



## HMRC AND DEVOLVED ADMINISTRATION CORONAVIRUS SCHEMES AND BENEFITS OTHER THAN UC

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### INTRODUCTION

1. This Memo outlines how payments under the Coronavirus schemes will be treated across means-tested legacy benefits, ESA(Cont) and JSA(Cont) (including new style benefits), CA and MA. The guidance comes into force immediately.

**Note:** In this Memo “Coronavirus” has the meaning given in section 1 of the Coronavirus Act 2020.



## BACKGROUND

- Her Majesty's Revenue and Customs (HMRC) and the devolved administrations have established a number of special schemes to support workers and business during the coronavirus outbreak.

## THE 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.
- From 30.06.20 there will be some changes in the scheme. 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.
- From August, employers will be required to pay employers' NI and any pension contributions.
- 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.
- 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.
- CJRS will end at the end of October.
- Payments under the Self-Employed Income Support Scheme (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 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.
- 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.
- A number of schemes have also been announced, including provisions specific to certain vulnerable industries. These mainly consist of loans to assist businesses experiencing cash flow problems. Some of these payments are referred to as "Bounce-Back Loans".



## THE TREATMENT OF PAYMENTS FOR ESA(IR), JSA(IB), IS AND SPC

12. CJRS and SEISS payments are treated as earnings in the normal way<sup>1</sup>. Each SEISS payment will be treated as self-employed earnings over three months from the date of payment.

*1 ESA Regs, regs 95 & 97; JSA Regs, regs 98 & 100; IS (Gen) Regs, regs 30 & 35; SPC Regs, regs 17A & 17B*

13. Business grants and loans intended to provide support during the Coronavirus outbreak will be treated as payments of capital and will be disregarded as business assets<sup>1</sup>.

**Note:** If the claimant has ceased to be engaged as a self-employed earner the usual provisions apply.

*1 ESA Regs, Sched 9(10), JSA Regs, Sched 8(11), IS Gen Regs, Sched 10(6); SPC Regs, Sched 5(9)*

## THE TREATMENT OF PAYMENTS OF CJRS AND SEISS FOR JSA(CONT) AND ESA(CONT)

14. JSA(Cont) and ESA(Cont) differ in their approach in line with existing policy and legislation.
15. JSA(Cont) is not payable as both HMRC support payments are to be treated as earned income and the claimant is therefore considered to be engaged in remunerative work<sup>1</sup>.

**Note:** There is an exception for those recipients whose weekly pre-covid weekly hours were fewer than 16. In these cases, any part-time earnings should be assessed in the normal way, following the guidance in DMG Chapter 21.

*1 JS Act 95, s 1(2)(e); JSA Regs, reg 51*

16. ESA(Cont) is payable as employment status has no relevance to entitlement. If a claimant is engaged in PWK DMs should follow the guidance in DMG Chapter 41 and include any payment of CJRS or SEISS in the calculation of earned income.

## THE TREATMENT OF PAYMENTS OF CJRS AND SEISS FOR CA

17. Payments from both CJRS and SEISS are considered to be earnings for CA purposes<sup>1</sup>.

*1 SS Ben (C of E) Regs, regs 6 & 12*



## THE TREATMENT OF PAYMENTS OF CJRS AND SEISS FOR MA

18. MA is not payable to someone receiving funding under CJRS. Someone in receipt of funding from SEISS can continue to work, and MA can therefore be claimed as it enables individuals to take time away from work to protect the health and safety of the mother and baby.

### ANNOTATIONS

Please annotate the number of this memo (DMG 13/20) against DMG paragraphs: 15024, 15520, 20200, 21081(heading), 26013, 27012, 29362, 49016, 50017, 52364, 62592, 84371, 86034, 86200

### 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 [4/19](#) Requesting case guidance from DMA Leeds for all benefits.

DMA Leeds: June 2020

The content of the examples in this document (including use of imagery) is for illustrative purposes only