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As you may have already seen there have been two major announcements made by the Government late this afternoon.

Coronavirus Job Retention Scheme (JRS)

The Chancellor Rishi Sunak has today released details on how the JRS will operate following the announcement of an extension of the scheme on 12 May.

From 1 July 2020 businesses will be given the flexibility to bring furloughed employees back part time. This is a **month earlier** than previously announced to help support people back to work. Individual firms will decide the hours and shift patterns their employees will work on their return so that they can decide on the best approach for them.

From August 2020 the level of government grant provided through the JRS will be slowly tapered to reflect that people will be returning to work. That means that for June and July the government will continue to pay 80% of people's salaries. In the following months businesses will be asked to contribute but **individuals will continue to receive that 80% of salary covering the time they are unable to work.**

In summary:

- **June and July:** The Government will pay 80% of wages up to a cap of £2,500 as well as employer National Insurance (ER NICs) and pension contributions. Employers are not required to pay anything

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- **August:** The Government will pay 80% of wages up to a cap of £2,500. Employers will pay ER, NICs and pension contributions.
- **September:** The government will pay 70% of wages up to a cap of £2,187.50. Employers will pay ER, NICs and pension contributions and 10% of wages to make up 80% total up to a cap of £2,500.
- **October:** The Government will pay 60% of wages up to a cap of £1,875. Employers will pay ER, NICs and pension contributions and 20% of wages to make up 80% total up to a cap of £2,500.

From 1 July 2020 employers will be able to:

- **bring back to work employees who have previously been furloughed for any amount of time and any shift pattern**, while still being able to claim JRS grant for their normal hours not worked; and
- agree any working arrangements with previously furloughed employees.

When claiming the JRS grant for furloughed hours employers will need to report and claim for a **minimum period of a week**.

Employers will be able to claim the grant for the hours their employees are not working calculated by reference to their usual hours worked in a claim period. Further details will be included in future guidance. Employers will need to report hours worked and the usual hours an employee would be expected to work in a claim period.

We understand that further guidance on flexible furloughing and how employers should calculate claims will be published on 12 June 2020.

The scheme will close to new entrants from 30 June. From this point onwards, employers will only be able to furlough employees that they have furloughed for a full three-week period prior to 30 June. This means that the **final date by which an employer can furlough an employee for the first time will be the 10 June**, in order for the current three-week furlough period to be completed by 30 June. Employers will have until 31 July to make any claims in respect of the period to 30 June. From 1 July the scheme will only be available to employers that have previously used the scheme in respect of employees they have previously furloughed

employees they have previously furloughed.

Self-Employment Income Support Scheme (SEISS)

Rishi Sunak has also announced that this scheme will be extended.

Eligible taxpayers will be able to claim a second and final grant in August. **The grant will be worth 70% of their average monthly trading profits, paid out in a single instalment covering three months from June to the end of August, and capped at £6,570 in total.**

Self-employed individuals, including members of partnerships, are eligible if they:

- submitted their Income Tax Self-Assessment tax return for the tax year 2018/19; and
- continued to trade in 2019/20 and intend to keep trading in 2020/21; and
- carry on a trade which has been adversely affected by COVID-19; and
- have average self-employed trading profits of no more than £50,000 and at least equal to their non-trading income.

Individuals **can continue to work**, start a new trade or take on other employment including voluntary work.

Eligible taxpayers have previously been able to claim a taxable grant worth 80 per cent of their average monthly trading profits, paid out in a single instalment covering March to May, and capped at £7,500 in total. Applications for this first grant opened on 13 May 2020 and **will close on 13 July 2020**.

The eligibility criteria are the same for both grants, and individuals will need to confirm that their business has been adversely affected by Coronavirus when applying for the second and final grant. An individual does not need to have claimed the first grant in order to be eligible for the second and final grant.

Applications will open in August 2020 and we understand further information on the second grant will be available on 12 June 2020.

<https://www.gov.uk/government/news/chancellor-extends-self-employment-support-scheme-and-confirms-furlough-next-steps>

We will of course cover both of these major announcements in more detail next week. Have a great weekend.

The Allens Team



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