

Furlough & Self-Employed Schemes Updates

Plus Autumn Budget News



To all our clients and friends,

I hope you are keeping safe and well as the lockdown chains start to loosen.

The government has announced changes to their assistance measures available to companies and individuals over the recent days - below, I outline my understanding of these measures.

Furlough Extension and Changes

The Chancellor has announced that from 1 July 2020, businesses will be given flexibility to bring furloughed employees back to work. There will also be step changes to the furlough amounts reclaimable over the coming months:

- **June and July 2020** - government continues to pay 80% of wages up to a cap of £2,500 per month, as well as employer national insurance contributions (ER NICs) and pension contributions
- **From 1 July 2020** - businesses will be given the flexibility to bring furloughed employees back part time. This is a month earlier than previously announced to help support people back to work. Individual firms will decide the hours and shift patterns their employees will work on their return, so that they can decide on the best approach for them - and will be responsible for paying their wages while in work.
- **August 2020** - government will pay 80% of wages up to a cap of £2,500 per month, but employers will now pay ER NICs and pension contributions
- **September 2020** - government will pay 70% of wages up to a cap of £2,187.50. Employers will pay ER NICs, pension contributions and 10% of wages (to make up the 80% total, up to a cap of £2,500)
- **October 2020** - government will pay 60% of wages up to a cap of £1,875. Employers will pay ER NICs, pension contributions and 20% of wages (to make up the 80% total, up to a cap of £2,500)

Self-Employment Income Support Scheme (SEISS) Extension

Individuals can continue to apply for the first Self-Employment Income Support Scheme (SEISS) grant until 13 July 2020. Under this grant, individuals can claim a taxable grant worth 80% of their average monthly trading profits - this is paid out in a single instalment and capped at £7,500 for three months' worth of profits.

Applications for a second grant will open in August 2020 - this will be for 70% of average monthly trading profits and is capped at £6,570 covering three months' worth of profits.

The eligibility criteria will remain the same for the second grant. An individual does not need to have claimed the first grant to receive the second grant: for example, they may only have been adversely affected by COVID-19 in this later phase. Further guidance on the second grant will be published on Friday 12 June.

Next Budget

As part of the Autumn Budget, it is expected that the government will continue its rollout of the relief for housing cooperatives under the Annual Tax on Enveloped Dwellings (ATED) and will publish the findings of its fundamental review of business reliefs. We will update you with any further developments of expectations for the Autumn Budget.