

# Detailed briefing on the COVID 19 Job Retention Scheme (8 June 2020)

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## Employment Law News

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**Understanding the COVID-19 Job Retention Scheme – an updated guide for employers**

**This is the latest updated version of our guide to the COVID-19 Job Retention Scheme (Scheme). In this briefing, we consider what the latest guidance means for employers who wish to “furlough” employees and apply for funding under the Scheme. This briefing covers the whole Scheme and was updated**

**on 8 June 2020.**

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**BDBF is currently advising many employers and employees on the challenges presented by the coronavirus. If you or your business needs advice on furlough or other coronavirus-related matter please contact Amanda Steadman ([amandasteadman@bdbf.co.uk](mailto:amandasteadman@bdbf.co.uk)) or your usual BDBF contact.**

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### **A. BACKGROUND:**

#### **What is the Scheme and how long will it be available?**

The coronavirus crisis has had a drastic impact on businesses across many sectors, causing closures, lost custom, lower revenue and cash flow problems. The Scheme has been introduced to encourage employers to retain their workforce throughout this difficult time.

Under the Scheme, the Government will pay 80% of the wage costs of employees who are placed on temporary leave by their employer (up to a maximum of £2,500 per month). This type of leave is known as “furlough”. Initially, the Scheme was intended to run for a three-month period between 1 March 2020 and 31 May 2020. On 17 April 2020, it was announced that it would be extended to 30 June 2020. On 12 May 2020, it was announced that the Scheme would be extended again, this time to 31 October 2020, although the operation of the Scheme will change from 1 July 2020 (see section G below). This guide explains how the Scheme will operate until 30 June 2020.

The Scheme covers employees and those with other employment statuses. For ease of reference, in this guide the term “employees” is used to cover all eligible individuals. We highlight any special rules applying to those with particular employment statuses

#### **What is the legal framework of the Scheme?**

The legal framework of the Scheme is set out in a [Treasury Direction \(2<sup>nd</sup> version dated 22<sup>nd</sup> May 2020\)](#) (**Second Direction**), which governs claims submitted between 22 May 2020 (or earlier if compliant with its rules) and 30 June 2020. The first version of the Direction dated 15 April 2020 (**First Direction**) governs claims submitted between 1 March 2020 and 21 May 2020 (unless the claim is compliant with the Second Direction).

The Second Direction is supplemented by seven pieces of non-binding HMRC guidance (together, the **Guidance**):

1. [Employer Guidance on how to check if you can claim \(12<sup>th</sup> version dated 5 June 2020\)](#).
2. [Employer Guidance on which employees can be put on furlough \(5<sup>th</sup> version dated 29 May 2020\)](#).
3. [Employer Guidance on how to work out 80% of your employees’ wages \(10<sup>th</sup> version dated 5 June 2020\)](#).
4. [Employer Guidance on claiming for wages \(9<sup>th</sup> version dated 5 June 2020\)](#).
5. [Employer Guidance on reporting payments in PAYE Real Time Information from the Coronavirus Job Retention Scheme \(3<sup>rd</sup> version dated 5 June 2020\)](#).
6. [Employer Step-by-Step Guide to making a claim \(4<sup>th</sup> version dated 11 May 2020\)](#).