

Covid-19: government scheme to pay employer NICs

In a further update to the Coronavirus Job Retention Scheme guidance, the government has announced that it will now cover the employer national insurance (NI) for furloughed staff

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In addition to employer NICs, the government will also pay the minimum auto-enrolment (AE) pension scheme contributions employers have to pay on staff wages for furloughed staff. The employer minimum contribution rate is 3%, while employees have to pay 5%.

Most employers use pension schemes that from April 2019 require a total minimum of 8% contribution to be paid. The calculation for this type of scheme is based on a specific range of earnings.

For the 2019/20 tax year this range is between £6,136 and £50,000 a year (£512 and £4,167 a month, or £118 and £962 a week). These figures are reviewed each year by the government.

Under the [Coronavirus Job Retention Scheme](#), employers can claim a grant covering 80% of the wages for a furloughed employee, subject to a cap of £2,500 a month.

Fees, commission and bonuses should not be included.

This gives a maximum cap of £2,500 +£245 (employers' NIC) + £59 (auto-enrolment pension contribution) = £2,804 of total possible grant that can be applied for per employee per month.

Employees pay income tax, NICs and any other deductions from their wages, HMRC confirmed.

The Treasury says the latest move could save businesses an extra £300 a month for each employee under the scheme.

New guidance has also confirmed that those made redundant after 28 February 2020 can be re-employed and placed on furlough.

Those on furlough will also be permitted to volunteer without risking their pay - and will be able to join the 500,000 members of the public who have signed up so far to help the NHS during the coronavirus outbreak.

Auto enrolment pension rates

This table shows the minimum contributions employers must pay:

Date	Employer minimum contribution	Staff contribution	Total minimum contribution
Rate: 6 April 2019 onwards	3%	5%	8%

Source: *The Pensions Regulator* our latest news and analysis at [Accountancy Daily Coronavirus: essential updates for accountants](#) and [sign up to our free 4pm and weekly newsletters](#)

HMRC technical guidance

- [HMRC Guidance for employers on the Coronavirus Job Retention Scheme](#)
- [HMRC Guidance for employees](#)