Welcome to the July Technical Newsdesk

Technical Welcomes

01 July 2020

1 July was the first day of what might be referred to as 'phase two' of the Coronavirus Job Retention Scheme (CJRS). Employers now have 'maximum flexibility' to bring employees back to work part time, and still qualify for the CJRS. The Chancellor's announcement on 12 May to extend the CJRS until 31 October was welcomed by employers and employees alike, and the announcement on 29 May provided further details of how this second phase would work. However, many employers and their agents could be in for a shock when calculating the amount of furlough pay an employee is entitled to receive, and the amount of CJRS grant the employer can claim.

HMRC committed to publishing detailed guidance on the second phase of the CJRS on 12 June. I am writing this introduction before that date, and I have no doubt that some guidance will be published on time. I am less confident that the guidance will be comprehensive enough to cover many of the likely complexities. I have set out below just a few of the questions and issues we have put to HMRC:

- The first phase of the CJRS requires an employee to be furloughed for a minimum of three weeks, but in the second phase there is 'maximum flexibility'. For how long must an individual be furloughed if their furlough period commences (say) on 20 June?
- Where an employee returns to work part time, the employer can claim the CJRS grant for the hours the employee is not working, calculated by reference to the employee's 'usual hours'. What are 'usual hours' if the employee is on a zero hours contract, or if their employment pattern changes (whether or not due to COVID-19)?
- Employers can still claim a reimbursement of employer's NIC and pension contributions for the month of July (after which no such reimbursement is available). How are these amounts calculated if the employee comes back to

work part time?
- Second phase CJRS claims will not be able to span calendar months (no doubt due to the changing rate of reimbursement after the end of each month). How do you calculate the reimbursement for a member of staff whose pay period spans a month end (e.g. weekly paid staff)?

These and many other aspects will need to be covered (along with illustrative examples) in HMRC's guidance. We remain in regular contact with HMRC on this and we are inputting into their guidance, but inevitably we are left with the formula:

Maximum flexibility + changing rates of reimbursement = significant complexity

On 29 May, the Chancellor also announced a welcome extension to the Self Employment Income Support Scheme (SEISS). We provide more details on this below. Whilst the SEISS is much more straightforward than the CJRS (with HMRC doing most of the heavy lifting regarding eligibility and the claims process), the announcement of a second phase also gives rise to further questions. In particular, over what period must your business have been 'adversely affected' in order to qualify for either the first or second or both grants? I would say 'answers on a postcard, please', but again HMRC are due to publish further guidance on 12 June, and again we continue to work closely with them on this.

Keep an eye on the COVID-19 pages of the CIOT, ATT and LITRG websites for up to date announcements and information on these and other COVID-19 related issues.