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Welcome to October's PayrockPayroll update. Coming up in this month's edition...

- COVID-19 update
- Tax relief for home working
- Workers to and from EU after 1Jan 2021
- Off-payroll working

PayrockPayroll update 

Covid 19 Update

Each month when I sit down to write this newsletter I think that there will be less to write about the COVID-19 arrangements, especially as the Coronavirus Job Retention Scheme comes to an end in two weeks. But as the effects of the pandemic become more widespread there is even more to tell you about this month, not less, so this is a bumper edition explaining what support the government will be giving to employers over coming months. But, as I say every time, there are other things happening in the payroll world, so even if you haven't been affected by furlough, please continue reading.

The end of CJRS

The government has confirmed that the Coronavirus Job Retention Scheme (CJRS) will close on 31st October 2020. Employers must submit their final claims on or before 30th November 2020. Employers will not be able to submit or add to any claims after this date. Guidance and support on CJRS is available on [GOV.UK](#).

Job Retention Bonus

Employers who have furloughed staff and claimed back a grant through the CJRS may be eligible to claim the Job Retention Bonus (JRB). The JRB allows you to claim a one-off payment of £1,000 for every eligible employee you have furloughed and claimed for through the CJRS and then kept continuously employed until at least 31 January 2021.

This is a payment for employers and does not have to be paid to the employee. To be eligible, employees must earn at least £1,560 between 6 November 2020 and 5 February 2021 and have received earnings in the November, December and January tax months. Employees must also not be serving a contractual or statutory notice period on 31 January 2021.

You can't claim for the bonus now but will be able to claim the bonus between 15 February until 31 March, after you have submitted your PAYE information for the period up to 5 February 2021. For more information, including on what you need to do now if you intend to claim the bonus, go to [GOV.UK](#). HMRC has said that more detailed guidance will be available by the end of January.

You can still claim the JRB if you make a claim for that employee through the Job Support Scheme, as long as you meet the eligibility criteria for both.

Job Support Scheme

And talking of the Job Support Scheme (JSS), the Chancellor cancelled his plans to deliver a Budget this year and instead, on 24 September he set out the government's Winter Economy Plan.

This was a package of measures that the government hoped would continue to protect jobs and help businesses through the uncertain months ahead as we continue to tackle the spread of the virus. Central to this is the JSS which aimed to protect viable jobs in businesses who are facing lower demand over the winter months due to Covid-19, thus helping employers to keep their employees attached to the workforce. Following on from the CJRS, the scheme opens on 1 November 2020 and runs for 6 months.

The scheme is very similar to the CJRS though not as generous. Employers must continue to pay their employees for the time they have worked, but if they are not working their usual hours, the cost of the hours not worked will be split three ways; between the employer, the government (through wage support) and the employee (through a wage reduction), and of course the employee will keep their job.

The government will pay a third of hours not worked, up to a cap of £697.92 a month, with the employer also contributing a third. This will ensure employees earn a minimum of 77% of their normal wages, where the government contribution has not been capped.

Grants will be payable in arrears, meaning that a claim can only be submitted in respect of a given pay period after payment to the employee has been made, and that payment has been reported to HMRC via an RTI return.

All employers with a UK bank account and UK PAYE scheme can claim the grant. Neither the employer nor the employee needs to have previously used the CJRS. Large businesses will have to meet a financial assessment test, so the scheme is only available to those whose turnover is lower now than before experiencing difficulties from COVID-19. There will be no financial assessment test for small and medium enterprises (SMEs).

Employees must have been included on an employer's PAYE payroll on or before 23 September 2020. This means an RTI submission notifying HMRC of payment to that employee must have been made on or before 23 September 2020.

As mentioned earlier, employers using the JSS will also be able to claim the Job Retention Bonus if they meet the eligibility criteria. More information about JSS is available on this [government factsheet](#).

Expansion of the Job Support Scheme

I used the past tense in the item above because, barely a fortnight later, as COVID-19 began to spread even more rapidly, it became clear that, not only were some business sectors not going to re-open again as hoped, but some who had re-opened, such as in the hospitality sector, were going to have to close once more. And so, on 9 October, the Chancellor announced an expansion of the JSS to those businesses forced to close due to the pandemic.

This expansion of the JSS will help businesses through the period they are affected by these restrictions, supporting the wage costs of employees who have been instructed to stop work in eligible premises.

In line with the rules for the JSS previously announced, all employers with a UK bank account and a UK PAYE scheme registered on or before 23 September 2020 can claim from the scheme. The expanded scheme will cover businesses that, as a result of restrictions set by one or more of the four governments in the UK, are legally required to close their premises. This includes premises restricted to delivery or collection only services from their premises.

The scheme will pay a grant to the employer, calculated on the number of eligible employees who have been instructed to cease work at the relevant premises. Employers will only be able to use the scheme for employees who cannot work (paid or unpaid) for that employer.

Similar to the JSS, where employees receive two-thirds of their wages for time not worked, the grant per eligible employee available from the government for the expanded JSS is two-thirds of their normal pay up to a limit of £2100 per month.

Employers will be required to cover employer NICs and automatic enrolment pension contributions in full, where applicable, but are not required to make further contribution to wage costs, although employers can top up employee pay if they wish.

Employers can claim from the expanded JSS when their business is closed, and then switch to claiming under the original JSS if their business then re-opens but with reduced demand, using the criteria set out above.

In line with the original JSS, employers will be able to claim the Job Retention Bonus for employees provided they are eligible and were previously part of the CJRS. JSS grants can be used by employers to pay an employee's wages and help meet the JRB Minimum Income Threshold.

This expanded Job Support Scheme sits alongside the original scheme and there is a separate [factsheet](#) giving more information. Further guidance will be published in the coming weeks.

Local lockdown grants

With debate surrounding local lockdown taking centre stage in the news right now, it seems only right that I include local lockdown grants in this newsletter, despite having no direct impact on payroll.

In early September, following the imposition of local lockdown on various towns and cities, the government announced that new local lockdown grants worth up to £1,500 would be available every three weeks to businesses required to close due to local lockdowns or targeted restrictions. However, the scheme was not initially designed to support businesses that have closed at a national level, such as nightclubs – it was specifically for businesses affected by local lockdowns or restrictions.

As with the JSS, the Chancellor revised these plans last week, doubling the amount of grant available and widening its scope to businesses closed on a national level including nightclubs, restaurants, pubs and bowling alleys.

The revised local lockdown grants now allow businesses with a rateable value over £51,000 to claim up to £3,000 per month payable every two weeks. Small businesses with a rateable value of or below £15,000 can now claim £1,300 per month, while medium sized businesses with a rateable value between £15,000 and £51,000 can claim £2,000 per month.

The local lockdown grant is only available in England. However, the devolved administrations will receive a minimum of £12.7bn to support businesses in Scotland, Wales and Northern Ireland.

Tax relief for homeworking

The introduction of national lockdown in March saw many UK workers leaving their offices deserted whilst they worked from home. Although some workers did venture back to the office during the summer, workers are once again advised to work from home if at all possible.

As the cold weather approaches, workers will find their household bills rising due to the extra time they spend at home. Employers are able to pay employees a tax-free allowance of up to a maximum of £6 per week to cover additional costs that they may incur as a result of working from home. But, it has always been possible, but much more complicated, for homeworkers to claim tax relief on the additional costs if their employers are not able to pay the allowance.

In recognition of the rise of homeworking due to COVID-19, HMRC has launched a new simplified [online portal](#) for employees who have been instructed by their employer to work from home to help stop the spread of coronavirus. The portal allows those workers who have not been paid the homeworking allowance by their employer to claim the tax relief directly from HMRC.

If an application is approved, the online portal adjusts the individual's tax code for tax year 2020-21. This means that the employee will then receive the tax relief directly on their salary and will continue to receive the adjustment until March 2021.

Workers to and from the EU after 1 January 2021

This time last year Brexit dominated every news bulletin, how quickly we forget! But despite everything else that's going on, the world keeps on turning. The UK has left the EU and the transition period after Brexit comes to an end on 31 December, which means changes for UK employers if they employ workers coming from the EU, EEA or Switzerland (or intend sending workers there) from 1 January 2021.

If this applies to you, you need to know what the new rules are, and what you need to do to prepare. HMRC's [Employer Bulletin](#) gives more information.

Off-payroll working

In April 2021, new rules come into effect for private sector employers engaging the services of workers through intermediaries, both directly as well as through agencies. And it's not just private sector organisations who will be affected, there are new rules for public sector organisations too.

The new rules will affect fee payments made in respect of workers who provide their services through intermediaries such as personal service companies (PSCs) and will apply to payments for services performed from 6 April 2021.

Essentially, clients engaging such intermediaries will need to decide whether, if the intermediary didn't exist, would the worker be regarded as a direct employee (or office holder) for income tax purposes. If they would, then the client (or the agency paying the intermediary if different) must deduct income tax and NICs from the fees paid to the intermediary and account for employers' NICs (and apprenticeship levy if relevant) as if the fees were payments of salary.

You might be reading this and thinking this most definitely won't affect you, but the chances are, it very possibly could. Although the changes don't take effect until next April, employers need to start preparing for this now, and assessing the status of anyone, other than employees, who undertakes work for you, even those who have been providing services for many years.

PayrockPayroll Update

October's Payroll Update webinar

To help you understand and prepare for the changes to off-payroll working, this month's Payroll Update webinar is all about off-payroll working. Taking place at 10.00 on 29 October, Rose Howley will explain the rules, show you what you will need to do to establish the employment status of all those who provide their services to your organisation, what pay elements will be included and excluded when processing the statutory deductions, and how the deduction is reported. [Book your place](#) on this invaluable webinar now!

Payroll support helpdesk now available to PayrockPayroll members

As payroll processing gets ever more complicated, we know that, much as we would like to, none of us can know everything, and here at PayrockPayroll we want to help. Last month we launched our payroll support helpdesk where experienced payroll experts are on hand to answer any payroll queries you may have. Several of you have already used this new service. As a Tier 2 member you can ask up to 10 queries per year, all you need do is email your query to payrollsupport@mbkggroup.com but please remember to write your membership number in the subject line, it was included in your membership pack email.

As a reminder, your Tier 2 PayrockPayroll membership includes:

- Payroll Update sessions – Online monthly
- PayrockPayroll e-newsletter – Monthly
- Payroll helpdesk / support - 10 queries
- 1 x Short Course delivery
- PayrockPayroll - Online App and Forum (Launching November 2020)
- PayrockPayroll - Annual Industry Festival – date tbc

Payroll Assistant Manager Level 5 Apprenticeship

You tend to think of apprenticeships as being for younger colleagues or those new to the profession, so we were delighted last month to launch the new level 5 apprenticeship for payroll, which is ideally suited to those who have worked in payroll for a while and would like to progress their career.

A level 5 apprenticeship is equivalent to a Foundation Degree, and as this can be funded through the apprentice levy it could be a very cost effective way for an employer to support and develop their more experienced staff members. Smaller employers who do not pay the apprentice levy may still be able to access 95% of the cost of the qualification. We are still taking enrolments for this exciting new apprenticeship. If you would like to know more about what is involved, or about how to access funding for the Payroll Assistant Manager level 5 apprenticeship please email train@mbkggroup.com.

