

# Preparing for redundancies: Recap

## PILON, notice periods and redundancy pay when on Furlough

Payment in lieu of notice rules not on public guidance, internal guidance currently states furlough monies may be used for PILON and/or notice period

HMRC CJRS hotline no. 0800 024 1222

Redundancy payments or unused holiday pay are not claimable as they are not salary.

# The Furlough calendar

## Watch out for these dates...

Date	What Happens?
10 June 2020 (yesterday!)	The last day to furlough someone <u>for the first time</u> if you want to furlough (or flexi-furlough) them on or after 1 July 2020
12 June 2020 (tomorrow!)	More guidance on Coronavirus Job Retention Scheme v2.0 due to be released
30 June 2020	Claims made up to this date (appear to) set the maximum number of employees you can include in a claim from 1 July onwards

# The Crown Preference

## Something to be aware of...

- For insolvencies commencing on or after 1 December 2020, HMRC will be a preferred creditor (i.e. they will rank ahead of creditors with floating charges or unsecured creditors)
- Businesses owe HMRC a lot of money – due to Time-To-Pay arrangements and automatic tax deferrals (e.g. VAT)
- So, if you are owed money and think the business owing you money may fail, the amount you will get out of formal insolvency action will decrease if the action starts on or after 1 December 2020 (as HMRC will be ahead of you in the queue!)
- Does this mean that we will see a rush to commence formal debt recovery action in the run up to 1 December?