

EMPLOYMENT UPDATE

CJRS (Job Retention) Bonus

In July 2020, Chancellor Rishi Sunak announced financial support would be offered to employers that retain employees in employment until 31 January 2021. Further details of that scheme, called the Coronavirus Job Retention Scheme (Job Retention) Bonus have been released. We set out below the key facts for employers and HR professionals.

What is the Job Retention Bonus (Bonus)?

The Coronavirus Job Retention Scheme (CJRS) is due to come to end on 31 October 2020.

To avoid a much publicised 'cliff-edge', the Bonus seeks to reward employers that retain employees that were placed on furlough during the COVID-19 pandemic.

The Bonus is a one-off fixed payment of £1,000 which employers can claim for each eligible employee.

How do employers identify eligible employees?

To qualify for the Bonus each employee must:

- › Have been placed on furlough in accordance with the rules of the CJRS;
- › Be continuously employed from the end of the last claim period of the CJRS through to 31 January 2021;
- › **Not** be under a period of contractual or statutory notice (whether given by the employee or employer); and
- › Receive earnings of at least £1,560 (gross) between 6 November 2020 and 5 February 2021.

What is the process for applying for the Bonus?

- › Employers must submit a claim for each eligible employee.
- › Submissions will be processed via an online portal which will be open from 15 February 2021 and will close on 31 March 2021.
- › Further guidance on the process is expected to be released by the end of January 2021.

What is the status of the Bonus?

- › The Bonus is taxable for Income Tax and Corporation Tax.
- › There is no obligation for employers to pass the Bonus onto their employees.

What does this mean for employers?

For employers that are able to bring back their staff from furlough leave, the Bonus will no doubt be welcomed.

It may also offer a real financial benefit to industries where an employer has a genuine expectation of work levels improving after the New Year.

However, for an employer that will struggle to pay their employees' wages when the furlough scheme ends at the end of October, retaining an employee through to 31 January 2021 in return for £1,000 in due course may be a challenge.

CJRS stats (as at 20 September 2020)

9.6 million *jobs furloughed*

1.2 million *employers furloughing employees through the CJRS*

£39.3 billion *total value of claims made by employers through the CJRS*

If you would like any further advice or assistance on this new guidance (including on training options), please contact our Employment Lawyer, Jamie Feldman (jamie.feldman@northridgelaw.com)