

C O R O N A V I R U S

This Week in Employment Law

24-08-2020

HMRC write to furlough fraud employers

HMRC has confirmed that it has started writing to employers that it believes may have overclaimed on the Coronavirus Job Retention Scheme. We explore what employers need to know below:

- The furlough scheme was put in place to support employers who were not able to operate as normal due to the pandemic.
- Since its inception, 1.16 million employers have furloughed all, or part, of their workforce and claimed 80% of employee wage costs, to a maximum of £2,500 per employee per month.
- Since 20 August 2020, HMRC has been writing to approximately 3000 employers per week asking them to double-check that their claims are accurate, giving them the chance to correct any errors.
- 2% of the 1.16 million employers are expected to be contacted – around 27,000 employers.
- The Government has explained that to have overclaimed on a furlough grant, employers would have claimed an amount they are not entitled to receive, or any amount they are no longer entitled to receive; e.g. because the employee they are claiming for is no longer employed by them.
- On 1 July 2020, the Government enabled employers who have overclaimed to either: correct this error in their next claim, or make a payment directly to HMRC if they will not be making any future claims.
- If employers do not rectify this, penalties may include income tax charges, company officers made liable or details publicised

Furlough scheme set to change in September

Further contributions from employers will be needed from September. The 80% grant paid by the Government will continue at a cap of £2,500 until the end of August. In September, the grant will decrease to cover 70% of furloughed employee wages at a cap of £2,187.50. National Insurance and employer pension contributions will also need to continue.

Did you know?

Once government contributions begin to decrease, employers must also top this up to ensure that furloughed employees still receive 80% of their wages up to £2,500. For example, a 70% grant up to £2,187.50 will attract a 10% top up from employers to a maximum of £312.50.

Scotland's lockdown is further eased

Scotland's lockdown has been eased since 24 August 2020 meaning leisure businesses can now re-open. Live events such as concerts and comedy shows are permitted outdoors, with physical distancing, enhanced hygiene and restricted audience numbers. Further easing will take place on 31 August, when gyms and swimming pools will be able to open.

Did you know?

Due to the impact of the pandemic and the growing number of regions being put under local lockdown, reports show that 1 in 3 organisations will make redundancies before the end of 2020. Employers are being advised to invest in upskilling the remaining workforce to boost morale.

Appeal court hears case on alternative employment

The Employment Appeal Tribunal (EAT) has found that an employee was constructively dismissed when she was moved into another 'suitable' role instead of being subject to redundancy procedures. However, the EAT noted that the Employment Tribunal had not considered whether the constructive dismissal was unfair which now requires further review.

Did you know?

It is important for employers to carefully consider if roles offered as alternatives to redundancy are a good fit for the employee. If the employee feels forced into a different role, employers could end up facing costly tribunal claims.

To avoid furlough fraud, employers can rectify errors in their claim within a specific timeframe. Our 24-hour Advisory Service is on hand to provide up-to-date guidance on this and more.

Please contact the 24 Hour Advice Service for advice on your specific situation before acting on the information in this publication.