

Update on support for small company directors under the Job Retention Scheme

1. The portal for the [Job Retention Scheme](#) to furlough employers/directors went live **April 20th**.
2. The scheme allows an employed director a taxable grant of 80% of salary up to £2500
3. Minimum duration of a furlough is 3 weeks (multiple claims allowed)
4. Director must be on Real Time Information (RTI) PAYE payroll on or before 19th March (a change from the original date of 28th Feb). The scheme has been extended to now run until end of June.
5. You cannot do work of a kind they would carry out in normal services to generate commercial revenue or provide services, but can admin (eg file accounts or confirmation statements)
6. You should minute any decision to furlough a director, even if a sole director
7. If there are more than one director, specialist advice recommended as it is a change of contract terms.
8. Wrongful trading regulations have been relaxed to limit director's liabilities if furloughed.
9. A director can continue a legitimate separate second self-employed business but would not be allowed to approach any customer of the company using the furlough scheme.

If you want to use the scheme

1. Portal is now open. You need a PAYE e-pay account and must make the calculations yourself before you submit a claim.
2. Do not start a claim until you done the calculations and have the required information to hand, as you cannot save and return.
3. Follow <https://www.gov.uk/guidance/claim-for-wage-costs-through-the-coronavirus-job-retention-scheme> for guidance
4. Takes 6 days to process payments
5. Claims can be made up to 14 days before payroll is due to be run (to be confirmed) but cannot be changed once submitted.

Other directors' income

- Only PAYE income can be considered under this scheme.
- Dividends or payments of a director's loan cannot be assessed as income; however the company can pay these to a director if its financial position allows.
- A director can qualify for Universal Credit or apply for Enhanced statutory sick pay (£95.85) from day 1 (if absent due to Covid19 illness, self-isolation or high-risk category)

Potential future developments

More clarity is due from HMRC surrounding a furloughed director's statutory responsibility vs trading activity (eg keeping in touch with suppliers/customers during furlough) and there may be movement on relaxing conditions preventing a director from maintaining contact with stakeholders, whilst at the same time not actively promoting a trade. This would be particularly relevant with single director businesses.

The Commons Treasury Select committee fed back concerns that some directors, particularly for small businesses, are missing out on support where they take more of their earnings as dividend/director loans and may be revisited.