



The Chancellor's Winter Economy Plan – INCREASED FINANCIAL SUPPORT ANNOUNCED

On 22 October, the Chancellor announced some significant increases to the financial support given to businesses and workers, updating various financial measures previously announced on 25 September. The key areas are looked at individually below.

Job Support Scheme (JSS)

This scheme, which comes into effect on 1 November 2020 has been enhanced significantly from the original announcement, plus some of the practical queries have been answered. The details are outlined below.

A) Key details of the scheme

- 1) The scheme will now operate under two rules, JSS Open and JSS Closed. The JSS Open scheme is available for employers who need extra support over the Winter and are able to offer their employees reduced hours rather than make them redundant. The JSS Closed scheme is available for employers who are legally required to close their premises as a direct result of Coronavirus restrictions set by the Government (including all devolved Governments).
- 2) Under the JSS Open scheme, the minimum hours that an employee is required to work has dropped from 33% to 20% and the employer contribution for non-worked hours has dropped from 33% to 5%
- 3) Under the JSS Closed scheme, where employees cannot work any hours, employees will receive two thirds of their normal pay, up to a maximum of £2,083.33 per month
- 4) Employers will have to pay employer's National Insurance and employer's pension contributions – there will be no support from the Government for these costs
- 5) Employers using the scheme will remain eligible for the Job Retention Bonus, assuming the eligibility criteria are still met
- 6) The scheme continues to run for a six month period from 1 November to 30 April. The increased support for employers will be reviewed in the New Year

B) Who is eligible

- 1) All employers (subject to point 3 below) with a UK bank account and UK PAYE scheme
- 2) There is no requirement to have used the Coronavirus Job Retention Scheme (CJRS or furlough scheme) previously
- 3) Large employers, who are defined as having 250 or more employees) will have to

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meet a financial impact test, and hence can only use the scheme if they are able to demonstrate that their turnover has either stayed level or is lower now than before and are experiencing difficulties from Covid-19.

The financial impact test will be based on the turnover figures declared on the employer's VAT returns and for the majority of employers will be determined by comparing the figure declared in Box 6 of their quarter's VAT return filed and paid between 31 August 2020 and 7 November 2020 with the equivalent figure in 2019. Charities who do not file VAT returns will be eligible for the scheme without carrying out such a test.

- 4) Generally publicly funded organisations are not expected to use the scheme, with some exceptions.
- 5) Employers must have agreed the temporary working arrangements for shorter hours in writing with the employees
- 6) Eligible employees must have been on the payroll between 6 April 2019 and 23 September 2020 and an Real time Information (RTI) submission made to HMRC with their payment details
- 7) Employees on any type of contract are eligible, including those on variable hours, zero hours and agency workers
- 8) The reduced hours pattern can be varied but each short time working pattern must cover a period of seven consecutive days

C) What is covered

- 1) The grant must be used to pay the employee
- 2) Under the JSS Open scheme, for every hour not worked, the employee will be paid 2/3 of their usual hourly wage, up to a cap
- 3) Employers will pay 5% of the unworked hours, capped at £125, plus the full employer's NIC and pension contributions. In addition, employers can top up employees' wages above the 5%, at their own discretion
- 4) The Government will contribute 61.67% of the non-worked hours, up to a cap of £1,541.75 per month
- 5) Usual wages will follow a similar criteria to the furlough scheme. Further details will be announced shortly but any reference pay used will be based on usual wages, not the reduced furlough wages.
- 6) Employers will remain fully liable for hours worked.

D) How and when to claim

- 1) An online portal will be open from 8 December and claims will be paid on a monthly basis
- 2) The employee must have been paid and a RTI submission made before the claim can be made

E) Other points

- 1) Employees cannot be made redundant or be put on notice of redundancy during the period within which their employer is making a JSS claim in respect of them
- 2) HMRC will check claims, both before and after making a payment, and will publish a list of employers who have used the scheme
- 3) Employees will be able to see if their employer has made a claim in respect of them via their Personal Tax Account

Further details are still to be announced relating to the scheme but the principals above are not anticipated to be changed.

See the separate briefing note for examples of the detailed calculations (and again further details are to be announced).

Extension to Self Employment Income Support Scheme (SEISS)

In line with the SEISS previously announced, the scheme has been extended to try and replicate the JSS extension in financial terms. Hence, SEISS qualifying individuals are eligible to claim two grants, covering 40%, (compared with the previously announced 20%) of the three monthly average profits for the period from November to the

end of January next year, capped at £3,750 for the first grant.

A second grant will cover the following three months and its basis will be reviewed and set in due course by the Government.

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