

15 June 2020



Coronavirus Job Retention Scheme - full guidance

Including all updates announced up to, and including, 12 June 2020

The Government has issued updated guidance in relation to the Coronavirus Job Retention Scheme (the scheme), which was initially announced on 20 March 2020, and updated a number of times since with additional legislation published.

The Job Retention Scheme is a temporary scheme open to all UK employers until the end of July 2020 in its current form but extended to October 2020 with some revisions to its operation from July 2020.

What are the changes to the scheme from 1 July 2020?

From 1 July 2020, employers can bring back to work employees that have previously been furloughed for any amount of time and any shift pattern, while still being able to claim CJRS grant for their normal hours not worked. When claiming the CJRS grant for furloughed hours, employers will need to report and claim for a minimum period of a week.

The scheme will close to new entrants from 30 June. From this point onwards, employers will only be able to furlough employees that they have furloughed for a full 3 week period prior to 30 June.

This means that the final date by which an employer can furlough an employee for the first time will be 10 June, in order for the current 3 week furlough period to be completed by 30 June. Employers will have until 31 July to make any claims in respect of the period to 30 June.

What is changing from 1 August 2020?

From August 2020, the level of government grant provided through the job retention scheme will be slowly tapered to reflect that people will be returning to work. That means that for June and July the government will continue to pay 80% of people's salaries. In the following months, businesses will be asked to contribute towards employees' salaries, but individuals will continue to receive 80% of salary covering the time they are unable to work.

Can you summarise the timeline for the changes to the scheme?

- **June and July:** The government will pay 80% of wages up to a cap of £2,500 as well as employer National Insurance (ER NICs) and pension contributions. Employers are not required to pay anything.
- **August:** The government will pay 80% of wages up to a cap of £2,500. Employers will pay ER NICs and pension contributions – for the average claim, this represents 5% of the gross employment costs the employer would have incurred had the employee not been furloughed.
- **September:** The government will pay 70% of wages up to a cap of £2,187.50. Employers will pay ER NICs and pension contributions and 10% of wages to make up 80% total up to a cap of £2,500. For the average claim, this represents 14% of the gross employment costs the employer would have incurred had the employee not been furloughed.
- **October:** The government will pay 60% of wages up to a cap of £1,875. Employers will pay ER NICs and pension contributions and 20% of wages to make up 80% total up to a cap of £2,500. For the average claim, this represents 23% of the gross employment costs the employer would have incurred had the employee not been furloughed.

Is there more detailed advice in relation to the changes?

Yes, we have set out the changes in more detail in the following document <https://www.unw.co.uk/wp-content/uploads/2020/06/UNW-CJRS-revisions-applying-from-1-July-2020.pdf>.

The scheme originally opened on 20 April 2020 for employers to make grant claims through a new online portal.

The portal can be accessed here: <https://www.gov.uk/guidance/claim-for-wages-through-the-coronavirus-job-retention-scheme>

HMRC has issued a step by step guide here: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/880099/Coronavirus_Job_Retention_Scheme_step_by_step_guide_for_employers.pdf

The scheme is designed to support employers whose operations have been impacted by coronavirus (COVID-19).

Our specific guide containing detailed calculations for the scheme up to 30 June 2020 is here: <https://www.unw.co.uk/wp-content/uploads/2020/06/UNW-CJRS-Illustrative-Examples.pdf>

Our specific guide containing detailed calculations for the scheme from 1 July 2020 is here: <https://www.unw.co.uk/wp-content/uploads/2020/06/UNW-CJRS-Flexible-Furlough-Illustrative-Examples.pdf>

HMRC will check claims made through the scheme. Payments may be withheld or need to be repaid in full to HMRC if the claim is based on dishonest or inaccurate information or found to be fraudulent.

HMRC has put in place an online portal for employees and the public to report suspected fraud in the Coronavirus Job Retention Scheme. Coronavirus Job Retention Scheme grants are not classed as state aid.

1. What are the main points of the Scheme?

Employers will be able to use the online portal to claim a grant for the following wage costs:

- 80% of furloughed employees' (employees on a leave of absence) usual monthly wage costs, up to £2,500 a month; plus
- the associated Employer National Insurance contributions; and
- the minimum automatic enrolment employer pension contributions on that wage.

2. Which employers are eligible for the Scheme?

The scheme is open to all UK employers (including businesses, charities, recruitment agencies and public authorities) who had:

- Furloughed an employee for at least 3 consecutive weeks between 1 March and 30 June 2020
- created and started a PAYE payroll scheme on or before 19 March 2020
- submitted a report under the Real Time Information (RTI) reporting system for a furloughed employee on or before 19 March 2020
- enrolled for PAYE online
- a UK bank account

For employees that meet the criteria above, the number on an employer's claim in any single claim period starting from 1 July cannot exceed the maximum number of employees they claimed for under any claim ending by 30 June.

For example, an employer had previously submitted three claims between 1 March 2020 and 30 June, in which the total number employees furloughed in each respective claim was 30, 20 and 50 employees. Then the maximum number of employees that employer could furlough in any single claim starting on or after 1 July would be 50.

There are some exceptions explained in this guidance for employees returning from parental leave where this cap may not apply.

3. Who can claim the grant?

Any UK organisation with employees can apply, including:

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

Where a company is being taken under the management of an administrator, the administrator will be able to access the Scheme. However, it is expected that an administrator would only access the scheme if there is a reasonable likelihood of rehiring the workers. For instance, this could be as a result of an administration and pursuit of a sale of the business.

4. Are Public Sector organisations eligible?

The government expects that the scheme will not be used by many public sector organisations, as most public sector employees are continuing to provide essential public services or contribute to the response to the coronavirus outbreak.

5. What about those employers who receive public funding?

Where employers receive public funding for staff costs (even if they are not in the public sector), employers are expected to use that money to continue to pay employees and not furlough those employees.

Organisations can use the scheme if they are not fully funded by public grants and they should contact their sponsor department or respective administration for further guidance.

6. Are individuals eligible to access the scheme?

Individuals can furlough employees, such as nannies, provided they pay them through PAYE and they were on their payroll on, or before, 19 March 2020.

7. Which employees can an employer claim for?

Furloughed employees **must have been on the employer's payroll on or before 19 March 2020**, and which were notified to HMRC on an RTI submission on or before 19 March 2020.

This means an RTI submission notifying payment in respect of that employee to HMRC, must have been made on or before 19 March 2020. If an employer had employees that were employed on 28 February 2020 but not on 19 March 2020, please see the section below on employees who were made redundant or stopped working for them after 28 February 2020.

The following table illustrates the main outcomes:

Was the employee employed with the employer as of this date?	Date RTI submission notifying payment was made to HMRC	Eligible for CJRS?
28 February 2020	On or before 28 February 2020	Yes
28 February 2020	On or before 19 March 2020	Yes
28 February 2020	On or after 20 March 2020	No
19 March 2020	On or before 19 March 2020	Yes
19 March 2020	On or after 20 March 2020	No
On or after 20 March 2020	On or after 20 March 2020	No

What are the changes after 1 July?

From 1 July, only employees that an employer has successfully claimed a previous Coronavirus Job Retention Scheme grant for will be eligible for further grants under the scheme. This means they must have previously been furloughed for at least 3 consecutive weeks taking place any time between 1 March 2020 and 30 June. The last day an employee could have started furlough for the first time was 10 June.

Employers will have until 31 July to make any claims for claim periods up to 30 June.

The number of employees an employer can claim for in any claim period starting from 1 July 2020 cannot exceed the maximum number of employees they claimed for under any claim ending by 30 June 2020. This may differ where the employer has an employee returning from statutory parental leave.

What if the employer made employees redundant or they stopped working for on or after 28 February?

If an employer made employees redundant, or they stopped working on or after 28 February 2020, the employer would have been eligible to re-employ them and put them on furlough as long as you did this by 10 June. The employer can claim for their wages from the date on which they were furloughed, even if the employer did not re-employ them until after 19 March 2020.

This applies as long as the employee was on the employer's PAYE payroll as at 28 February 2020, which means an RTI submission notifying payment in respect of that employee to HMRC must have been made on or before 28 February 2020.

From 1 July an employee is eligible to be claimed for under the scheme, if the employer has previously submitted a claim for them in relation to a furlough period of at least 3 consecutive weeks taking place any time between 1 March 2020 and 30 June.

If your employee stopped working for the employer and was on a fixed term contract, please also refer to the section “What if the employee is on a fixed term contract?” below.

What if the employer made employees redundant or they stopped working for them on or after 19 March 2020?

If the employer made employees redundant, or they stopped working on or after 19 March 2020, the employer would have been eligible to re-employ them and put them on furlough as long as they did this by 10 June. The employer can claim for their wages through the scheme from the date on which they were furloughed.

This applies as long as the employee was on the employer’s PAYE payroll on or before 19 March 2020. This means an RTI submission notifying payment in respect of that employee to HMRC must have been made on or before 19 March 2020.

From 1 July an employee is eligible to be claimed for under the scheme, if the employer has previously submitted a claim for them in relation to a furlough period of at least 3 consecutive weeks taking place any time between 1 March 2020 and 30 June.

If the employee stopped working for the employer and was on a fixed term contract, please also refer to the section ‘If your employee is on a fixed term contract’ below.

What type of employees can be furloughed?

Furloughed employees can be on any type of contract, including:

- full-time employees;
- part-time employees;
- employees on agency contracts; and
- employees on flexible or zero-hour contracts

Foreign nationals are eligible to be furloughed. Grants under the scheme are not counted as ‘access to public funds’, and employers can furlough employees on all categories of visa.

8. What is the minimum furlough period?

Until 1 July, any employees placed on furlough must be furloughed for a minimum of 3 consecutive weeks. When they return to work, they must be taken off furlough. Employees can be furloughed more than once, but they must be furloughed for a minimum of 3 consecutive weeks each time they are furloughed.

From 1 July, agreed flexible furlough agreements can last any amount of time. Employees can enter into a flexible furlough agreement more than once.

Where a previously furloughed employee starts a new furlough period before 1 July this furlough period must be for a minimum of 3 consecutive weeks. This is the case regardless of whether the 3 consecutive week minimum period ends before or after 1 July.

For example, a previously furloughed employee can start a new furlough period on 22 June which would have to continue for at least 3 consecutive weeks ending on or after 12 July. After this, the employee can then be flexibly furloughed for any period. However, after 1 July, employers cannot make claims that cross calendar months, so the employer will need to make a separate claim for the period up to 30 June.

Although flexible furlough agreements can last any amount of time, unless otherwise specified the period that an employer can claim for must be for a minimum claim period of 7 calendar days.

How does an employer decide the length of their claim period?

The claim period is made up of the days the employer is claiming a grant for. The start date of the first claim period is the date the first employee was furloughed. Employers can backdate their claim to 1 March 2020 where employees have already been furloughed from that date.

There is no maximum length for claim periods that end on or before 30 June. However, claims for any periods starting before 1 July must end on or before 30 June. This is the case even where an employee furloughed in June continues to be furloughed full time in July. Separate claims will need to be submitted to cover the days in June and the days in July that an employer wants to claim for, even if employees are furloughed continuously. This may mean that an employer’s claim periods will differ from the pay periods they use.

What if the pay period includes days in more than one month?

From 1 July, the scheme rules will change each month. This means that claim periods starting on or after 1 July must start and end within the same calendar month.

If the pay period includes days in more than one month, the employer will need to submit separate claims covering the days that fall into each month. The employer should calculate each of those claims separately. Claim periods cannot overlap, so the employer will need to make sure they include all of the employees they want to claim for in each claim they make.

Examples:

a) Example of a pay period spanning June and July

Employee has a weekly pay period which ends each Friday. For their pay period 27 June to 3 July 2020 the employer will need to submit two separate claims. The employer can choose how to deal with the two parts:

- 27 to 30 June (which can be a claim on its own or the employer can combine into a single claim with the previous week, claiming for 20 to 30 June)
- 1 to 3 July (which can be a claim on its own because it immediately follows the previous claim ending 30 June, or the employer can combine it into a single claim with the following week, claiming for 1 to 10 July)

b) Example of a pay period spanning July and August

Employee has a 4-week pay period which falls 20 July to 16 August. The employer cannot claim for this as a single period so makes two separate claims:

- 20 to 31 July; and
- 1 to 16 August

How does an employer work out their employee's usual hours and furloughed hours?

If the employee is fully furloughed, the employer does not need to work out their usual and furloughed hours and the employer should work out the maximum wage amount. An employee is fully furloughed if they do not do any work for the employer during the claim period.

If the employee is flexibly furloughed, the employer will need to work out their employee's usual hours and record the actual hours they work as well as their furloughed hours for each claim period.

There are two different calculations the employer can use to work out their employee's usual hours, depending on whether they work fixed or variable hours.

The employer should work out work out usual hours for employees who work variable hours, if either:

- the employee is not contracted to a fixed number of hours
- the employee's pay depends on the number of hours they work

If neither of these apply, the employer should work out their employee's usual hours for an employee who is contracted for a fixed number of hours.

The employee's working pattern does not have to match their pay period (for example, an employee could be contracted to 40 hours a week but be paid monthly).

Is there more detail on how to work this out?

a) employee who is contracted for a fixed number of hours and whose pay does not vary according to the number of hours they work

Employers need to calculate the usual hours for each pay period, or part of a pay period, that falls within the claim period.

To calculate the number of usual hours for each pay period (or partial pay period):

- Start with the hours the employee was contracted for at the end of the last pay period ending on or before 19 March 2020.
- Divide by the number of calendar days in the repeating working pattern, including non-working days.
- Multiply by the number of calendar days in the pay period (or partial pay period) the employer is claiming for.
- Round up to the next whole number if the outcome is not a whole number.

If an employee with fixed hours was on annual leave, off work sick or on family related statutory leave at any time during the last pay period ending on or before 19 March, the usual hours should be calculated as if the employee had not taken that leave.

b) employee's usual hours for an employee who works variable hours

Where the pay varies by the amount of time worked, the employer will have shown the number of hours worked on their employees' payslips in line with legislation introduced by BEIS in April 2019 (Employment Rights Act 1996, section 8). The employer is therefore likely to have records of the number of hours worked.

The 'usual hours' in this case will be calculated based on the higher of either:

- the average number of hours worked in the tax year 2019 to 2020; or
- the corresponding calendar period in the tax year 2019 to 2020

The employer would need to calculate the usual hours for each pay period, or part of a pay period, that falls within the claim period.

When calculating the usual hours, the employer should include:

- any hours of leave for which the employee was paid their full contracted rate (such as annual leave)
- any hours worked as 'overtime', but only if the pay for those hours was not discretionary

Average number of hours

To work out the usual hours for each pay period (or partial pay period) based on the average number of hours worked in the tax year 2019 to 2020:

1. Start with the number of hours worked (including paid leave) in the tax year 2019 to 2020 before the employee was furloughed, or the end of the tax year if earlier;
2. Divide by the number of calendar days the employee was employed in the tax year 2019 to 2020, up until the day before they were furloughed, or the end of the tax year if earlier;
3. Multiply by the number of calendar days in the pay period (or partial pay period) for the claim;
4. Round up to the next whole number if the outcome is not a whole number.

Corresponding calendar period

To work out the usual hours for a pay period or partial pay period based on the corresponding calendar period in the tax year 2019 to 2020:

1. Identify the pay periods in the 2019 to 2020 tax year that correspond to at least one calendar day in the pay period (or partial pay period) of the claim;
2. If the pay period (or partial pay period) the employer is claiming for starts and ends on the same calendar days as the identified pay period in the 2019 to 2020 tax year - use the number of hours they worked in that pay period.
3. If the pay period (or partial pay period) the employer is claiming for does not start and end on the same calendar days as the identified pay periods in the 2019 to 2020 tax year – the employer will need to add together a proportion of the hours worked in each of the pay periods they have identified.

c) employee's usual hours if they are paid per task or piece of work done

The employer should work out the usual hours for these employees in the same way as for other employees who work variable hours, if possible.

If the employer does not know what hours the employee worked, they can estimate the hours based on the number of 'pieces' they produced and the average rate of work per hour (which they should already have worked out to comply with National Minimum Wage rules).

d) Calculating the number of working and furloughed hours for each employee

The employer will have agreed how many hours their flexibly furloughed employee is going to work in the claim period. They will be furloughed for the rest of their usual hours.

To calculate the number of furloughed hours:

- Start with the employee's usual hours.
- Subtract the number of hours they actually worked in the claim period – even if this is different to what was agreed.

If the employer claims in advance and their employee works for more hours than agreed, then the employer will have to pay some of the grant back to HMRC. This means that the employer should not claim until they have certainty about the number of hours their employees are working during the claim period.

How does an employer deal with claims for periods ending on or before 30 June 2020?

Claim periods starting on or after 1 July must start and end within the same calendar month and must last at least 7 days unless an employer is claiming for the first few days or the last few days in a month. An employer can only claim for a period of fewer than 7 days if the period they are claiming for includes either the first or last day of the calendar month, and they have already claimed for the period ending immediately before it.

The employer should match their claim period to the dates they process their payroll, if they can. An employer can only make one claim for any period so they must include all their furloughed or flexibly furloughed employees in one claim even if they pay them at different times. If they make more than one claim, their subsequent claim cannot overlap with any other claim that they make. Where employees have been furloughed or flexibly furloughed continuously (or both), the claim periods must follow on from each other with no gaps in between the dates.

Employers can claim before, during or after they process their payroll; they can usually make their claim up to 14 days before their claim period end date and do not have to wait until the end of a claim period to make their next claim. Claims for periods after 30 June can be made from 1 July.

When claiming for employees who are flexibly furloughed employers should not claim until they are sure of the exact number of hours they will have worked during the claim period. This means that employers should claim when they have certainty about the number of hours their employees are working during the claim period. If an employer claims in advance and their employee works for more hours than they have included in the claim, then the employer will have to pay some of the grant back to HMRC.

9. Can an employee continue working once furloughed?

During hours which an employee is recorded as being on furlough, an employer cannot ask their employee to do any work for them that:

- makes money for their organisation or any organisation linked or associated with their organisation; and/or
- provides services for their organisation or any organisation linked or associated with their organisation.

The employee can:

- take part in training;
- volunteer for another employer or organisation;
- work for another employer (if contractually allowed)

What if the employee is working reduced hours?

For claim periods up to 30 June if an employee is working, but on reduced hours, or for reduced pay, they will not be eligible for this scheme.

For claim periods starting after 1 July, employers can bring furloughed employees back to work for any amount of time and any shift pattern, while still being able to claim Coronavirus Job Retention Scheme grant for the hours not worked. This only applies where you have previously submitted a claim for the employee in relation to a furlough period of at least 3 consecutive weeks taking place any time between 1 March 2020 and 30 June.

10. Does the employer need the agreement of employees?

Employers should discuss with their employees and make any changes to the employment contract by agreement. When employers are making decisions in relation to the process, including deciding who to offer furlough to, equality and discrimination laws will apply in the usual way.

To be eligible for the grant, employers must have confirmed to their employee (or reached collective agreement with a trade union) in writing that they have been furloughed.

Employers must:

- make sure that the agreement is consistent with employment, equality and discrimination laws
- keep a written record of the agreement for five years
- keep records of how many hours their employees work and the number of hours they are furloughed (i.e. not working)

A record of this communication must be kept for five years.

The employee does not have to provide a written response and the employer does not need to place all their employees on furlough.

Prior to 1 July 2020, employees on furlough cannot undertake any work for the employer other than training. From 1 July, employers will be able to:

- only be able to claim for employees who have previously been furloughed for at least 3 consecutive weeks taking place any time between 1 March 2020 and 30 June;
- be able to flexibly furlough employees – this means employers can bring their employees back to work for any amount of time, and any work pattern;
- still be able to claim the furlough grant for the hours their flexibly furloughed employees do not work, compared to the hours they would normally have worked in that period.

Do the new rules for flexible furlough change anything in terms of employee agreement?

If an employer flexibly furloughs employees, the employer will need to agree this with the employee (or reach collective agreement with a trade union) and keep a new written agreement that confirms the new furlough arrangement.

The employer will need to:

- make sure that the agreement is consistent with employment, equality and discrimination laws;
- keep a written record of the agreement for five years; and
- keep records of how many hours the employees work and the number of hours they are furloughed (i.e. not working).

Employers do not need to place all their employees on furlough and they can continue to fully furlough employees if they wish. Employees cannot undertake any work for the employer during time that they record as them being on furlough.

11. Can apprentices be furloughed?

Apprentices can be furloughed in the same way as other employees and they can continue to train whilst furloughed.

However, employers must pay their Apprentices at least the Apprenticeship Minimum Wage, National Living Wage or National Minimum Wage (AMW/NLW/NMW) as appropriate for all the time they spend training. This means employers must cover any shortfall between the amount they can claim for their wages through this scheme and their appropriate minimum wage.

Specific guidance is available for changes in apprenticeship learning arrangements because of COVID-19, depending on whether the employer is in England, Scotland, Wales or Northern Ireland.

12. What happens if the employee is on unpaid leave?

If an employee started unpaid leave after 28 February 2020, the employer would have been eligible to put them on furlough instead as long as they did this by 10

June for a minimum period of at least 3 consecutive weeks taking place any time between 1 March 2020 and 30 June. If the employer put them on furlough then they should pay them at least 80% of their regular wages for hours which they record them as being on furlough, up to the monthly cap of £2500.

If an employee went on unpaid leave on or before 28 February, they cannot furlough them until the date on which it was agreed they would return from unpaid leave. The final date by which an employer could furlough an employee for the first time was 10 June.

13. What happens if the employee is self-isolating or on sick leave?

If an employee is on sick leave or self-isolating as a result of Coronavirus, they will be able to get [Statutory Sick Pay](#), subject to other eligibility conditions applying. The Coronavirus Job Retention Scheme is not intended for short-term absences from work due to sickness.

Short term illness/self-isolation should not be a consideration in deciding whether to furlough an employee. If, however, employers want to furlough employees for business reasons and they are currently off sick, they are eligible to do so, as with other employees. In these cases, the employee should no longer receive sick pay and would be classified as a furloughed employee. Such an employee can continue to be furloughed from 1 July so long as the employer has previously submitted a claim for them in relation to a furlough period of at least 3 consecutive weeks taking place any time between 1 March 2020 and 30 June.

Employers are also entitled to furlough employees who are being shielded or off on long-term sick leave. It is up to employers to decide whether to furlough these employees. Such an employee can continue to be furloughed from 1 July so long as they have previously submitted a claim for them in relation to a furlough period of at least 3 consecutive weeks taking place any time between 1 March 2020 and 30 June.

Employers can claim back from both the Coronavirus Job Retention Scheme and the SSP rebate scheme for the same employee but not for the same period of time. When an employee is on furlough, the employer can only reclaim expenditure through the Coronavirus Job Retention Scheme, and not the SSP rebate scheme. If a non-furloughed employee becomes ill due to coronavirus, needs to self-isolate or be shielded, then the employer might qualify for the SSP rebate scheme, enabling them to claim up to two weeks of SSP per employee.

14. What about Employees who are shielding?

Employees who are unable to work because they are shielding in line with public health guidance (or need

to stay home with someone who is shielding) can be furloughed. Such an employee can continue to be furloughed from 1 July so long as the employer has previously submitted a claim for them in relation to a furlough period of at least 3 consecutive weeks taking place any time between 1 March 2020 and 30 June.

15. What happens if an employee becomes sick while furloughed?

Furloughed employees retain their statutory rights, including their right to Statutory Sick Pay. This means that furloughed employees who become ill must be paid at least Statutory Sick Pay. Subject to eligibility this includes those self-isolating or shielding because of Coronavirus. It is up to employers to decide whether to move these employees onto Statutory Sick Pay or to keep them on furlough, at their furloughed rate.

If a furloughed employee who becomes sick is moved onto SSP, employers can no longer claim for the furloughed salary. Employers are required to pay SSP themselves, although may qualify for a rebate for up to 2 weeks of SSP. If employers keep the sick furloughed employee on the furloughed rate, they remain eligible to claim for these costs through the furloughed scheme. Such an employee can continue to be furloughed from 1 July so long as the employer has previously submitted a claim for them in relation to a furlough period of at least 3 consecutive weeks taking place any time between 1 March 2020 and 30 June.

16. How do you treat Employees with caring responsibilities?

Employees who are unable to work because they have caring responsibilities resulting from coronavirus (COVID-19) can be furloughed. For example, employees that need to look after children can be furloughed. Such an employee can continue to be furloughed from 1 July so long as the employer has previously submitted a claim for them in relation to a furlough period of at least 3 consecutive weeks taking place any time between 1 March 2020 and 30 June.

17. What if the employee has more than one job?

If the employee has more than one employer, they can be furloughed for each job. Each job is separate, and the cap applies to each employer individually. Employees can be furloughed in one job and receive a furloughed payment but continue working for another employer and receive their normal wages.

What if the employee has had multiple employers over the last year?

If an employee has had multiple employers over the past year, has only worked for one of them at any one time, and is being furloughed by their current employer,

their former employer/s should not re-employ them, put them on furlough and claim for their wages through the scheme.

18. What if the employee is on a fixed term contract?

For an employee on a fixed term contract, the employer would have been able to re-employ them and put them on furlough as long as they did this by 10 June, and if either:

- their contract expired after 28 February 2020 and an RTI payment submission for the employee was notified to HMRC on or before 28 February 2020
- their contract expired after 19 March 2020 and an RTI payment submission for the employee was notified to HMRC on or before 19 March 2020

If the employee's fixed term contract has not already expired, it can be extended, or renewed. An employer can claim for them if an RTI payment submission for the employee was notified to HMRC on or before 19 March 2020.

From 1 July an employee is eligible to be claimed for under the scheme, if the employer has previously submitted a claim for them in relation to a furlough period of at least 3 consecutive weeks taking place any time between 1 March 2020 and 30 June.

Employees that started and ended the same contract between 28 February 2020 and 19 March 2020 will not qualify for this scheme. This is not specific to employees on fixed-term contracts, the same would apply to employees on all other contracts.

19. Can you include any workers who are not classed as "employees"?

As well as employees, the grant can be claimed for any of the following groups, if they are paid via PAYE:

- office holders (including company directors)
- salaried members of Limited Liability Partnerships (LLPs)
- agency workers (including those employed by umbrella companies)
- limb (b) workers

The guidance below sets out specific considerations for those individuals who are paid via PAYE, but who are not necessarily employees in employment law. Such individuals can continue to be furloughed from 1 July so long as the employer has previously submitted a claim for them in relation to a furlough period of at least 3 consecutive weeks taking place any time between 1 March 2020 and 30 June.

A) Office Holders

Office holders can be furloughed and receive support through this scheme. The furlough, and any ongoing

payment during furlough, will need to be agreed between the office holder and the party who operates PAYE on the income they receive for holding their office. Where the office holder is a company director or member of a Limited Liability Partnership (LLP), the furlough arrangements should be adopted formally as a decision of the company or LLP.

B) Company Directors

As office holders, salaried company directors are eligible to be furloughed and receive support through this scheme. Company directors owe duties to their company which are set out in the Companies Act 2006. Where a company (acting through its board of directors) considers that it is in compliance with the statutory duties of one or more of its individual salaried directors, the board can decide that such directors should be furloughed. Where one or more individual directors' furlough is so decided by the board, this should be formally adopted as a decision of the company, noted in the company records and communicated in writing to the director(s) concerned.

Where furloughed directors need to carry out particular duties to fulfil the statutory obligations they owe to their company, they may do so provided they do no more than would reasonably be judged necessary for that purpose, for instance, they should not do work of a kind they would carry out in normal circumstances to generate commercial revenue or provides services to or on behalf of their company.

This also applies to salaried individuals who are directors of their own personal service company (PSC).

Company directors with an annual pay period

Those paid annually are eligible to claim, as long as they meet the relevant conditions. This includes being notified to HMRC on an RTI submission on or before 19 March 2020, which relates to a payment of earnings in the 2019/2020 tax year. The requirement for there to be payment of earnings in the 2019/2020 tax year applies for any employee being claimed for under the scheme, irrespective of how frequently they are paid (e.g. weekly, fortnightly or monthly). This will be relevant for those on an annual pay period if the last payment notified to RTI was before 5 April 2019 and no further payments were notified until after 19 March 2020.

An employer can make their claim in anticipation of an imminent payroll run, at the point they run their payroll or after they have run their payroll.

C) Salaried Members of Limited Liability Partnerships (LLPs)

Members of LLPs who are designated as employees for tax purposes ('salaried members') under the Income Tax (Trading and Other Income) Act (ITTOIA) 2005 are eligible to be furloughed and receive support through this scheme.

The rights and duties of a member of an LLP are set out in an LLP agreement and in the absence of an agreement, default provisions in the LLP Act 2000, based upon company and partnership law. Such an agreement may include separate agreement between the LLP and an individual member setting out the terms applicable to that member's relationship with the LLP.

To furlough a member, the terms of the LLP agreement (or any such agreement between the LLP and the member) may need to be varied by a formal decision of the LLP, for example to reflect the fact that the member will perform no work in the LLP for the period of furlough, and the effect of this on their remuneration from the LLP. For an LLP member who is treated as being employed by the LLP (in accordance with s863A of ITTOIA 2005), the reference salary for this scheme is the LLP member's profit allocation, excluding any amounts which are determined by the LLP member's performance, or the overall performance of the LLP.

D) Agency Workers (including those employed by umbrella companies)

Where agency workers are paid through PAYE, they are eligible to be furloughed and receive support through this scheme, including where they are employed by umbrella companies.

Furlough should be agreed between the agency, as the deemed employer, and the worker, though it would be advised to discuss the need to furlough with any end clients involved. As with employees, agency workers should perform no work for, through or on behalf of the agency that has furloughed them while they are furloughed, including for the agency's clients.

Where an agency supplies clients with workers who are employed by an umbrella company that operates the PAYE, it will be for the umbrella company and the worker to agree whether to furlough the worker or not.

E) Limb (b) Workers

Where Limb (b) Workers are paid through PAYE, they can be furloughed and receive support through this scheme.

Those who pay tax on their trading profits through Income Tax Self-Assessment, may instead be eligible for the Self-Employed Income Support Scheme (SEISS), announced by the Chancellor on 26 March 2020.

20. Are there any rules for contingent workers in the public sector?

The Cabinet Office has issued guidance on how payments to suppliers of contingent workers impacted by COVID-19 should be dealt with where the party receiving the contingent worker's services is a Central Government Department, an Executive Agency of a Central Government Department or a Non-Departmental Public Body. The guidance is here:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/877221/PPN02_20-Contingent-Workers-Impacted-by-Covid-19-2.pdf

This guidance applies to agency workers paid through PAYE, as well as those paid through umbrella companies on PAYE and off-payroll workers supplying their services through a Personal Service Company (PSC).

21. Are there any specific rules which apply to contractors with public sector engagements in scope of IR35 off-payroll working rules (IR35)?

Public sector bodies will follow the Crown Commercial Services guidance in the vast majority of cases. In a small number of cases, for example where organisations are not primarily funded by the government and whose staff cannot be redeployed to assist with the coronavirus response, it may be appropriate to claim under the CJRS. Contractors who are deemed employees according to the off-payroll working rules might be eligible for this scheme.

In this scenario, if the public sector organisation wished to furlough a contractor, they would have to confirm this with both the contractor's Personal Service Company (PSC) and the fee-payer (as set out in the off-payroll working rules, usually the agency paying the contractor's PSC). It should be formally agreed between these parties that the contractor is to do no work for the public sector organisation during their period of furlough.

The fee-payer would be able to apply for the furlough payment of 80% of the monthly contract value, up to a maximum of £2,500, as well as the employer NICs on that subsidised wage. The fee-payer would then pay at least the amount of wage-grant received to the PSC and report the payment via PAYE using the contractor's details, making the usual tax and National Insurance contributions (NICs) deductions for contracts in scope of the off-payroll rules. The PSC would then be required to report the amount it pays to the contractor as deemed employment income via PAYE using box 58A on the PAYE Real Time Information return.

Where a contractor is continuing to receive payments from a public sector client (including through the CJRS or other any other scheme), income from this client should be excluded from any calculation of the reference pay for the purposes of the CJRS if the contractor also decides to furlough themselves as an employee or director of their own company.

22. What if an employee transfers under TUPE or on a change in ownership?

A new employer is eligible to claim under the CJRS in respect of the employees of a previous business transferred after 28 February 2020 if either the TUPE or

PAYE business succession rules apply to the change in ownership. A new employer is also eligible to claim under CJRS in respect of the employees associated with a transfer of a business after 28 February 2020 from the liquidator of a company in compulsory liquidation where TUPE would have applied were it not for the company being in compulsory liquidation. In order to claim in these circumstances, the new employer needs to have previously submitted a claim for the employees in relation to a furlough period of at least 3 consecutive weeks taking place any time between 1 March 2020 and 30 June.

A new employer is also eligible to claim under the CJRS in respect of the employees of a previous business transferred after 10 June 2020 as long as:

- the TUPE or PAYE business succession rules apply to the change in ownership.
- the employees being claimed for have previously had a claim submitted for them by their prior employer in relation to a furlough period of at least 3 consecutive weeks taking place any time between 1 March 2020 and 30 June

In these circumstances, the maximum number of employees that the new employer can claim for will be the total of both:

- the maximum number of employees the new employer claimed for in any one claim ending on or before 30 June
- the number of employees that are being transferred to the new employer which have had a claim submitted for them in relation to a furlough period of at least 3 consecutive weeks taking place any time between 1 March 2020 and 30 June. This is subject to the maximum cap the previous employer was subject to.

A new employer is also eligible to claim under CJRS in respect of the employees associated with a transfer of a business after 10 June 2020 from the liquidator of a company in compulsory liquidation where:

- TUPE would have applied were it not for the company being in compulsory liquidation.
- the employees being claimed for have been furloughed and had a claim submitted for them by their prior employer in relation to a period of at least 3 consecutive weeks taking place any time between 1 March 2020 and 30 June 2020.

In these circumstances, the maximum number of employees that the new employer can claim for will be the total of both:

- the maximum number of employees the new employer claimed for in any one claim ending on or before 30 June and
- the number of employees that are being transferred

to the new employer which have had a claim submitted for them by their prior employer in relation to a furlough period of at least 3 consecutive weeks taking place any time between 1 March 2020 and 30 June 2020. This is subject to the maximum cap the previous employer was subject to.

Specific advice should be taken on both the TUPE rules and the rules on business succession.

23. Are there any rules applicable to payroll consolidation?

Where a group of companies have multiple PAYE schemes and there is a transfer of all employees from these schemes into a new consolidated PAYE scheme after 28 February 2020, the new scheme will be eligible to furlough those employees and claim the grants available under the CJRS. In order to claim in these circumstances, the new employer needs to have previously submitted a claim for them in relation to a furlough period of at least 3 consecutive weeks taking place any time between 1 March 2020 and 30 June.

In addition, where a group of companies have multiple PAYE schemes and there is a transfer of all employees from these schemes into a new consolidated PAYE scheme after 10 June 2020, the new scheme will be eligible to continue to furlough and claim for employees that have previously had a claim submitted for them in relation to a furlough period of at least 3 consecutive weeks taking place any time between 1 March 2020 and 30 June.

In these circumstances the maximum number of employees that an employer can claim for under the consolidated scheme will be the total of the maximum numbers of employees under a single claim in each scheme that is being consolidated.

24. Can the employee do volunteer work?

A furloughed employee can take part in volunteer work during hours which the employer records their employee as being on furlough as long as it is for another employer or organisation.

25. Can a furloughed worker undertake training?

Furloughed employees can engage in training during hours which the employer records their employee as being on furlough, as long as in undertaking the training the employee does not provide services to, or generate revenue for, or on behalf of their organisation or a linked or associated organisation. Furloughed employees should be encouraged to undertake training.

Where training is undertaken by furloughed employees during hours which the employer records their employee as being on furlough, at the request of their employer, they are entitled to be paid at least their

appropriate national minimum wage for this time. In most cases, the furlough payment of 80% of an employee's regular wage, up to the value of £2,500, will provide sufficient monies to cover these training hours. However, where the time spent training attracts a minimum wage entitlement in excess of the furlough payment, employers will need to pay the additional wages (see National Minimum Wage Section for more details).

26. Can a furloughed employee work as a union or non-union representative or as a pension trustee?

During hours which the employee is recorded as being on furlough, employees who are union or non-union representatives may undertake duties and activities for the purpose of individual or collective representation of employees or other workers. However, in doing this, they must not provide services to or generate revenue for, or on behalf of their organisation or a linked or associated organisation.

During hours which the employee is recorded as being on furlough, employees who are pension scheme trustees or trustee directors of a corporate trustee may undertake trustee duties in relation to the pension scheme. However, a professional, independent pension scheme trustee who has been furloughed by the independent trustee company cannot undertake trustee work that would provide services to or generate revenue for, or on behalf of, the independent trustee company or any organisation linked or associated with that independent trustee company during hours which they are recorded as being on furlough.

27. If your employee has returned from maternity, shared parental, adoption, paternity or parental bereavement leave after 10 June

Employers can furlough an employee returning from statutory parental leave after 10 June even if they are furloughing them for the first time. Employers may do this provided that:

- they have previously submitted a claim for any other employee in their organisation in relation to a furlough period of at least 3 consecutive weeks taking place any time between 1 March 2020 and 30 June;
- the employee who will be furloughed for the first time started maternity, shared parental, adoption, paternity and parental bereavement leave before 10 June and has returned from that leave after 10 June;
- the employee was on the employer's PAYE payroll on or before 19 March 2020. This means an RTI submission notifying payment in respect of that employee to HMRC must have been made on or before 19 March 2020

When calculating the maximum number of employees an employer can claim for, the number of employees they are furloughing for the first time due to them returning from parental leave should be added to any previous maximum. This means the maximum number of employees the employer can claim for in these circumstances, is the maximum the employer claimed for in any one claim before 30 June, plus any employees that they are furloughing for the first time due to them returning from parental leave.

This means the maximum number of employees the employer can claim for in these circumstances, is the maximum they claimed for in any one claim before 30 June, plus any employees that they are furloughing for the first time due to them returning from parental leave.

28. What if the employee is on maternity leave, contractual adoption pay, paternity pay or shared parental pay?

The normal rules for maternity and other forms of parental leave and pay apply.

However, an employer may need to calculate their employee's average weekly earnings differently, if the employee was furloughed and then started leave on or after 25 April 2020 for:

- maternity pay
- adoption pay
- paternity pay
- shared parental pay
- parental bereavement pay

An employer can claim through the scheme for enhanced (earnings related) contractual pay for employees who qualify for either:

- maternity pay
- adoption pay
- paternity pay
- shared parental pay
- parental bereavement pay

29. What if the employee is receiving Maternity Allowance?

If the employee is receiving Maternity Allowance while they are on maternity leave, they should not get furlough pay at the same time.

If an employee has agreed to be put on furlough, they should contact Jobcentre Plus to stop their Maternity Allowance payments.

If an employee agrees to be put on furlough and end their maternity leave early, they will need to give their employer at least 8 weeks' notice and they will not be eligible for furlough pay until the end of the 8 weeks.

30. What can an employer claim?

Please also see our additional guides here: <https://www.unw.co.uk/wp-content/uploads/2020/06/UNW-CJRS-Illustrative-Examples.pdf> (for the initial period to 30 June 2020) and here: <https://www.unw.co.uk/wp-content/uploads/2020/06/UNW-CJRS-Flexible-Furlough-Illustrative-Examples.pdf> (for the period from 1 July to 30 October 2020)

Please also see HMRC's calculator here: <https://www.tax.service.gov.uk/job-retention-scheme-calculator/?ga=2.202709522.2050774900.1587296850-897895567.1583936378>

An employer can claim for:

- 80% of their employees' wages (even for employees on National Minimum Wage) - up to a maximum of £2,500 per month. Employers cannot claim for the worker's previous salary; plus
- Employers National Insurance contributions that are paid on the subsidised furlough pay; plus
- minimum automatic enrolment employer pension contributions on the subsidised wage up to the level of the minimum automatic enrolment employer contribution. The maximum level of grant for employer pension contributions on subsidised furlough pay is set in line with the minimum automatic enrolment employer contribution of 3% on qualifying earnings. Grants for pension contributions can be claimed up to this cap provided the employer will pay the whole amount claimed to a pension scheme for the employee as an employer contribution.

From 1 August, the level of the grant will be slowly reduced. No grant will be available for Class 1 employer NICs or pension contributions from 1 August although these contributions will remain payable by the employer.

From September 1, employers will also be asked to contribute towards the cost of their furloughed employees' wages to ensure they continue to receive at least 80% of their wages for the time they're on furlough.

Employers can choose to top up their employee's salary, but they do not have to. Employees must not work or provide any services for the business while furloughed, even if they receive a top-up salary.

Claims should be started from the date that the employee finishes work and starts furlough, not when the decision is made, or when they are written to, confirming their furloughed status.

What should an employer include when calculating wages?

The amount an employer should use when calculating 80% of their employees' wages is regular payments

they are obliged to make, including:

- regular wages paid to employees
- non-discretionary payments for hours worked, including overtime
- non-discretionary fees
- non-discretionary commission payments
- piece rate payments

An employer cannot include the following when calculating wages:

- payments made at the discretion of the employer or a client - where the employer or client was under no contractual obligation to pay, including:
 - discretionary bonuses
 - discretionary commission payments
 - non-cash payments
 - non-monetary benefits like benefits in kind (such as a company car) and salary sacrifice schemes (including pension contributions) that reduce an employees' taxable pay

The entirety of the grant received to cover an employee's subsidised furlough pay must be paid to them in the form of money. No part of the grant should be netted off to pay for the provision of benefits or a salary sacrifice scheme.

Where the employer provides benefits to furloughed employees, including through a salary sacrifice scheme, these benefits should be in addition to the wages that must be paid under the terms of the Job Retention Scheme.

Normally, an employee cannot switch freely out of a salary sacrifice scheme unless there is a life event. HMRC agrees that COVID-19 counts as a life event that could warrant changes to salary sacrifice arrangements if the relevant employment contract is updated accordingly.

What is included as being non-discretionary payments?

When an employer is working out if a payment is non-discretionary, they should only include payments which they have a contractual obligation to pay and to which their employee had an enforceable right.

When variable payments are specified in a contract and those payments are always made, then those payments may become non-discretionary. If that is the case, they should be included when calculating 80% of an employees' wages.

What about non-discretionary overtime payments?

If an employee has been paid variable payments due to working overtime, the employer can include these

payments when calculating 80% of their wages as long as the overtime payments were non-discretionary.

Payments for overtime worked are non-discretionary when the employer is contractually obliged to pay the employee at a set and defined rate for the overtime that they have worked.

a) Full or part time employees on a salary

Claim for the 80% of the employee's salary, as in their last pay period prior to 19 March 2020.

It is confirmed that if, based on previous guidance, an employer has calculated their claim based on the employee's salary as at 28 February 2020 (and this differs from their salary in their last pay period prior to 19 March 2020) the employer can choose to still use this calculation for their first claim.

b) Employees whose pay varies

If the employee has been employed for 12 months or more, the employer can claim the highest of either the:

- same month's earning from the previous year; and
- average monthly earnings for the 2019-2020 tax year

If the employee has been employed for less than 12 months, claim for 80% of their average monthly earnings since they started work until the date they are furloughed.

If the employee has been employed for less than a month, work out a pro rata for their earnings so far, and claim for 80%.

31. Does an Employer still have to pay National Insurance and Pension Contributions?

Employers will still need to pay employer National Insurance and pension contributions on behalf of their furloughed employees, and they can claim for these too.

Employers cannot claim for:

- additional National Insurance or pension contributions they make because they chose to top up their employee's salary
- any pension contributions they make that are above the mandatory employer contribution

32. Are there any rules relating to Benefits in Kind and Salary Sacrifice Schemes?

The reference salary for claims should not include the cost of non-monetary benefits provided to employees, including taxable Benefits in Kind. Similarly, benefits provided through salary sacrifice schemes (including pension contributions) that reduce an employee's taxable pay should also not be included in the reference

salary. Where the employer provides benefits to furloughed employees, this should be in addition to the wages that must be paid under the terms of the Job Retention Scheme.

Normally, an employee cannot switch freely out of a salary sacrifice scheme unless there is a life event. HMRC agrees that COVID-19 counts as a life event that could warrant changes to salary sacrifice arrangements, if the relevant employment contract is updated accordingly.

33. Do employers still need to pay the Apprenticeship Levy and Student Loans?

Both the Apprenticeship Levy and Student Loans should continue to be paid as usual. Grants from the Job Retention Scheme do not cover these.

34. Are there any National Living Wage/National Minimum Wage implications?

Individuals are only entitled to the National Living Wage (NLW)/National Minimum Wage (NMW) for the hours they are working or treated as working under minimum wage rules.

This means that furloughed workers who are not working can be paid the lower of 80% of their salary or £2,500 even if, based on their usual working hours, this would be below their appropriate minimum wage. However, time spent training is treated as working time for the purposes of the minimum wage calculations and must be paid at the appropriate minimum wage, taking into account the increase in minimum wage rates from 1 April 2020.

As such, employers will need to ensure that the furlough payment provides sufficient amounts to cover these training hours. Where the furlough payment is less than the appropriate minimum wage entitlement for the training hours, the employer will need to pay the additional wages to ensure at least the appropriate minimum wage is paid for 100% of the training time.

Where a furloughed worker is paid close to minimum wage levels and asked to complete training courses for a substantial majority of their usual working time employers are recommended to seek independent advice or contact Acas.

35. How much can be claimed for a member of a Limited Liability Partnership (LLP)?

If a member of an LLP is treated as an employee (because of salaried members rules), the employer must only include payments that are either:

- fixed
- variable, but are varied without reference to the overall amount of the profits or losses of the LLP

- not affected by the overall amount of the LLP's profits or losses

36. Are there any rules in relation to Holiday Pay?

Furloughed employees continue to accrue leave as per their employment contract.

The employer and employee can agree to vary holiday entitlement as part of the furlough agreement, however almost all workers are entitled to 5.6 weeks of statutory paid annual leave each year which they cannot go below.

Employees can take holiday whilst on furlough. Working Time Regulations require holiday pay to be paid at the employee's normal rate of pay or, where the rate of pay varies, calculated on the basis of the average pay received by the employee in the previous 52 working weeks. Therefore, if a furloughed employee takes holiday, the employer should pay their usual holiday pay in accordance with the Working Time Regulations.

Employers will be obliged to pay employees who are on holiday additional amounts over the grant, though will have the flexibility to restrict when leave can be taken if there is a business need and the correct notice is given. This applies for both the furlough period and the recovery period.

If an employee usually works bank holidays then the employer can agree that this is included in the grant payment. If the employee usually takes the bank holiday as leave then the employer would either have to top up their usual holiday pay or give the employee a day of holiday in lieu.

During this unprecedented time, the government will keep the policy on holiday pay during furlough under review. Further guidance on holiday pay during furlough is contained here <https://www.gov.uk/guidance/holiday-entitlement-and-pay-during-coronavirus-covid-19>

37. How does an employer calculate the claim for an employee returning from family-related statutory leave?

Family-related statutory leave includes maternity leave, paternity leave, shared parental leave, adoption leave, parental bereavement leave and unpaid parental leave.

For employees on fixed pay, claims for full or part time employees furloughed on return from family-related statutory leave should be calculated against their salary, before tax, not the pay they received whilst on family-related statutory leave. The same principles apply where the employee is returning from a period of unpaid statutory family-related leave.

Claims for those on variable pay, returning from statutory leave should be calculated using either the:

- 80% of the same month's wages from the previous year (up to a maximum of £2,500 a month); or
- 80% of the average monthly wages for the 2019/2020 tax year (up to a maximum of £2,500 a month).

38. How do you calculate the amounts for those employees returning from sick leave?

For employees on fixed pay, claims for full or part time employees furloughed on return to work after time off sick should be calculated against their salary, before tax, not the pay they received whilst off sick.

Claims for those on variable pay, returning to work after time off sick should be calculated using the highest of either:

- 80% of the same month's wages from the previous year (up to a maximum of £2,500 a month)
- 80% of the average monthly wages for the 2019/2020 tax year (up to a maximum of £2,500 a month).

39. What if an employee has been on unpaid sabbatical or unpaid leave?

If an employee has been on unpaid sabbatical or unpaid leave, the employer will need to use the amount they would have been paid if they were on paid leave when calculating 80% of their wages.

40. What information will be required for employers to make a claim?

Employers should discuss with their staff and make any changes to the employment contract by agreement. Employers may need to seek legal advice on the process. If sufficient numbers of staff are involved, it may be necessary to engage collective consultation processes to procure agreement to changes to terms of employment.

To make a claim, an employer will need:

- their ePAYE reference number;
- their Corporation Tax Unique Taxpayer Reference, Self-Assessment Unique Taxpayer Reference or Company Registration Number as appropriate for your entity;
- the number of employees being furloughed;
- the claim period (start and end date);
- amount claimed (per the minimum length of furloughing of 3 weeks);
- their bank account number and sort code
- a contact name dealing with the claim; and
- a contact phone number.

Employers will need to calculate the amount they are claiming. HMRC can retrospectively audit all aspects of an employer's claim.

- If an employer has fewer than 100 furloughed staff
 - they will need to enter details of each employee they are claiming for directly into the system - this will include their name, National Insurance number, claim period and claim amount, and payroll/employee number (optional).
- If an employer has 100 or more furloughed staff
 - they will need to upload a file with the information rather than input it directly into the system. HMRC's system will accept the following file types: **.xls .xlsx .csv .ods**

The file should include the following information for each furloughed employee:

- name,
- National Insurance number,
- claim period and claim amount,
- payroll/employee number (optional).

The employer should retain all records and calculations in respect of their claims.

If they make a mistake how can an employer correct a claim?

If the employer has made an error in a claim that has resulted in an overclaimed amount, they must pay this back to HMRC.

Employers can now tell HMRC about an overclaimed amount as part of their next claim. The employer will be asked when making their claim whether they need to adjust the amount down to take account of a previous error. The new claim amount will be reduced to reflect this. Employers do not need to take further action but should keep a record of this adjustment for six years.

If the employer has made an error that has resulted in an underclaimed amount, they should contact HMRC to amend their claim. As the employer is increasing the amount of their claim, HMRC will then conduct additional checks.

If the employer has made an error in a claim and do not plan to submit further claims, HMRC are working on a process that will allow the employer to let them know about the error and pay back any amounts that have been overclaimed. The guidance will be updated when this is available.

41. Can Agents, such as an accountant or payroll bureau, help employers submit claims?

If an employer uses an agent who is authorised to act for them for PAYE purposes, they will be able to make a claim on the employers behalf.

If the employer uses a file only agent (who files their RTI return but doesn't act for them on any other matters) they will not be authorised to make a claim for the employer and the employer will need to make the claim themselves. The employer's file only agent can assist them in obtaining the information they need to claim (which is listed above). HMRC intends to make the claim process as straightforward as possible so that most employers are able to make them unaided.

The process to authorise an agent is as follows:

Step 1: Agent must be registered

Agents must be registered for the PAYE for Agents online service with HMRC and have a PAYE agent code.

Step 2: Check authorisation for existing employer clients

If an agent is unsure of the level of authorisation they have for an existing employer PAYE client, they should check the list of payroll clients in their agent portal. If the client is listed as 'confirmed' they can make CJRS applications on their client's behalf. If they are not listed, or listed as 'limited authorisation' the agent cannot currently claim on behalf of the client.

The portal sometimes shows 'limited authorisation' when full authorisation is in place. Agents may wish to check with HMRC if they think the authorisation information on the portal is incorrect.

Step 3: Obtain authorisation for a new client (or one which is showing as not fully authorised)

There are three possible ways to set up the appropriate authority:

- A paper FBI2 form – not currently recommended due to possible postal and processing delays
- Agent initiated online agent authorisation process from the agent portal – not currently recommended due to possible delays receiving the authentication code, which is posted to the client to give to the agent.
- Client initiated authorisation process from their business tax account. This is the quickest route to setting up the appropriate authority and is explained in detail in Step 4.

Step 4: Client initiated authorisation process

Prerequisites

- The client must have set up a business tax account and have enrolled for PAYE online for employers (activation codes have been temporarily suspended so this is instantaneous).
- The agent must give the client their 'agent identifier'. Exactly which identifier is required often causes confusion. The agent can obtain their 'agent identifier' by:

1. Signing in to their agent portal using the credentials they use for payroll clients. On the homepage select 'Authorise client' from the left-hand main menu.

2. The appropriate identifier will appear on the next screen under the heading 'Agent identifier'

Process

The client must then follow the following steps:

- Sign in to their business tax account;
- Select 'Manage Account'; then
- Select 'Add, view or change tax agent' option under the heading Tax Agents; then
- Select 'PAYE for employers'; then
- Click 'continue' to get to the 'Manage who can access your taxes and schemes' page; then
- Click the 'Add an agent' link next to the relevant service (PAYE in this instance); then
- Enter the agent identifier provided by the agent (confusingly described on this screen as the Agents Government Gateway ID) and click continue; then
- Click on 'Add Agent' to confirm they want to add the selected agent.
- The taxpayer will receive on-screen confirmation the agent has been added.

HMRC is exploring ways to make agent authorisations simpler and hopes to publish further guidance.

If an agent makes a claim on the employers behalf the employer must tell them which bank account the grant payment should be paid into.

42. When should employers make their claims?

Employers should make their claim using the amounts in their payroll - either shortly before or during running payroll. Claims can be backdated until 1 March where employees have already been furloughed.

If appropriate, worker's wages should be reduced to 80% of their salary within the employer's payroll before they are paid. This adjustment will not be made by HMRC.

What are the record keeping requirements for employers?

Employers must keep a copy of all records for 6 years, including:

- the amount claimed and claim period for each employee
- the claim reference number for their records
- the calculations in case HMRC need more information about the claim
- usual hours worked, including any calculations that were required, for employees who were flexibly furloughed

- actual hours worked for employees who were flexibly furloughed

43. What will be the process after an employer has made a claim?

HMRC will check the claim, and if the employer is eligible, pay it to them by BACS to a UK bank account.

The employer must pay the employee all the grant they receive for their gross pay.

Furloughed employees must receive no less than 80% of their reference pay (up to the monthly cap of £2,500).

Employers cannot enter into any transaction with the worker which reduces the wages below this amount. This includes any administration charge, fees or other costs in connection with the employment.

44. What will happen once the government ends the scheme?

When the scheme closes on October 31, the employer must decide, depending on their circumstances, as to whether employees can return to their normal hours. If not, it may be necessary to consider reducing their hours, or a termination of employment (redundancy). Normal redundancy rules apply to furloughed employees.

45. What employment rights do furloughed employees have?

Employees still have the same rights at work, including:

- Statutory Sick Pay
- annual leave
- maternity and other parental rights
- rights against unfair dismissal
- redundancy payments

Grants cannot be used to substitute redundancy payments. HMRC will continue to monitor businesses after the scheme has closed.

46. Can an employee work for a different employer while on furlough?

If contractually allowed, an employee is permitted to work for another employer whilst the employer has placed them on furlough.

For any employer that takes on a new employee, the new employer should ensure they complete the starter checklist form correctly. If the employee is furloughed from another employment, they should complete Statement C.

47. Does the employee have to pay Income tax and Employee National Insurance?

Employees will still pay the taxes they normally pay out of their wages. This should be done through PAYE using the normal rules.

This includes pension contributions (both employer contributions and automatic contributions from the employee) unless the employee has opted out or stopped saving into their pension. Until 31 July the employer can continue to claim for these costs for the hours the employee is on furlough. From 1 August employers will be required to pay all employer NICs and pension contributions.

48. What is the tax treatment of the Coronavirus Job Retention Grant?

Payments received by a business under the scheme are made to offset these deductible revenue costs. They must therefore be included as income in the business's calculation of its taxable profits for Income Tax and Corporation Tax purposes, in accordance with normal principles.

Businesses can deduct employment costs as normal when calculating taxable profits for Income Tax and Corporation Tax purposes.

Individuals with employees that are not employed as part of a business (such as nannies or other domestic staff) are not taxable on grants received under the scheme. Domestic staff are subject to Income Tax and National Insurance Contributions on their wages as normal.

How does an employer report employees' wages to HMRC when they have claimed a grant through the scheme?

If an employer has claimed a grant through the Coronavirus Job Retention Scheme, they should check if they need to report payments on the PAYE Real Time Information system, as this will depend on whether they are using the grant to:

- pay wages
- reimburse wages that they have already paid

a) If the employer is using the grant to pay wages

Any grant paid to the employer is to be used to pay wages to their furloughed employees and should be treated in the same way as any wage payment and is subject to all payroll deductions.

The employer should pay employees on their contractual payment date so that employees receiving Universal Credit are not affected.

The grant paid is included in pay reported to HMRC via their payroll filing software of a Full Payment Submission, on or before the date that it is paid to their employees.

b) If the employer has paid their employees and submitted their Real Time Information submission early

If the employer has already paid their employees before their contractual payment date, the next time they pay them, they must make sure it is on their normal contractual payment date.

The employer should submit the Full Payment Submission on or before the date that they make the payment.

c) If they are using the grant to reimburse wages already paid

If the employer has continued to pay their employees during a period of furlough, in advance of receiving any payments under the scheme, they do not need to make another Full Payment Submission for this amount. This is because the furlough grant is reimbursing the wages they have already paid out and already reported.

d) If the employer has paid the full amount of an employee's normal wage during furlough

If an employer chooses to top up employee wages above the scheme grant, that is their choice and at their own expense.

They must deduct tax and National Insurance Contributions on the full amount paid and report this payment via a Full Payment Submission on or before the pay date. When the grant is paid by HMRC, it will reimburse the wages already paid.

The employer does not need to make another Full Payment Submission for this amount.

e) If the employer has not paid their employees' full wages yet

If the employer has not paid any of their employees any wage payments in a tax month, they must submit an Employer Payment Submission stating they have not paid any employees in that tax month. The Employer Payment Submission should be sent no later than 19th of the following tax month where possible. They should not submit a nil Full Payment Submission.

f) If the employer only pays their employees part of their normal wage until the grant payment is received

The employer must operate PAYE, deducting any tax and National Insurance contributions due on the reduced salary payment amounts and they must report these payments by sending a Full Payment Submission to HMRC, on or before the payment date.

The employer must only send a Full Payment Submission reporting the payments they actually made. When the employer pays the remaining wages to

their employees after receiving the grant payment, the employer must send another Full Payment Submission showing that payment.

g) If the employer is making a payment to their employees for March or April

If the employer is making a payment for March and April in their employee's April wage, they must deduct tax and National Insurance Contributions on that full amount.

The employer must not back date the March payment as if it was paid in March.

h) If the employer reported wages to HMRC in March 2020 that they did not pay to their employees

The Full Payment Submission must only include wages the employer has actually paid to their employees.

The employer will need to submit an Earlier Year Update or a Year-To-Date Full Payment Submission that shows what they paid in wages. When the employer receives the grant, the employer should pay their employees on their contractual payment date for the current tax month. The employer should also submit a Full Payment Submission for 2020/2021, on or before the date they make the payments to their employees.

If you have any immediate questions, please do not hesitate to get in touch.



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