DORSEY
DORSEY + WHITNEY LLP

COVID-19: UK Government Announces Help For Self-Employed and More Details of Furlough Scheme

The UK Government has announced more detail of the multi-billion support packages for workers.

Self-Employed to be Helped Too

The self-employed, who were not covered in the previous announcements get similar aid to employees – a cash grant of 80% of earnings up to £2,500 per month, initially for three months.

Most self-employed workers will be eligible, but not those without an established record of earnings, those earning £50,000 or more or those who earn less than half their income from self-employment.

Timing will be an issue as grants will not be paid until June.

More detail here.

Furloughed Employees – More Detail

The UK Government has also provided further guidance on the Coronavirus Job Retention Scheme. Full details here but the headlines are:

- The scheme will be open to all UK employers who started a PAYE payroll scheme on or before 28 February 2020 and have a UK bank account.
- Employers can claim **80%** of furloughed employees' usual monthly wage costs **up to £2,500 a month**.
- Associated employer's National Insurance contributions and minimum automatic enrollment employer pension contributions can be claimed **in addition**.
- Furloughed employees' pay **will be subject to usual income tax and employee National Insurance contributions.**
- To qualify, furloughed employees **cannot be working at** all.Employees working reduced hours or on reduced pay will not qualify.

Related Capabilities

- Labor & Employment

- The scheme is open to all types of employees including **part-time employees**, **employees on agency contracts** and employees on **flexible** or **zero-hour** contracts.
- Employees who have been made redundant since 28 February 2020 are covered **if they are rehired**.
- Employees who were placed on unpaid leave on or after 28 February 2020 can also be furloughed.
- Claims can be backdated to 1 March if applicable.
- In most cases Furlough will need to be agreed and cannot be imposed unilaterally.
- It may be necessary to **consult with employees collectively** about the change.
- Employers may “top up” to 100% **but do not have to**.

The Coronavirus Job Retention Scheme is a very valuable tool to help maintain the workforce through the current crisis – it will be very important for employers to implement it carefully so that a very positive measure does not lead to unexpected liabilities.