

**my@toolkit**

**Furlough health check: protect your  
business from furlough fraud**

*Thrive*

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# Furlough Health Check

Pitfalls for Furlough Fraud



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# Furlough fraud

- In June, Scheme has already made payments of £15 billion. By 22 July there were 6,749 reports relating to furlough fraud.
- Can occur where:
  - Claiming for employees and not paying them
  - Employees continue to work whilst furloughed
    - A study found that 34% of employees have been asked to commit 'furlough fraud' on purpose, 29% were told to undertake more administrative tasks whilst on furlough, and 20% were asked to work for a company linked to theirs.

# Consequences

- Government introduced the Financial Bill 2020
  - HMRC can investigate grants paid to employers
    - Check they've been paid to employees
    - Check employees haven't been generating revenue
- Can reclaim furlough moneys where they haven't been paid to employees – officers and directors may be jointly liable
- Financial penalties where furlough monies **used deliberately for anything other than its intended purpose**
- Criminal prosecutions – if CPS class as “cheating the public revenue” then those found guilty could be sentenced to a custodial sentence of up to 17 years

# Accidental Fraud

- Employees working whilst furloughed
  - HMRC guidance does not expand on what “generating revenue” or “providing services” means
  - Err on the side of caution –meetings, marketing, emails all keep the business running and could generate revenue
  - Volunteering –not for their employees
  - Furloughed staff can carry out training, but again this must not provide services or generate revenue (e.g. till training?)
- Concerns for flexible furlough
  - **Employees cannot work for their employer during their furloughed hours.**
  - Employers should be specific about hours to work and not work

# Best Practice

- HMRC's approach was: Pay Now **Check Later**.
- Use HMRC calculator to ensure calculations are correct
- Review historical claims to check they are up to date, and reflect what actually happened
- Educate managers
  - What can they ask employees to do? Is it outside of the agreed working hours under flexible furlough?

# Employer Mistakes

- HMRC unlikely to prosecute where applications are made in good faith
- Penalties are aimed at those who deliberately don't comply
- **Good News!**
  - Employers have a 90 day amnesty (increased from 30 days) to admit their mistakes to HMRC
  - From when Finance Bill received royal assent on 22 July 2020. So until 18 October 2020.



*Any questions?*

# Thrive Wellbeing

Poor mental health costs employers **£34.9 Billion** a year.

We are launching the Thrive Wellbeing portal later this month:

- Mental Health Champion Training
- Mental Health in the Workplace guides
- Homework Risk Assessments
- Mental Health and Wellbeing Related Policies
- Toolkits for managers
- Videos
- 1 - 2 -1 support from expert solicitors

*and much more to be revealed...*

# Any Questions?

Email me directly at  
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HR Software for SMEs

**Next webinar:**

***Harnessing HR data to boost business performance***

**Wednesday August 26<sup>th</sup>, 10am (BST)**