

## Coronavirus Job Retention Scheme – furlough and payroll

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The government has published detailed guidance which is summarised in this briefing sheet. For full details visit: <https://www.gov.uk/guidance/claim-for-wage-costs-through-the-coronavirus-job-retention-scheme>

### Who can claim?

Any UK organisation with employees can apply, including:

- businesses
- charities
- recruitment agencies (agency workers paid through PAYE)
- public authorities

You must have created and started a PAYE payroll scheme on or before 28 February 2020 and have a UK bank account. Where a company is being taken under the management of an administrator, the administrator will be able to access the Job Retention Scheme.

### Employees you can claim for

Furloughed employees must have been on your PAYE payroll on 28 February 2020, and can be on any type of contract, including:

- full-time employees
- part-time employees
- employees on agency contracts
- employees on flexible or zero-hour contracts
- employees who were made redundant or placed on unpaid leave after 28 February 2020, if rehired

### Employees you cannot claim for

Employees who do not fall under furlough are:

- employees hired after 28 February 2020
- employees undertaking work for the employer/organisation. This includes services or generating revenue
- employees who are working, but on reduced hours or for reduced pay – you will need to agree pay and terms under an amended contract for this (specialist HR or Employment Law advice will need to be obtained).

### Work out what you can claim

At a minimum, employers must pay their employee the lower of 80% of their regular wage or £2,500 per month. An employer can also choose to top up an employee's salary, this would be a direct cost to the employer. Employers are not obliged to top up pay in order to access the reimbursements.

The HMRC Portal opened this week so that businesses can now make their claims for repayment. <https://www.gov.uk/guidance/claim-for-wages-through-the-coronavirus-job-retention-scheme>

### Full time and part time employees

For full-time and part-time salaried employees, the employee's actual salary/pay before tax, as of 28 February 2020 should be used to calculate the 80%. Fees, commission and bonuses are not included.

### Employees whose pay varies

If the employee has been employed (or engaged by an employment business) for a full twelve months prior to the claim, you can claim for the higher of either:

- the same month's earning from the previous year
- average monthly earnings from the 2019-20 tax year

If the employee has been employed for less than a year, you can claim for an average of their monthly earnings since they started work.

If the employee only started in February 2020, use a pro-rata for their earnings so far for the claim.

### Employer National Insurance and pension contributions

All employers remain liable for associated Employer National Insurance Contributions and minimum automatic enrolment employer pension contributions on behalf of their furloughed employees.

You can claim a grant from HMRC to cover wages for a furloughed employee, equal to the lower of 80% of an employee's regular salary or £2,500 per month, plus the associated Employer National Insurance Contributions and minimum automatic enrolment employer pension contributions on paying those wages.

You can choose to provide top-up salary in addition to the grant. Employer National Insurance Contributions and automatic enrolment contribution on any additional top-up salary will not be funded through this scheme. Nor will any voluntary automatic enrolment contributions above the minimum mandatory employer contribution of 3% of income.

### National Living Wage (NLW)/National Minimum Wage (NMW)

Furloughed workers must be paid the lower of 80% of their salary, or £2,500 even if, based on their usual working hours, this would be below NLW/NMW.

### To claim, you will need:

- your ePAYE reference number
- the number of employees being furloughed
- the claim period (start and end date)
- amount claimed (per the minimum length of furloughing of 3 weeks)
- your bank account number and sort code
- your contact name
- your phone number

You will need to calculate the amount you are claiming. HMRC will retain the right to retrospectively audit all aspects of your claim.

### Claim

You can only submit one claim at least every 3 weeks, which is the minimum length of time an employee can be furloughed for. Claims can be backdated until the 1st March 2020, if applicable.

### What does this mean for me?

- You should discuss furloughing with your staff and make any changes to the employment contract by agreement. Specialist HR / Employment Law advice for the change of contract terms will need to be obtained.
- Continue to pay your affected employees at the lower of 80% of their regular wage or £2,500 per month through your payroll.
- Claim a grant from HMRC to cover wages for each furloughed employee, equal to the lower of 80% of an employee's regular salary or £2,500 per month, plus the associated Employer National Insurance Contributions and **minimum** automatic enrolment employer pension contributions on paying those wages. HMRC will issue more guidance on how employers should calculate and process their claims.
- The online service used to claim is not available yet. It is expected to be available by the end of April 2020.

### How WMT can help

We can help with your employee furlough calculations. In order to do so we will need the following information:

- Name of each employee who has been furloughed, the date this took place and an end date, if applicable.
- Name of each employee who has been furloughed, whose pay will exceed the cap of £2,500, however you are topping up their pay.
- Name of each employee who has not been furloughed and confirmation that their pay remains as previously processed through payroll.
- Name of each employee who has agreed to undertake work at reduced hours and pay, along with confirmation of what has been agreed.

To ensure accurate records are kept of furlough pay, we will show this as a separate line entry on an employee's payslip and the reports we issue.

If you wish to maintain control of the furlough calculations, please advise us of the 'furlough pay' so this can be shown on the payslip.

For further assistance, please do not hesitate to contact:

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We look forward to hearing from you and, in the meantime, we wish you and your teams good health.