

FAQs: Third Publication – 30.04.2020 (Questions are numbered sequentially across all FAQs)

Miscellaneous Topics

Eligibility of Employees

34. Q: Are employees who are/were on maternity or parental leave for the whole of March 2020 covered by the scheme?

Yes, an employee returning from maternity or parental leave in April (or other subsequent month of the scheme) is able to be included, as long as they have been included on a previous schedule with the employer, and there is written evidence dated before 1 March 2020 of a planned return to work in the relevant month. This information will be required to be provided to CLS before the claim is paid.

35. Q: Are employees who are/were on sick leave for the whole of March 2020 covered by the scheme?

Yes, an employee returning from sick leave in April (or other subsequent month of the scheme) is able to be included, as long as they have been included on a previous schedule with the employer, and there is written evidence dated before 1 March 2020 that there was a planned return to work in the relevant month. This information will be required to be provided to CLS before the claim is paid.

36. Q: Are employees who are/were on unpaid leave for the whole of March 2020 covered by the scheme?

Yes, an employee returning from unpaid leave in April (or other subsequent month of the scheme) is able to be included, as long as they have been included on a previous schedule with the employer, and there is written evidence dated before 1 March 2020 that it was previously intended (dated before April 2020) that they would return to work in the relevant month. This information will be required to be provided to CLS before the claim is paid.

37. If a new employee signed an employment contract before April but was not able to start work until April, can they still be included within my claim?

You are permitted to claim for a replacement worker to be included in a relevant (and subsequent) month, with written evidence of a (i) contract having been agreed before 1 April 2020, and (ii) the replacement worker having worked in Jersey in February or March 2020. This may be checked with their previous employer.

38. Q: If I employ someone who works under 8 hours a week, am I able to claim under the scheme?

Yes, however, they will not appear on the Social Security Contribution Schedule for March 2020 as you are not required to declare them or make contributions on their behalf. Therefore, additional evidence will be required that they have been employed with your business. Such evidence may include payslips for January, February and March 2020 which will have to be submitted by e-mail before your claim can be processed and payment can be made. This may increase the time for processing your claim.

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Self-employed Trading

39. Q: If you are self-employed, how are you required to prove that you are trading?

You must have a business licence issued prior to 1 April 2020 and valid during the relevant month.

40. Q: I wasn't trading in March 2020, but I am trading now – can I still apply?

Yes, however you will need to provide evidence that you were not trading in March 2020 due to parental/ sick/unpaid leave. You will have to provide additional written evidence to confirm that your business activities were intended to resume in the relevant (and subsequent) month.

41. Q: What if I have started a self-employed business in 2020 and have no comparable earnings? Can I still apply?

Yes, however your earnings will be calculated against the figure used by Social Security for the Start-up contribution scheme – this is £18,232 per annum.

Definitions and calculations relevant to “income” for self-employed workers

42. Q. How should “average monthly gross income” be defined for the purposes of the subsidy that is claimed

Average monthly gross income includes:

- Any amount paid to the self-employed person by way of wages, salary, fees, bonuses, commission, overtime pay
- dividends paid by a company of which the person is a shareholder, where the income of the company is derived from the person's self-employment
- distributions made by or drawings from a partnership in which the person is a partner
- business profits (a business' trading income after deducting allowable business expenses) for a sole trader

43. Q. How should “average monthly gross income” be calculated for the purposes of the subsidy that is claimed?

Average monthly income should be calculated by taking your annual income from the sources identified above and dividing it by 12 to reach a monthly amount. These amounts will be linked to your 2019 income declared for tax purposes. This is identified as follows:

- Your confirmed average monthly gross income for 2019 that will be or has already been included on your 2019 tax assessment
- If you do not yet have a confirmed gross income for 2019, your average monthly gross income as confirmed on your 2018 tax assessment, if this is likely to be a reasonable estimate of your 2019 income.

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- If you do not yet have confirmed gross income 2019 and your income changed significantly between 2018 and 2019 (up or down), use an estimate of your average monthly gross income the 2019
- If you did not start trading until 2020 please use the Social Security start-up contribution rate of £1,519 as your average monthly gross income for 2019

It should be noted that for many workers the difference between 2018 and 2019 may not change the subsidy they are able to claim as they may already qualify for the maximum subsidy of £1,600, based on earnings of £2,000 (assuming these are below the upper earnings limit for the scheme of £8,884 per month).

Material detriment - Company

- 44. When assessing material detriment for a company, does 'turnover' just include the sale of products and services or does it include other operating income, such as rental income, interest etc.?**

Turnover is the total operating income including income from trading and any other sources of income that the business may have.

This includes (and is not limited to): the sale of products and services, commission receipts, business rental income, business bank interest or other business investment income, and payments received from business disruption insurance. Accruals accounting must be used for turnover calculations.

Material detriment – Sole Trader, Partnership

- 45. When assessing material detriment as a sole trader or partnership, does 'turnover' just include the sale of products and services or does it include other operating income, such as rental income, interest etc.?**

Turnover is a person's trading income before deducting any allowable business expenses. This includes (but is not limited to) income related to the sale of products and services, commission receipts and payments received from business disruption insurance. Accruals accounting must be used for turnover calculations.

The business owners' other sources of personal income such as personal property income, pension or investment income should not be included in turnover for this purpose.

Insurance Policies

- 46. Q: Does having a business disruption insurance policy exclude me from the scheme?**

No. The scheme requires that if a business holds business disruption or similar insurance, it is obliged to pursue the claim – it is appreciated that the insurance claim may not be settled before claiming for payroll support. Having an insurance policy does not preclude a business applying for payroll support.

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47. Q: If the business receives funds from an insurance claim for business disruption insurance that doesn't cover the payroll costs, will it have to pay back any support received?

If in due course, a business receives a payment from a business disruption insurance claim, the funds paid back to the business should be considered as turnover for the material detriment test.

If, as a result of receipt of a payment from an insurance policy, the business would have not met the material detriment test (30% loss of turnover in the relevant month), they are required to contact CLS to discuss their claim.

Construction Industry

48. Q: In considering the relevant SIC Codes for my business, I noted that [the SIC Code list on www.gov.je](#) was updated when the Guidance was published. Whilst it is noted that Construction had been announced as being included, the list states this will exclude businesses that work on an open Government site and/or applied for a permit to work during Stay at Home and Social Distancing. How can this work in practice?

The Government have considered this position further. All construction businesses will be considered as included for the purpose of being an eligible industry for the scheme – regardless of whether some employees are able to work or not; while activities in construction SIC Codes continue to qualify for the scheme. It is noted that the business will still need to demonstrate material detriment due to COVID-19 (30% drop in turnover in the relevant month). Therefore, if you are a construction firm with most employees working at a near normal level, the material detriment test will not be likely to be passed.

The Government will keep this position under review for claims under the scheme for the months of May and June depending on public health advice.

Organisations in receipt of a Government Grant (excluding Government Arm's Length Organisations (ALOs) as defined in the [Public Finances Manual](#)

49. Q: If I am not an ALO and I am in receipt of a Government Grant, am I still entitled to payroll support?

Yes. The Guidance excludes ALOs with grants of over £75k per year. There is no restriction if an organisation is not an ALO within the definition included in the Guidance and Public Finances Manual). The organisation may therefore apply for payroll support. However, if an organisation is also in receipt of Government grants, information on its payroll support will be considered by relevant Government departments in future grants processes.

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Severely Vulnerable and Shielded

50. If my employee is in the severely vulnerable category and is required to be shielded, can they be included in my claim to the payroll scheme?

Yes, workers identified as “severely vulnerable” by public health guidelines can be included in your claim to the payroll scheme.

Pre-primary education and child day-care activities

51. If a pre-primary education and child day-care activities business is charging fees to parents of children, are they eligible for the scheme?

Businesses conducting pre-primary education and child day-care activities will not be eligible for the scheme if they are charging fees to parents of children who are no longer receiving a service in the qualifying month.

Further questions about this area should be directed to ceys@gov.je

Eligibility of Household as employer – Tax related questions

52. Q. Under the household as employer scheme will I be taxed on the funding I receive under the co-funded payroll scheme?

No – the scheme requires that the full amount received is to be paid to your household employee, with the usual ITIS and/or social security deductions. The employee will need to include wages they receive from you through this scheme on their tax return as employment income.

53. Q. Can I claim Child Care Tax Relief on my personal income tax return on payments to my accredited Nanny funded through the co-funded payroll scheme?

No – you may only claim for the payments you fund yourself.

54. Q. I employ a cleaner to clean my whole property. I claim as a tax expense the appropriate portion of their wages against taxable profits arising from the part of my property that I let out. Where their wages have been funded through the co-funded payroll scheme can this be claimed against the income received?

No – you may only claim tax relief for wages expenditure against rental income that you have funded personally.

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Special Exemption Scheme

55. Q: The Guidance for the Special Exemption states as follows “Employees should not suffer hardship as result of being disadvantaged twice, firstly due to contractual reductions arising from hour or pay rate negotiations, and secondly through their employer not meeting the full 20% of payroll costs”.

Does this mean employers will not be eligible for the special exemption scheme if they have reduced hours/rates of pay in April?

As well as helping businesses, this Scheme is intended to support workers’ incomes at as close to pre-COVID-19 levels as possible.

In circumstances where a business qualifies for the special exemption, employers may already have negotiated a reduction in an employee’s hours (subject to employment and contract law provisions) to relieve the business’s cash-flow constraints. This will not automatically exclude them from applying for the special exemption scheme.

The Government expects employers to contribute as much towards their payroll cost as they can afford. However, where a business is not able to pay the full 20% employees should not suffer hardship by being disadvantaged twice. Firstly, due to contractual reductions arising from hour or pay rate negotiations, and secondly through the employers not paying 20% of payroll costs. Instead employers should utilise the scheme to ensure that those on the lowest wages are least affected and employees receive wages, in line with the scheme guidelines, that are as close as possible to their pre-COVID-19 wages. For example, a business could achieve this result by renegotiating with their employee to remove any reduction in hours that is no longer necessary because the special exemption scheme places less pressure on the business’s cashflow.

56. Q: What declarations are required to be made under the Special Exemption scheme

You will be required to make a series a declarations which can all be found in the form, or in the User Guide on how to complete a form. These will both be published on www.gov.je from 1 May 2020.

57. Q: What additional information is required at point of application for the special exemption scheme?

The following additional information will be required:

- i. Details of all funds removed from the business through dividends, drawings, loans or other means since 31 December 2019
- ii. The amount that you are contributing towards the wages of each of your employees and the amount you are claiming from the scheme

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58. Q: What information will be required, upon request, for audit at a later point in time regarding an application under the special exemption scheme?

The following are examples of the type of information that would be requested – this list is non-exhaustive:

- i. Bank statements to demonstrate cash reserves, income and expenditure
- ii. Correspondence with business owners discussing potential business owner investment or returning previous dividends, drawings or other funds paid to business owners by the business
- iii. Correspondence with debtors owing to the business
- iv. Correspondence evidencing discussions on deferrals in overheads (i.e. rental cost of premises, options with mortgage lender, discussion with utilities companies and other creditors)
- v. Correspondence evidencing consideration of obtaining approved lending – particularly considering the Business Disruption Loan Scheme
- vi. There will also be the requirement to file pro-forma cash-flow forecasts in line with paragraph 34 of the Guidance.