



CORONAVIRUS COVID-19 – JOB RETENTION BONUS 2021

BACKGROUND

The Job Retention Bonus (JRB) is a £1,000 one-off taxable payment to an Employer, **for each eligible employee** that is kept in employment and continuously employed until 31st January 2021, having previously been included in the Coronavirus Job Retention 'furlough' scheme.

The JRB bonus is targeted at Employers who have had to 'furlough' employees during the COVID-19 period and have made an eligible claim for them through the CJRS Scheme, **BUT** have made every effort to keep as many of these employees in their employment in this challenging business environment as possible.

The JRB payment received by an Employer will be treated as income when calculating taxable profits, however as it takes the form of an additional contribution towards employment costs, there is unlikely to be any additional tax liability for the Employer.

Employers will be able to claim the bonus from HMRC from 15th February 2021 onwards, with the expectation that the scheme will then close by 31st March 2021.

Further guidance will be received from HMRC by the end of January 2021, around how Employers will be able to make a claim through the applicable online claim portal.

KEY ISSUES AND ELIGIBILITY

For an Employer to successfully make a claim under the JRB scheme, the following criteria need to be complied with as follows:

- the Employer must have made an eligible claim for the relevant employees under the Coronavirus Job Retention (CJRS) scheme
- any CJRS 'furlough' claims that have been submitted to HMRC should be complete and accurate and, where any errors may have occurred in any claim, these have been properly notified to HMRC (prior to the deadline of 20th October 2020)
- each employee being claimed for under the scheme, has been continuously employed from the date of the last CJRS claim period, through to 31st January 2021
- none of the employees being claimed for is serving a contractual or statutory notice period on 31st January 2021 (this includes employees serving notice of retirement)
- each employee has been paid sufficient salary in each relevant tax month to be able to meet the Job Retention Bonus '**minimum income threshold**' (see below)
- the Employer must have complied with all of their usual PAYE obligations accurately and on time under Real Time Information (RTI) reporting (**for all employees between 6th April 2020 and 5 February 2021**)
- the Employer must have kept their payroll up-to-date and maintained accurate records e.g. including all data for employees that leave your employment being recorded etc
- the Employer must comply with all requests from HMRC to provide any employee data for any historical CJRS scheme claims
- the Employer must have a UK bank account

PLEASE NOTE - Employers will still be entitled to the JRB payments, even where they make further claims for the employee under the Job Support Scheme (JSS) - which commences from 1st November 2020 onwards.

OTHER ISSUES

- Where an Employer has repaid all of the furlough grant received in respect of an employee (for whatever reason), they cannot claim a Job Retention Bonus (JRB) for those specific employees.
This applies regardless of the reason why you repaid the grant amounts
- Employers can claim for individuals who are not employees, such as office holders or agency workers, **as long as the other eligibility criteria are met.**
- Where an Employer has had employees transferred under TUPE before 31 October 2020, they may come within the JRB scheme if they were furloughed and the Employer made a successful claim for them under the CJRS.
- This means that an Employer will **NOT** be able to claim the JRB payment for any employees that are transferred after 31st October 2020
- Employers will need to have reported and submitted all payroll data for the period from 6th November 2020 to 5th February 2021 to HMRC through the Real Time Information (RTI) system, **BEFORE** being able to make a JRB claim
- HMRC will carry out checks on the Employer to ensure that all employees have been paid at least the **minimum income threshold** (reviewing the information submitted via the Real Time Information (RTI))
- HMRC will not pay the JRB bonus to an Employer where an incorrect CJRS scheme claim has been made and/or the employee(s) were not eligible
- Even in circumstances where HMRC are still checking an Employer's CJRS scheme claims, the JRN payment can be applied for, however receipt of the payment may be delayed until all checks are completed
- Employer's with accountants or other HMRC authorised Agents (for PAYE) can make the JRB application on behalf of the Employer

MINIMUM INCOME THRESHOLD

1. To be eligible for the JRB bonus an Employer must have paid employees at least the **minimum income threshold**
 2. To meet the **minimum income threshold**, an employee must have been paid a total of at least £1,560 (**Gross**) throughout the tax months as follows:
 - 6 November to 5 December 2020
 - 6 December 2020 to 5 January 2021
 - 6 January to 5 February 2021
- An Employer must have paid the employee at least one payment of taxable earnings (of any amount) in each of the relevant tax months
 - The **minimum income threshold** criteria apply regardless of:
 - how often employees are paid
 - any circumstances that may have reduced an employee's pay in the relevant tax period e.g. statutory leave or unpaid leave etc.



EXAMPLES – EMPLOYEE ELIGIBILITY FOR JOB RETENTION BONUS (JRB)

Example of employer deciding which employees meet the minimum income threshold for the Job Retention Bonus

Z Ltd has 20 employees and furloughed 6 employees. The employer was eligible to make Coronavirus Job Retention Scheme claims for the furloughed employees and made successful claims.

On 1 February 2021 the employer wants to know if they can claim the Job Retention Bonus.

All of the employees who were furloughed have remained employed by the employer and are not serving any notice period. The employer now needs to decide if they meet the minimum income threshold.

Employee A

Alisha works part time for a fixed salary of £1,000 a month, paid on the last day of each month. She was paid in each of the relevant tax periods and her taxable pay in each period was £1,000. The total paid was £3,000. This exceeds the minimum income threshold of £1,560. With tax code 1250L, no income tax was due in any of these periods but the amount paid to Alisha still counts as 'taxable pay'. Z Ltd can claim the Job Retention Bonus in respect of Alisha.

Employee B

Bob usually earns around £1,800 each month but was off sick and receiving Statutory Sick Pay (SSP) for several weeks, including the whole of December. His pay in the relevant tax periods was:

- 6 November to 5 December 2020 - £1,500
- 6 December 2020 to 5 January 2021 - £383.40
- 6 January to 5 February 2021 - £1,750

SSP counts as taxable earnings, so Bob received a payment of taxable earnings in each relevant tax period. The total taxable pay was £3,633.40. This exceeds the minimum income threshold of £1,560. Z Ltd can claim the Job Retention Bonus in respect of Bob.

Employee C

Charlotte works part time variable hours for £10 per hour, paid on the last day of each month. She is a member of the company pension scheme and makes 5% contributions under a net pay arrangement. Charlotte was paid for 50 hours in November and 55 hours in December and January.

The total gross pay was £1,600 across the relevant tax periods, however the effect of the pension deductions mean that her pay in those periods was:

- 6 November to 5 December 2020 - £475
- 6 December 2020 to 5 January 2021 - £522.50
- 6 January to 5 February 2021 - £522.50

Charlotte received a payment of taxable earnings in each relevant tax period but the total taxable pay is £1,520. This is less than the £1,560 minimum income threshold so Z Ltd cannot claim the Job Retention Bonus in respect of Charlotte.



Employee D

Dershil works part time on a fixed salary of £400 paid every 4 weeks. He was paid on 9 November 2020, 7 December 2020, 4 January 2021 and 1 February 2021. His pay in the relevant tax periods was:

- 6 November to 5 December 2020 - £400
- 6 December 2020 to 5 January 2021 - £800
- 6 January to 5 January 2021 - £400

Dershil received a payment of taxable earnings in each relevant tax period and the total taxable pay was £1,600. This exceeds the £1,560 minimum income threshold so Z Ltd can claim the Job Retention Bonus in respect of Dershil.

Employee E

Ebrill works part time on a fixed salary of £400 paid every 4 weeks. She was paid on 3 December 2020, 31 December 2020 and 28 January 2021 so her pay in the relevant tax periods was:

- 6 November to 5 December 2020 - £400
- 6 December 2020 to 5 January 2021 - £400
- 6 January to 5 February 2021 - £400

Ebrill received a payment of taxable earnings in each relevant tax period but the total taxable pay is £1,200. This is less than the £1,560 threshold so Z Ltd cannot claim the Job Retention Bonus in respect of Ebrill.

Employee F

Frans works full time for Z Ltd, with a monthly salary of £4,000 paid on the last day of each month, he takes a month of unpaid leave every December to visit family overseas. His pay in the relevant tax periods was:

- 6 November to 5 December 2020 - £4,000
- 6 December 2020 to 5 January 2021 - £0
- 6 January to 5 February 2021 - £4,000

Frans did not receive a payment of taxable earnings in each of the relevant tax periods even though the total taxable pay was £8,000 and exceeds the minimum income threshold of £1,560. Z Ltd cannot claim the Job Retention Bonus in respect of Frans.