

25 September 2020

The Coronavirus Wage Subsidy Scheme

It's been just over 3 months since we last sent out an update and as with our previous bulletin, this comes with the usual warning that this advice has been written based on fairly limited and evolving guidance from the Government.

What we know so far...

- The aim of the scheme is to provide support in bringing people back to work, giving employers the option to keep people in work on shorter hours, rather than having to make them redundant.
- The scheme will take effect from 1 November and will be in place for 6 months. It is open to all employers with a UK bank account and a UK PAYE scheme. All SME's will be eligible but large businesses will be required to prove that their turnover has been adversely affected by COVID.
- To be eligible employees must have been on your RTI submission on or before 23 September 2020.
- Employees will need to work a minimum of 33% of their usual hours. For every hour not worked the employer and the government will each pay one third of the employee's usual pay and the employee will forego payment for the last third. The government contribution will be capped at £697.92 per month.
- The government top up will not cover Class 1 employer NIC or pension contributions but those payments will remain payable by the employer.
- Working patterns can vary but each short time working arrangement must cover a minimum of 7 days. In other words, you might want to change how many hours you want your employee to work but each variation needs to last at least a week.
- In summary, the impact of this scheme is that employees will receive at least 77% of their pay, where the government contribution has not been capped. The government will pay a maximum 22% of someone's wages, and as the employer you will pay a minimum of 55%.
- As per the furlough scheme, you will need to make the payment to your employees and then claim back the government contribution in arrears.
- **PLEASE NOTE:** the guidance states that an employee must not be serving their redundancy notice period. So, unlike the furlough scheme where you could claim the allowance even when someone was serving out their notice, this will not be the case for this scheme.

- The self-employed grant is also being extended on similar terms and conditions to the new Jobs Support Scheme.

We will provide you with more information as it comes to light.