

# COVID-19: Extension of economic support ahead of national lockdown

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Ahead of England's return to national lockdown this Thursday, the UK Prime Minister has announced the extension of support packages for both employed workers and for the self-employed.

As reported by us previously (<https://www.proskauertaxtalks.com/2020/09/uk-chancellor-announces-winter-economy-plan/>) the Coronavirus Job Retention Scheme (the furlough scheme) was due to end and its replacement, the Job Support Scheme, was to commence on 1 November. In conjunction with the Prime Minister's announcement of this month's national lockdown, the furlough scheme is being extended until 2 December 2020 and the Job Support Scheme is being postponed until that date.

The extended furlough scheme will broadly mirror its previous incarnation:

- The government will pay 80% of an employee's usual salary for hours not worked, up to a maximum of £2,500. This marks a return to the original scope of the scheme (as the level of government contribution was reduced in September and October) and a recognition of the difficulties of a second lockdown.
- Employers are required to cover employer National Insurance Contributions and pension contributions for the hours the employee does not work (and wages for the hours worked).
- To be eligible to claim the grant for its furloughed employees an employer has to report and claim for a minimum period of seven consecutive calendar days.
- Employers can bring furloughed employees back to work on a part time basis.
- The extended scheme is available regardless of whether an employer or employee has previously used it.
- The Treasury has confirmed that businesses will be paid in arrears for the period required for the legal terms of the scheme and the system to be updated. Further guidance is expected to be announced.

In addition to the reintroduction of the furlough scheme, the Prime Minister announced further support for self-employed individuals with the Self-Employment Income Support Scheme (SEISS) being extended:

- In November the government will pay 80% of the average trading profits of self-employed individuals. As we previously reported (<https://www.proskauer.com/blog/covid-19-further-extension-to-the-uks-job-support-scheme>), the UK Chancellor announced last month that the taxable grants to the self-employed were to cover 40% of average monthly trading profits over a three month period. Yesterday's announcement means that, as the SEISS grants are calculated over three months, the total level of the grant works out as 55% of trading profits for November to January (with 80% in November and 40% in December and January).
- The period for claiming the grant opens on 30 November (two weeks earlier than previously announced).
- For self-employed individuals to be eligible for the grant extension, they must have been eligible for the two previous grants under the scheme (but did not have to actually claim the previous grants) which means that individuals who have recently become self-employed will be frozen out of this support package.

Please get in touch with any member of our UK Tax group or UK Labour & Employment group to discuss how the above will affect you or your business.

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