

Government of Jersey COVID-19 Co-Funded Payroll Scheme Phase 3+:

1 November 2020 – 30 March 2021

FAQs: First Publication – 16.11.2020

## **Questions for Employers**

### **About applications to the scheme**

#### **1) Q. When can I make an application to the scheme?**

Applications can be made during these periods:

- 1 December 2020 until 30 December 2020 (for November payroll) • 4 January 2021 until 30 January 2021 (for December payroll) • 1 February 2021 until 28 February 2021 (for January payroll)
- 01 March 2021 until 30th March 2021 (for February payroll) • 01 April 2021 until 30th April 2021 (for March payroll)

#### **2) Q. How do I know which SIC code my business activity falls under?**

You will be able to select the correct SIC code from a drop-down list when you complete the online application form. If the business has various activities, you should pick the one that represents the majority (51% or more) of your normal trade.

If you are a charity registered with the Jersey Charity Commission, you will need to select 'Miscellaneous' and then 'Registered with the Jersey Charity Commission'.

#### **3) Q. If I make my claim on 1 October 2020, when will the payment be made?**

The Government will make payments as quickly as possible. Claims will be processed within 5 working days although some will take longer if more information is required.

#### **4) Q. What information will be published about my business's application?**

The Government of Jersey will periodically publish appropriate information in respect of businesses which have claimed under the scheme. For businesses, this may include the name of the business, number of employees claimed for and the total amount claimed.

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### **About the eligibility of your business**

**5) Q. What happens if the circumstances of my business change next month or in the following months. Will the Government expect me to pay back any of the support received through this scheme?**

No, each month of the scheme requires a separate application and will be judged on its own merits in accordance with the Guidance. If your turnover increases in the future in subsequent months, then this will not affect your original claim.

**6) Q. The impact of COVID-19 may not affect my business until later in the year because I have existing contracts – but these may not continue or be renewed. Will I still be eligible for Phase 3+ support?**

Your business will only be eligible for Phase 3+ support if the turnover in the month you are claiming for is affected.

**7) Q. My business is behind on paying its Social Security contributions, can I still apply for this support?**

Yes, providing you have still submitted the necessary 2020 Social Security schedules, ITIS and Manpower returns.

### **Phase 3+ and your Social Security contributions**

**8) Q. Can I still defer my Class 1 Social Security contribution payments if I claim Phase 3+ support?**

No, Social security contribution payments will no longer be deferred. Should tighter Public Health Restrictions come into effect this may be reconsidered further.

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**9) Q. Does the business still need to submit Social Security returns?**

Yes, it is essential that you continue submitting your Social Security contributions schedule so you can access the Phase 3+ support.

**About your employees**

**10) Q. If an employee was made redundant but the business can now re-employ them, will their costs be supported?**

Yes. If an employee was made redundant because of the disruption caused by Covid-19 a business would be able to claim for these people if you re-employ them. The relevant employee must still be listed on the March Social Security contribution in order to be claimed for, or, entitled to work.

**11) Q. Can I agree with my employees that I pay them after I have received the Phase 3+ subsidy?**

No. The Phase 3+ subsidy is always a refund. Your wages must be paid out before you claim. The Government may contact employees, to check if wages have been paid.

**12) Q. Can I claim for an employee who has a red Social Security card?**

Yes, if they were on your Social Security contribution schedule in March 2020.

**13) Q. Can I claim for an employee who is over 65?**

Yes, there is no upper age limit for employees.

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## **Questions for Self-Employed**

### **About your eligibility**

#### **15) Q. Can I claim if I have a red Social Security card?**

Yes, for Phase 3+.

#### **16) Q. Can I claim if I am over 65?**

Yes, there is no upper age limit for self-employed people

#### **17) Q. I am behind with payments for my Social Security Contributions from this year, 2019 or earlier. Can I still claim Phase 3 support?**

No, Social security contribution payments will no longer be deferred. Should tighter Public Health Restrictions come into effect this may be reconsidered further. Payments for Social Security Contributions should be up to date in order to claim for Phase 3+

#### **18) Q. Can I get support from Phase 3+ if I received Contribution Credits through Home Responsibility Protection (HRP) in March 2020?**

Yes, if you were self-employed and registered as Class 2 in March 2020 you are eligible to apply for Phase 3 even if your contributions were covered by HRP credits.

#### **19) Q. I have a Small Income Exception in 2020 so I don't have to pay contributions, will I still be eligible?**

If you are registered as Class 2, it doesn't matter whether you have a Small Income Exception for your Contributions. You will still be eligible to apply for Phase 3+ support.

#### **20) Q. I am self-employed with part-time income, but I also have a job and pay my contributions through my employer under Class 1. Can I get support for my self-employed income?**

Yes, you are entitled to claim as long as you have a business license for your self-employed work, and that the business license was in place before the 31st March 2020

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**21) Q. I am self-employed with part-time income, but I also had a job and was paying my contributions through my employer under Class 1. However, my employer has made me redundant. Can I now get support for my self-employed income?**

Yes, you are entitled to claim as long as you have a business license for your self-employed work, and that the business license was in place before the 31st March 2020

The scheme does allow for your employer to re-employ you and claim for Phase 3+ support if you were made redundant because of Covid-19 disruption so we recommend speaking to your employer.

**22) Q. I am the director/owner of a limited company and receive my income through the repayment of a director's loan. Am I eligible for Phase 3+ support?**

No. The scheme is designed to support direct payroll cost to employees

**23) Q. What happens if the circumstances of my self-employment change next month or in the following months. Will the Government expect me to pay back any of the support received through this scheme?**

No, each month of the scheme requires a separate application and will be judged on its own merits in accordance with the Guidance. If your turnover increases in the future in subsequent months, then this will not affect your original claim.

**24) Q. The impact of COVID-19 may not affect me until later in the year because I have existing contracts – but these may not continue or be renewed. Will I still be eligible for Phase 3+ support?**

Your business will only be eligible for Phase 3+ support if the turnover in the month you are claiming for is affected.

**25) Q. When can I make an application to the scheme?**

Applications can be made during these periods:

- 1 December 2020 until 30 December 2020 (for November payroll) • 4 January 2020 until 30 January 2020 (for December payroll) • 1 February 2020 until 28 February 2020 (for January payroll)
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**26) Q. How do I know which SIC code my business activity falls under?**

You will be able to select the correct SIC code from a drop-down list when you complete the online application form. If you have various self-employed activities, you should pick the one that represents the majority (51% of more) of your normal trade.

**27) Q. I work with a partner in the business, can they claim as well?**

Yes, you can claim together or separately on the online application form

**General questions**

**28) Q. My income in 2019 was much higher than £1,600 per month, can I get any more money?**

No, the maximum subsidy available under this scheme is as stated in the table below;

Detriment	Maximum Subsidy amount
60%	1,200

**29). Q. Will I have to declare my Phase 3+ support as income and pay tax on it?**

Yes, it will be treated as business income for 2020 and 2021 (where applicable) (Schedule D Income for the purposes of income tax)

**30) Q. Will this subsidy affect my Income Support?**

Yes, if you claim Income Support, this Phase 3+ support will affect your Income Support claim. You must let the Income Support team know immediately if you receive a payment for Phase 3+ support. The support will be treated as earnings for income support purposes.

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**31) Q. Can I still defer my Class 2 Social Security contribution payments if I claim Phase 3+ support?**

No, Social security contribution payments will no longer be deferred. Should tighter Public Health Restrictions come into effect this may be reconsidered further. Payments for Social Security Contributions should be up to date in order to claim for Phase 3+..

**32) 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.

**33) 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.

**33) 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 will information will be required to be provided to CLS before the claim is paid.

**34) 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.

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**35) 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.

**Miscellaneous Topics**

**Self-employed Trading**

**36) 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.

**37) 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.

**38) 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 Startup contribution scheme – this is £18,232 per annum.

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

**39) 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



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**40) 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.
- 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**

**41) Q. 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.

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### **Material detriment – Sole Trader, Partnership**

**42) Q. 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**

**43) 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.

**44) 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 (20% loss of turnover in the relevant month), they are required to contact CLS to discuss their claim.

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### **Construction Industry**

**45) Q: In considering the relevant SIC Codes for my business, I noted that the SIC Code list on [www.gov.je](http://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

**46) 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.

### **Severely Vulnerable and Shielded**

**47) 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.

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#### **Pre-primary education and child day-care activities**

**48) 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](mailto:ceys@gov.je)

#### **Eligibility of Household as employer – Tax related questions**

**49) 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.

**50) 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.

**51) 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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### **Trading Group Scheme**

#### **52) Can businesses who are part of a Trading group apply to the scheme? How will they be treated for the purpose of an application?**

If businesses are structured as a trading group (a “trading group”), and different businesses in the trading group undertake different activities, some of which are eligible industries under the scheme and some of which are ineligible, the following will apply:

Businesses in the trading group can be considered eligible for a claim under the scheme in the following circumstances:

1. The eligible businesses alone can meet the material detriment test (20% drop in turnover over in the same month/comparable trading period in 2019); 2. The trading group as a whole can meet the material detriment test for the relevant month that the claim is made for (20% drop in trading group turnover over in the same month/comparable trading period in 2019); 3. The business can only claim in relation to employees which are not used for work in businesses in the trading group that undertake activities in non-qualifying industries.

There will be a requirement for additional financial and non-financial information from the trading group and for additional declarations to be made on behalf of the trading group. This may delay processing of applications.

The structure and arrangements for the application for a trading group will need to be agreed with the Government before an application can be made.

Businesses claiming under the Trading Group Scheme will be placed in a higher risk category for audit.

Businesses required to be open and trading in line with public health restrictions and not artificially restricting revenue

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**53) Q. If I have multiple locations can I claim, even if some are closed?**

For September 2020 (and subsequent claims), in order to be eligible to claim under the scheme, businesses will be required to be open and be trading based on normal trading hours to the extent permissible considering public health restrictions. In order to remain eligible for the scheme, businesses must not remain closed or restrict trading where there is no public health reason (based on current advice) to remain closed or restrict trading.

**54) Q. If I don't open up as often or for as long (restricted hours) as I did pre-Covid can I still claim under Phase 3+ of the scheme?**

Businesses must not artificially restrict trading hours so as to ensure eligibility for the scheme by, for example, closing on certain days/hours in order to meet the material detriment test.

1. Where a business operates multiple locations or separate companies within a group, a claim can still be made in respect of employees working at a location or for a group company that is open even if some other locations or group companies remain closed subject to the following:

- Only staff working at a location or for a group company that is open can be claimed for, employees of those companies that are closed are not eligible other than where they have been transferred to an open location or company and would qualify under paragraphs 34 and 35 of this guidance
- Locations or companies that are closed do not count towards the wider business or group's material detriment. The business' material detriment calculation must only include detriment that is experienced for locations or companies that are open.