

COVID-19:

Furloughed workers and what it means for business

The Chancellor has announced the Coronavirus Job Retention Scheme, designed to help businesses that would otherwise be forced to lay off staff in the face of the unprecedented disruption caused by COVID-19. All businesses, regardless of size or sector, will be able to benefit from the scheme with the government reimbursing employers up to 80% of their employees' wages, to a maximum of £2,500 (although more explanation of these figures is awaited).



**Covers 80%
of wages**



**Up to £2500
gross pay**



**Pay staff as usual,
then apply to
HMRC for funding**

Furloughed workers: what does that mean?

Businesses have to 'designate affected employees as furloughed workers and notify your employees of this change'. However, employers still have to heed employment law which means that, having designated those employees whose jobs were at risk, they will need to agree with those employees that they will be 'furloughed'. Given the extraordinary situation prevailing at the moment, and given the alternative to being furloughed, it is likely that most employees will agree to the terms. For those workers who do not agree, they will either have to take unpaid leave for an indeterminate period or employers are likely to have to go down the redundancy route. It should be noted that furloughed workers are designated by the employer – an employee cannot 'self-designate'.

Furloughed workers remain employed but must not work

Assuming the designated employee has agreed to be furloughed, they cannot undertake any work for their employer at all. If the employee continues to work, even reduced hours, they are not eligible for the scheme. While furloughed, the government will also pay related employment costs including pension contributions and NI. All furloughed workers will remain employed by their employer for the duration of the scheme. Employers can make up the missing 20% of their employees' salaries but that is their choice (or ability to pay). For those employees who are furloughed, their employment status will change but their employment record remains continuous.

How it will work

Employers need to give HMRC a list of furloughed employees. Employers pay their workers as usual, via PAYE, and then apply for funding to cover 80% of their wages (up to £2,500 of gross pay). More clarity on how this will work in practice is expected but it should be borne in mind that HMRC has yet to set up the system through which payments can be made. It is hoped to be up and running by early April. The scheme is expected to run for three months, subject to review.

We are expecting further clarification on the subject of furloughed workers and will provide updates as and when. In the meantime, if you need any advice on this, or any other employment-related matter, please contact us on employers@coventrycollege.ac.uk

OTHER SUPPORT FOR BUSINESSES



Business rates holiday for 2020/2021

Support for businesses that pay business rates

The government is introducing a business rates holiday for retail, hospitality and leisure businesses in England, for the 2020 / 2021 tax year. Businesses that received the retail discount in the 2019 / 2020 tax year will be rebilled by their local authority as soon as possible.

A £25,000 grant will be available for retail, hospitality and leisure businesses operating from smaller premises, with a rateable value (RV) between £15,000 and £51,000. RV is intended to reflect the open market rental of a business property. Bills are issued now and paid in 10 instalments, similar to community charge. Any enquiries on eligibility for, or provision of, the reliefs should be directed to the relevant local authority.



£25,000 grant for retail, hospitality and leisure businesses

Support for businesses that pay little or no business rates

The government will provide additional funding for local authorities in the form of a one-off grant of £10,000 to support small businesses eligible for small business rate relief (SBRR), or rural rate relief, to help meet their ongoing business costs. Eligible businesses will be contacted by their local authority; they do not need to apply.



£10,000 grant to support small businesses

Support for businesses paying tax

All businesses and self-employed people in financial distress, and with outstanding tax liabilities, may be eligible to receive support with their tax affairs through HMRC's Time to Pay service. These arrangements are agreed on a case-by-case basis and are tailored to individual circumstances and liabilities. If you are concerned about being able to pay your tax because of the impact of the coronavirus pandemic, call HMRC's dedicated helpline on **0800 0159 559**.

The banks tell us they remain open for business and your usual bank should be your first port of call to discuss any concerns you have about managing your finances.