WELFARE RIGHTS ADVICE IN NORTH AYRSHIRE

NORTH AYRSHIRE

Health & Social Care Partnership

Money Matters Update No 8

Coronavirus Job Retention Scheme Government Guidance

The governments new guidance covers which employers are eligible, and how much they can claim to cover wages for employees on temporary leave due to COVID-19.

The new scheme that enables all employers to claim for 80 per cent of the usual monthly wage costs of furloughed employees (employees on a leave of absence) up to £2,500 is expected to be up and running by the end of April 2020. All furloughed employees are covered if on an employer's PAYE payroll on 28 February 2020, including those working for charities, recruitment agencies (agency workers paid through PAYE), public authorities and those on flexible or zero-hour contracts.

The new guidance advises:

- Employers are eligible for the subsidy for a employee only if the employee does not undertake work for or on behalf of the organisation.
- If an employee is working, but on reduced hours, or for reduced pay, they will not be eligible for the scheme.
- Employees placed on unpaid leave prior to 28 February 2020 cannot be furloughed.
- Employers need only write to their employee confirming that they have been furloughed and keep a record in order to be able to claim a subsidy; and

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- For employees whose pay varies, or who have just started work, calculation of pay varies according to how long they have been employed, including by averaging over the 2019/2020 tax year or pro-rata calculations.

In addition, the guidance provides advice on entitlement for employees with circumstances, including:

- Employees on sick leave or self-isolating should get statutory sick pay, but can be furloughed after this;
- Employees who are shielding in line with public health guidance can be placed on furlough;
- Employees that have more than one employer can be furloughed for each job, and the 80 per cent wage cap applies to each employer individually;
- A furloughed employee can take part in volunteer work or training, if they do not provide services to or generate revenue for, or on behalf of the organisation; and
- Normal rules apply if an employee is eligible for statutory maternity pay or maternity allowance, and they will be entitled to claim up to 39 weeks of statutory pay or allowance (with the same principles applying where an employee qualifies for contractual adoption, paternity or shared parental pay).

For more information see Claim for wage costs through the Coronavirus Job Retention Scheme from gov.uk money matters

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31 March deadline for Tax Credit nil award claimants

In January and February 2020, HMRC wrote to certain tax credit claimants who had long term nil awards. The letter advises them that their claim will not be renewed from 6 April 2020 for the 2020/21 tax year unless they contact HMRC via the tax credits helpline (0345 300 3900) by **31 March 2020**. Due to reduced opening hours, the helpline closes at **4pm on 31 March.**

A nil award means there is entitlement to working tax credit and/or child tax credit but the level of income means that any entitlement is tapered to Nil. This exercise is in preparation for the migration to UC of tax credit claimants.

Some people with nil awards may welcome the move to take them out of the system so that they no longer receive correspondence and go through annual renewals with HMRC. However, one of the reasons to keep a nil award in place (often called a protective claim) is to help if there is an unexpected fall in income or change of circumstances that is likely to increase the award. This is especially important now that most people cannot make new claims for tax credits.

Given the current situation with coronavirus, it is possible that some nil award claimants may see a fall in income in 2020/21 compared to 2019/20. Claimants in this position should make sure they contact HMRC by 4pm on 31 March 2020 in order to keep their claim active, otherwise their claim will not be renewed, and the majority of people will have to claim universal credit if they need financial support.

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