



TREATMENT OF CORONAVIRUS SCHEME PAYMENTS FOR JOBSEEKER'S ALLOWANCE AND EMPLOYMENT AND SUPPORT ALLOWANCE

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INTRODUCTION

1. This memo gives guidance on the impact of certain payments on entitlement to New Style Jobseeker's Allowance (JSA) and New Style Employment and Support Allowance (ESA).

THE SCHEMES

2. The Government has announced that HM Treasury will be providing income-replacement payments under two schemes. The Coronavirus Job Retention Scheme (CJRS) provides payments of up to 80% of usual monthly wages for employed earners who are on "furlough" up to a cap of £2,500. The Self-Employment Income Support Scheme (SEISS) provides payments for self-employed earners whose income has been adversely affected by Coronavirus.
3. From 30.06.20 there will be some changes in the schemes. No new entrants will be able to use CJRS and employers will only be able to furlough employees who have been furloughed for a full three-week period prior to 30.06.20.
4. From August, employers will be required to pay employers' NI and any pension contributions.



5. From September, CJRS will provide up to 70% of usual monthly wages up to a cap of £2,187.50, Employers will be required to pay 10% of usual monthly wages up to a cap of £2,500, employers' NI and any pension contribution.
6. From October, CJRS will provide up to 60% of usual monthly wages up to a cap of £1,875. Employers will be required to pay 20% of usual monthly wages up to a cap of £2,500, employers' NI and any pension contribution.
7. CJRS will end at the end of October.
8. Payments under SEISS are based on average trading profits over the three tax years 2016–17, 2017–18 and 2018-19. An initial payment worth up to 80% of average monthly trading profits may be claimed for a notional 3-month period. The payments are capped at £7,500 in total and are taken into account in the calculation of Income Tax and Self-Employed NI.
9. Payments under SEISS have been extended to a second payment worth up to 70% of average monthly trading profits and covering a further 3-month period. The payments are capped at £6,570.

THE IMPACT ON JSA

10. For the purposes of JSA recipients of payments from the CJRS are considered to be engaged in remunerative work¹ and are not entitled to JSA with the exception of those recipients whose weekly pre-covid contracted hours were fewer than 16. In these cases, any part-time earnings should be assessed in the normal way, following the guidance in ADM Chapter S2.
11. For the purposes of JSA, recipients of SEISS are considered to be engaged in remunerative work¹ both for the notional period for which the SEISS payment is made and for any later period, until subsequent evidence shows otherwise (e.g. a further SEISS payment is not claimed for or paid for the ongoing period). As such, they are not entitled to JSA. There is an exception where the self-employed earner indicates that, pre-covid, they usually worked for fewer than 16 hours a week on average. In such cases, the SEISS payment will be treated as part-time earnings and will be brought to account for the period covered by the payment (along with any other earnings for the same period) to provide average weekly earnings.



THE IMPACT ON NEW STYLE ESA

12. Payments from the CJRS do not affect entitlement to ESA for claimants who are not working¹. Where work is being undertaken the exempt work regulations would apply to both hours worked and earning received, which would include CJRS.

1 WR Act 07, s 3

13. Payments from SEISS do not affect entitlement to ESA¹, but DMs should continue to follow the guidance provided in ADM Chapter V3 for self-employed claimants engaged in PWK.

1 WR Act 07, s 3

ANNOTATIONS

Please annotate the number of this Memo (ADM Memo 08/20) against the following ADM paragraphs

R2390, V1126

CONTACTS

If you have any queries about this memo, please write to Decision Making and Appeals (DMA) Leeds, 3E zone E, Quarry House, Leeds. Existing arrangements for such referrals should be followed, as set out in – Memo [7/19](#) Requesting case guidance from DMA Leeds for all benefits.

DMA Leeds: June 2020