COVID-19: The new Job Support Scheme

Employment Tax | Personal tax

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Replacing the Coronavirus Job Retention Scheme, the Job Support Scheme is designed to help businesses affected by coronavirus and the restrictions this imposes, supporting the wage costs of employees over the winter months.

As set out in the introduction to this month's Technical Newsdesk, announcements in relation to COVID-19 support come thick and fast. This article has been hastily rewritten in the light of the Chancellor's announcements on 22 October. We would encourage you to monitor GOV.UK, and the CIOT, ATT and LITRG websites, for up to date information.

On 24 September, as part of his Winter Economy Plan, the Chancellor announced the creation of the Job Support Scheme (JSS), due to take effect from 1 November (the day after the cessation of the Coronavirus Job Retention Scheme (CJRS)), and run until 30 April 2021. The JSS is a separate scheme to the Job Retention Bonus.

As originally announced, the JSS was intended to support jobs which will be 'viable' in the long term but where demand is currently reduced such that the employee is not currently able to work their normal hours. On 9 October, the Chancellor subsequently announced that the JSS would also be available to businesses whose premises have been legally required to close as a direct result of Coronavirus restrictions set by one or more of the four governments of the UK.

On 22 October, the Chancellor announced further changes to the JSS; principally an increased level of government support, and a much-reduced minimum level of employer contribution. As a result of these announcements, we now have two versions of the JSS; the JSS 'Open', and the JSS 'Closed'. A detailed policy paper on both versions of the JSS has also been published (see tinyurl.com/y596a5fm).

JSS ‘Open’

The key elements of the JSS ‘Open’ are set out in a factsheet published on 22 October (see tinyurl.com/y3pdzgvu).

The minimum hours required for employees to work has dropped from 33% in the original proposals to 20%, and the employer contribution for non-worked hours has dropped from a third to just 5%. The scheme will run for six months from 1 November 2020, although the level of government support is likely to be reviewed in the new year.

Under the scheme, the government will pay 61.67% of hours not worked up to a cap of £1,541.75 per month, with the employer contributing 5% of non-worked hours up to a cap of £125 per month plus NICs and pension contributions. These caps are based on a monthly reference salary of £3,125. This will ensure that employees earn a minimum of at least 73% of their normal wages, where their usual wages do not exceed the reference salary.

Like the original JSS proposal, all employers with a UK bank account and UK PAYE schemes can claim under the scheme. Neither the employer nor the employee needs to have previously used the CJRS. The employer must agree the changes with the employee and confirm them in writing. Larger businesses will only qualify if their turnover has fallen due to COVID-19.

JSS ‘Closed’

The Chancellor’s announcement on 22 October confirmed that the JSS ‘Closed’ remains unchanged, the key elements of which were set out in a factsheet published on 9 October (see tinyurl.com/y45ch3xv).

This scheme will cover businesses that, as a result of restrictions set by one or more of the four governments in the UK, are legally required to close their premises. This includes premises restricted to delivery or collection only services from their premises. However, businesses closed by local public health authorities, as a result of specific workplace outbreaks, are not eligible for the scheme.

The scheme will pay a grant to the employer calculated on the number of eligible employees who have been instructed to and cease work at the relevant premises. Employers will only be able to use the scheme for employees who cannot work (paid

or unpaid) for that employer. Employers must be instructed to and cease work for a minimum of seven consecutive (or calendar) days, although an employee can return to work at a later date.

The grant per eligible employee is two-thirds of their normal pay up to a limit of £2,100 per month. This scheme is also available to employers for six months, from 1 November 2020, and the level of support will similarly be reviewed in the new year. Other criteria for the scheme are broadly comparable to those for the JSS ‘Open’, but readers should check the factsheets and supporting guidance carefully.

For both schemes, HMRC intend to publish the names of employers who have used the scheme(s), and employees will be able to check if a claim has been made in relation to them.

As outlined above, precise details of both versions of the JSS are still emerging, and you should monitor GOV.UK, and the CIOT, ATT and LITRG websites for developments. We would also be pleased to hear any feedback on the schemes to atttechnical@att.org.uk or technical@ciot.org.uk.