough must be furloughed for a minimum period of 3 consecutive weeks. When they return to work, they must be taken off furlough. Employees can be furloughed multiple times, but each separate instance must be for a minimum period of 3 consecutive weeks.

1.31 Before you claim

You will need to [work out how much you can claim](#) through the scheme. HMRC will retain the right to retrospectively audit all aspects of your claim.

Employers should discuss with their staff and make any changes to the employment contract by agreement. Employers may need to seek legal advice on the process. If sufficient numbers of staff are involved, it may be necessary to engage collective consultation processes to procure agreement to changes to terms of employment.

HMRC cannot provide your employees with details of claims you make on their behalf. Please help us by keeping your employees informed, answering any questions that they might have. Please ask them not to contact HMRC.

1.32 When your employees are on furlough

You cannot ask your employee to do any work that:

- makes money for your organisation or any organisation linked or associated with your organisation
- provides services for your organisation or any organisation linked or associated with your organisation

They can take part in volunteer work or training.

1.33 Employee taxes

Your employees will still pay the taxes they normally pay out of their wages.

This includes pension contributions (both employer contributions and automatic contributions from the employee), unless the employee has opted out or stopped saving into their pension.

1.34 Employee rights

Employees still have the same rights at work, including:

- Statutory Sick Pay
- maternity and other parental rights
- rights against unfair dismissal

- redundancy payments

Grants cannot be used to substitute redundancy payments. HMRC will continue to monitor businesses after the scheme has closed.

1.35 Working for a different employer

If contractually allowed, your employees are permitted to work for another employer whilst you have placed them on furlough.

For any employer that takes on a new employee, the new employer should ensure they complete the [starter checklist](#) form correctly. If the employee is furloughed from another employment, they should complete Statement C.

1.36 Contacting HMRC

We are receiving very high numbers of calls. Contacting HMRC unnecessarily puts our essential public services at risk during these challenging times.

But you can [contact HMRC](#) if you cannot get the help you need online.

Published 26 March 2020

Published 26 March 2020

Last updated 20 April 2020 - [hide all updates](#)

20 April 2020

The online service you'll use to claim is now available: www.gov.uk/guidance/claim-for-wages-through-the-coronavirus-job-retention-scheme

20 April 2020

Details of what you'll need to make a claim have been moved to www.gov.uk/guidance/claim-for-wages-through-the-coronavirus-job-retention-scheme

17 April 2020

New information added on scheme extension, fraud, claims for employees you made redundant or who stopped working for you, fixed term contracts, agency workers and retaining records. Also, a new guide has been published with information on holiday pay, employees returning from family-related statutory leave and sick pay, how to treat grant payments in Real Time Information. Plus, more information on how to calculate the claim for 80% of your employees' wages, how much you can claim for National Insurance and pension contributions and how to claim.

15 April 2020

Updated information on payroll date and eligibility.

9 April 2020

New information on eligibility and pension contributions has been added.

4 April 2020

This guidance has been updated with more information about the Coronavirus Job Retention Scheme.

26 March 2020

First published.

[Contents](#)

Related content

- [Check if your employer can use the Coronavirus Job Retention Scheme](#)
- [Claim a grant through the coronavirus \(COVID-19\) Self-employment Income Support Scheme](#)
- [COVID-19: guidance for employees, employers and businesses](#)
- [Personal tax account: sign in or set up](#)
- [Rates and thresholds for employers 2020 to 2021](#)