

Furlough scheme ‘still shutting out new starters not paid before 19 March’



Changes to the cut-off date for employees to be furloughed under the Coronavirus Job Retention Scheme have been criticised and still leave many who started new jobs last month without an income, it has been claimed.

Yesterday (15 April) [HM Revenue & Customs revised the furlough scheme guidance](#) to state that companies can claim for employees who were on their PAYE payroll on or before 19 March 2020, instead of 28 February, provided that the employees were on a Real Time Information (RTI) submission made on or before 19 March.

An RTI submission is submitted to HMRC every time an employee is paid and includes information about tax and other deductions. Usually employers will submit an RTI monthly, even if they operate a weekly or fortnightly payroll.

While the change will mean some new starters will become eligible for furlough where they had not been under previous iterations of the guidance, many will remain without an income if their company submitted their RTI for that month after 19 March.

“Sadly, anti-abuse measures will always claim innocent victims but there should at least be fewer of those now than before” – James Froud, McCarthy Denning

A Twitter poll by Money Saving Expert founder Martin Lewis found that the majority (68.1%) of workers saw their monthly pay day fall between the 25th and the end of the month.

HMRC chief executive Jim Harra has also stated that most organisations have payroll dates towards the end of the month. Speaking to the BBC Today programme about the claims system opening next week, he said: “Most employers run their payroll on the last banking day of the month which would be 30 April and there is time to get your claims in in time and to get money before then.”

Twitter user @lauradeborah said: “no new starter will have been on PAYE as early as 19th March, when they only are paid the end of March! This change has helped 2% of the people who are desperately pleading for help.”

The new date will bring very few additional people into the scope of the scheme, said Toni Robinson, managing director of Nucleus HR. She added: “It is expected that very few additional employees will be captured into the scheme as a result of the additional criteria and those that started with a new employer on or after 1 March with a monthly payroll that submitted their RTI after the 19 March would still not qualify to be furloughed with the new employer.”

James Froud, head of employment at law firm McCarthy Denning, said that the government had attempted to bring as many people as possible into the scope of the scheme while maintaining a “sensible line in the sand”.

“However, whether intended or otherwise, there is no doubt that the RTI requirement – which had not been seen in previous versions of the guidance – will severely restrict the numbers who benefit. Sadly, anti-abuse measures will always claim innocent victims but there should at least be fewer of those now than before,” he said.

The requirement for furloughed employees’ data to be on an RTI submission before 19 March is likely there to prevent employers from making fraudulent claims for wages for non-existent employees, suggested Emma Vennesson of law firm Faegre Drinker.

She said: “This new requirement is likely an attempt on HMRC’s part to prevent fraud and ensure that employers can only claim for employees and wages that HMRC were aware of before the introduction of the CJRS. Without that requirement, there would be a risk that employers could disingenuously add extra employees to their payroll or increase employees’ salaries, furlough them, and fraudulently claim for reimbursement from HMRC.

“No doubt this caveat also assists HMRC in ensuring they have accurate, historic data that they can review and audit once the CJRS is closed, and employers should ensure they keep clear records of their use of the furlough leave scheme.”

Although there have been several revisions to the furlough scheme guidance this month, Froud said it was important to note that the latest guidance has been given legal

effect via a “Treasury direction”, which means there was unlikely to be any further amendment.

“This does beg the rather significant question of whether the government is entitled to shift the goalposts in this way, after millions of organisations have already taken decisions relying on earlier published guidance,” he added.