

Covid-19 Newsletter

Financial matters – Update 23rd October 2020 – Urgent update

Yesterday the Chancellor announced changes to various schemes which stated that Tier 2 and above areas would get increased JSS support. HMRC have now announced in more detail the scheme and the original JSS scheme appears to have been abolished.

There are now two JSS schemes only:

- 1: **JSS – Open** – applies to any businesses affected by Covid-19
- 2: **JSS – Closed** applies to businesses forced to close by the Government

There is no reference to which Tier you need to be in so it applies to all employers.

Therefore all businesses are eligible to claim JSS Open provided their business has been adversely affected by Covid. It is not restricted to Tier 2 and above.

This makes it much easier to manage and prevents the problem of changes to a employers place of work Tier level.

Job Support Schemes

JSS Open - rules:

The key details are:

Staff now have to work a minimum of 20% of their normal hours (no longer 33%)

Employer pays 5% for hours not worked

For every hour not worked HMRC will pay 61.67% up to £1,541.75 per month

The cap is set at median earnings in August 2020 at reference salary of £3,125pm

Examples might be as follows based on an employee normal gross pay per month £1,800

Work 20% - paid by employer	£ 360
Not working 80% x £1800=£1400 x 5%	£ 70
Not working 80% x £1800=£1,440 x 61.67%	£ 888 (HMRC contribution)
Total gross pay	£1,318

This equates to 73% of normal pay.

In addition the employer has to pay NIC and pension.

As you can see it is substantially more attractive than the original JSS scheme which only applies to those in Tier 1.

JSS Closed rules:

There are additional rules for employers in Tier 3 which are required to close by the Government where HMRC pay 67% of pay and employees suffer the remaining drop. However Ers NIC and pension remains payable by the company.

Both Schemes:

Large employers with more than 250 staff need to show they have been financially impacted. There is no financial impact test for small and medium businesses

Publicly funded organisations are not expected to use the scheme but partially publicly funded may if financially impacted. EG Charities

Employers must agree temporary working arrangements with staff in writing

Staff must have been on the employers payroll between 6th April 2019 and 23rd September 2020

Employees must work at least of their usual hours and they can undertake training in the hours paid by HMRC

Staff can come on and off the scheme but must be on the scheme for a minimum of seven consecutive days to be able to claim.

Normal hours follows the same pattern as the old Furlough scheme. Details to follow when released.

Self Employed Grant:

HMRC have also increased the Self Employed grant from 20% of income to 40% of income for the next grant. The first grant covers 1st November 2020 to 31st January 2021. They will decide the level of the 2nd grant which covers 1st February 2021 to 30th April 2021 in due course.

Business Grants:

Grants by the local authority are being introduced again. It is targeted at areas in high alert areas which are not legally closed. Payments will be monthly and based on the rateable value of the business and will be targeted at the hospitality sector. Local councils will contact eligible businesses in due course.

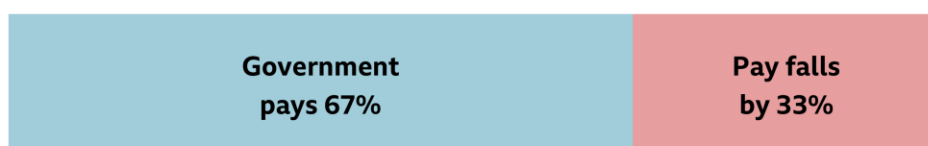
How does the new scheme compare?

Breakdown of contributions under the various schemes

Original Furlough Scheme (ends November)



Job Support Scheme (for Tier Three businesses forced to close)



Part-time Job Support Scheme (for all other businesses affected by restrictions)



Note: In all schemes, employers have to pay NI and minimum pension contributions

Source: HM Treasury



If you have any particular queries please contact us to discuss

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