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Coronavirus Job Retention Scheme (JRS) – Error Corrections

HMRC have just added a facility to the claims process which allows employers to declare previous over-claims and offset against their next claim.

The lack of an error correction facility in the JRS process has been a source of frustration for employers who, due to the complexity, have often struggled to calculate the correct amounts to claim under the furlough scheme.

On 5 June HMRC added information to its guidance about how to correct errors;

<https://www.gov.uk/guidance/work-out-80-of-your-employees-wages-to-claim-through-the-coronavirus-job-retention-scheme#how-to-claim>

Where an employer has over-claimed in an earlier claim, they must adjust the later claim (to take account of the amount of over-claim) and tick a box to say a correction is being made.

The guidance states the employer should keep records of the amounts of the JRS claims, the claim period for each employee, the calculations and any corrections made, for six years.

This new online error correction facility only applies to over-claims, not under-claims.

If an employer has under-claimed they cannot adjust the next JRS claim and should call HMRC on the coronavirus technical line: 080 0024 1222. The HMRC officer can then put through a parallel claim for the extra amount due and provide a claims reference number.

The [HMRC Factsheet](#) about the new flexible furlough scheme states that around 40% of JRS claims have **not** included employer NIC costs or employer pension contributions, which are both permitted as part of a claim.

The same factsheet said the average level of wages claimed under JRS so far is £1,380 per month. This average monthly pay would generate an employer class 1 NIC liability of £89.42 and employer workplace pension contributions of £25.80, indicating a potential under-claim of **£115.22 per employee** per month using 2020/21 thresholds.

Where an employer has claimed the Employment Allowance (now £4,000 per year), **any employer's NIC covered by that allowance should be excluded from the JRS claim.**

Where directors do not notify HMRC of the over-claim, the error will be treated as deliberate and concealed, and a penalty will be applied under the failure to notify rules. This would mean a penalty of anything between 30% to 100% of the overpayment if the employer voluntarily disclosed, or 50% to 100% of the overpayment where the disclosure was prompted by HMRC.

HMRC is expected to take a light-touch approach to penalties for genuine errors.

Please do contact us to discuss any of the above.

The Allens Team



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