COVID-19: Further extension to the UK's Job Support Scheme

Tax Talks on **October 23, 2020**

As coronavirus infection rates rise and restrictions tighten across the UK, the UK Chancellor has extended the Job Support Scheme (again). Last week we reported on the extension of the Scheme to businesses legally required to close under tier 3 of the alert system (https://www.proskauertaxtalks.com/2020/10/covid-19-extension-of-the-uks-job-support-scheme/). Yesterday (22 October) the UK Chancellor announced the following updates:

- Employees must work a minimum of 20% of their usual hours per month (previously 33%) and the employer's contribution for non-worked hours is 5% (previously 33%), capped at £125 per month.
- The government will pay 61.67% of hours not worked, up to a cap of £1,541.75 per month (for businesses in tier 3 forced to close the government will pay 67%) so that employees will earn at least 73% of their usual salary (based on the cap of a monthly reference salary of £3,125).
- The support available to the self-employed (previously reported by us https://www.proskauer.com/blog/uk-chancellor-announces-winter-economy-plan) has been increased with the taxable grants now covering 40% of average monthly trading profits over a three month period (previously 20%) with a maximum grant of £3,750.
- Additional funding is being provided to Local Authorities to support businesses in tier 2 areas which have been severally impacted (but are not legally required to close) by the restrictions on household mixing. The level of funding received by the Local Authorities will depend on the number of hospitality, hotel, B&B and leisure businesses in their area and it is assumed that such businesses receive grants equivalent to 70% of the grants which tier 3 businesses required to close are eligible.

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