

The updated measures announced by Government to support businesses through the Covid-19 Pandemic

More on the Coronavirus Job Retention Scheme:

The Coronavirus Job Retention Scheme is a temporary scheme open to all UK employers for at least **four** months starting from 1 March 2020. The Government the scheme became available for submitting claims on 20th April. It is designed to support employers whose operations have been severely affected by coronavirus (COVID-19).

Employers can use a portal to claim for 80% of furloughed employees' usual monthly wage costs, up to £2,500 a month, plus the associated Employer National Insurance contributions and minimum automatic enrolment employer pension contributions on that wage.

Employers can use this scheme anytime during this period. *Appendix B contains details and examples from HMRC on how to calculate a claim.*

The scheme is open to all UK employers that had created and started a PAYE payroll scheme by 19 March 2020, and that have a UK bank account. 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 Job Retention Scheme.

Apprentices

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

However, employers must pay Apprentices at least the Apprenticeship Minimum Wage/National Living Wage/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 the apprentices' wages through this scheme and their appropriate minimum wage.

Individuals

Individuals can furlough employees such as nannies, provided they pay them through PAYE, and sent HMRC an RTI submission notifying a payment in respect of the employee on or before 19 March 2020.

Administrators

Where a company is being taken under the management of an administrator, the administrator will be able to access the Job Retention Scheme. However, we would expect 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.

Public sector organisations:

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.

Where employers receive public funding for staff costs, and that funding is continuing, it is not expected that staff will be furloughed. This also applies to non-public sector employers who receive public funding for staff costs. 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, the scheme may be appropriate for some staff.

What employees can be claimed for:

Businesses can only claim for furloughed employees that were on their PAYE 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. Employees that were employed as of 28 February 2020 and on payroll (i.e. notified to HMRC on an RTI submission on or before 28 February) and were made redundant or stopped working for the employer after that and prior to 19 March 2020, can also qualify for the scheme if the employer re-employs them and puts them on furlough.

Employees can be on any type of employment contract, including full-time, part-time, agency, 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 you can furlough employees on all categories of visa.

To be eligible for the grant, when on furlough, an employee cannot undertake work for, or on behalf, of the organisation or any linked or associated organisation. This includes providing services or generating revenue. Employers are free to consider allocating any critical business tasks to staff that are not furloughed. While on furlough, the employee's wage will be subject to usual income tax and other deductions.

If employees were made redundant or they stopped working for a business after 28 February

If a business made employees redundant, or they stopped working for the business on or after 28 February 2020, they can be re-employed, put on furlough and a claim for their wages can be made through the scheme. This applies to employees that were made redundant or stopped working for a business after 28 February, even if they were not re-employed until after 19 March. This applies as long as the employee was on the payroll as at 28 February and had been notified to HMRC on an RTI submission on or before 28 February 2020. This means an RTI submission notifying payment in respect of that employee to HMRC must have been made on or before 28 February 2020

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.

If employees are working reduced hours

If an employee is working, but on reduced hours, or for reduced pay, they will not be eligible for this scheme.

If an employee is on unpaid leave

If an employee started unpaid leave after 28 February 2020, they can be put on furlough instead. If they are furloughed then they should be paid at least 80% of their regular wages, up to the monthly cap of £2500.

If an employee went on unpaid leave on or before 28 February, they cannot be furloughed until the date on which it was agreed they would return from unpaid leave.

If an employee is self-isolating or on sick leave

If an employee is on sick leave or self-isolating as a result of Coronavirus, they'll 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, and there is a 3 week minimum furlough period.

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.

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. 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, employers can only reclaim expenditure through the Coronavirus Job Retention Scheme, and not the SSP rebate scheme. If a non-furloughed employee becomes ill, needs to self-isolate or be shielded, then employers might qualify for the SSP rebate scheme, enabling them to claim up to two weeks of SSP per employee.

If an employee becomes sick whilst 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. 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.

Shielding Employees

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.

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.

If an employee has more than one employer

If an 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.

If an employee is on a fixed term contract

Employees on fixed term contracts can be furloughed. Their contracts can be renewed or extended during the furlough period without breaking the terms of the scheme. Where a fixed term employee's contract ends because it is not extended or renewed businesses will no longer be able claim the grant for them.

Eligible individuals who are not 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), and 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. Unless explicitly set out below, all other guidance is applicable to these cases, and should be followed.

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.

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, i.e. 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).

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.

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.

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.

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.

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).

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.

Employee transfers under TUPE and 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 19 March 2020 if either the TUPE or PAYE business succession rules apply to the change in ownership.

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 19 March 2020, the new scheme will be eligible to furlough those employees and claim the grants available under the CJRS.

If an employee does volunteer work

A furloughed employee can take part in volunteer work, if it does not provide services to or generate revenue for, or on behalf of the employer organisation or a linked or associated organisation. An employer organisation can agree to find furloughed employees new work or volunteering opportunities whilst on furlough if this is in line with public health guidance.

If an employee undertakes training

Furloughed employees can engage in training, 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, 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.

If an employee is on maternity leave, adoption leave, paternity leave or shared parental leave

The normal rules for these types of leave and pay apply. Businesses 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

Agreeing to furlough employees

Employers should discuss with their staff 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 confirm in writing to their employee confirming that they have been furloughed. A record of this communication must be kept for five years.

Employers do not need to place all your employees on furlough. However, those employees who employers do place on furlough cannot undertake work.

How much can be claimed

For detailed guidance on what can be claimed and the calculation of the claim see Appendix B.

What is needed 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 claim, employers will need:

- their employer PAYE reference number
- the number of employees being furloughed
- National Insurance Numbers for the furloughed employees
- Names of the furloughed employees
- Payroll/employee number for the furloughed employees (optional)
- Their Self-Assessment Unique Taxpayer Reference or Corporation Tax Unique Taxpayer Reference or Company Registration Number
- the claim period (start and end date)
- amount claimed (per the minimum length of furloughing of 3 consecutive weeks)
- their bank account number and sort code
- a contact name
- a contact phone number

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

If employers have fewer than 100 furloughed staff they will be asked to enter details of each employee you 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 employers have 100 or more furloughed staff they will be asked to upload a file with the information rather than input it directly into the system. HMRC 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).

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

Claim

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

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

Minimum furlough periods

Any employees placed on furlough must be furloughed for a minimum period of 3 consecutive weeks. When they return to work, they must be taken off furlough. Employees can be furloughed multiple times, but each separate instance must be for a minimum period of 3 consecutive weeks.

After a claim is made

HMRC will check the claim, and if eligible, pay it by BACS to a UK bank account. Employers must pay the employee all the grant received for their gross pay in the form of money.

Furloughed staff must receive no less than 80% of their reference pay (up to the monthly cap of £2500).

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.

When the government ends the scheme

When the government ends the scheme, employers must make a decision, depending on their circumstances, as to whether employees can return to their duties. If not, it may be necessary to consider termination of employment (redundancy).

HMRC will process all claims made before the scheme ends.

When employees are on furlough

Employers cannot ask employee to do any work that:

- makes money for the organisation or any organisation linked or associated with the organisation
- provides services for the organisation or any organisation linked or associated with the organisation

They can take part in volunteer work or training.

Employee taxes

Employees will still pay the taxes they normally pay out of their wages.

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.

Employee rights

Employees still have the same rights at work, including:

- Statutory Sick Pay
- 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.

Working for a different employer

If contractually allowed, employees are permitted to work for another employer whilst an 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.

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.

Further Considerations to assist cashflow:

In addition to the measures above outlined by Government, consideration can also be given to:

Corporation Tax payments. Corporation tax isn't currently included within TTP but HMRC have indicated that a deferment can be requested through the Coronavirus helpline. Similarly, HMRC will consider whether late filing penalties and potentially late payment interest can be temporarily rescinded. A decision will be made on a case by case basis, but based on the feedback we have so far, HMRC is being sympathetic to business needs. **Please note:** It is critical in all cases to speak to HMRC proactively and in advance of the payment due date.

Quarterly instalment payments (QIPs) and expediting repayments. If your business is required to make QIPs it will be important you re-calculate taxable profit estimates for the current period based on revised forecasts. Making the right tax payments now can have a significantly positive impact on cash flow. If you are a large business that has paid corporation tax by making QIPs throughout the year but circumstances have changed significantly as a result of the pandemic and profits have been revised downwards, it is possible to request a repayment of overpaid tax from HMRC, rather than waiting until the tax return is filed and processed by HMRC. This can significantly expedite the repayment process.

There are also ongoing discussions between HMRC and the large accounting firms in respect of:

- ▣ **Earlier utilisation of losses:** If your business is forecasting an overall loss for the current financial year, these losses may be able to be utilised to offset corporation tax in the previous financial year. Ordinarily a loss carry-back claim cannot be made until the tax return for the later period has been prepared and submitted to HMRC. HMRC have been lobbied to consider whether there is any flexibility to make a loss carry back claim at an earlier time, given the number of businesses that it could support, where losses generated are due to Coronavirus.
- If your business is not already making an **R&D tax relief** claim, but you think you may be eligible, consider this opportunity as soon as possible. Note it is possible to look back up to two financial years to make a claim. We are aware that HMRC is being lobbied to expedite the approval and payment process for R&D claims under both the Small Medium sized Entity (SME) and R&D Expenditure Credit (RDEC) schemes, which would provide welcome positive cash flow for businesses that have already submitted their claims, or are about to do so.

When I hear more on the discussions around earlier utilisation of losses and R&D tax relief, I will send further updates.

Appendix A: Links to Key Information Sources

Summary guidance on support for businesses is set out on **Gov.uk** – this is now being updated quite quickly following announcements. To access the site directly go to:

www.gov.uk/government/publications/guidance-to-employers-and-businesses-about-covid-19/covid-19-support-for-businesses

Details on the **Coronavirus Job Retention Scheme** are on Gov.uk here:

Overall guidance: <https://www.gov.uk/guidance/claim-for-wages-through-the-coronavirus-job-retention-scheme>

Calculation: <https://www.gov.uk/guidance/work-out-80-of-your-employees-wages-to-claim-through-the-coronavirus-job-retention-scheme>

Eligibility: <https://www.gov.uk/guidance/claim-for-wage-costs-through-the-coronavirus-job-retention-scheme>

Details on the **Future Fund** are here:

<https://www.gov.uk/guidance/future-fund>

Details on **SSP** are here:

<https://www.gov.uk/guidance/claim-back-statutory-sick-pay-paid-to-employees-due-to-coronavirus-covid-19>

Details on **the support for the self-employed** are here:

<https://www.gov.uk/guidance/claim-a-grant-through-the-coronavirus-covid-19-self-employment-income-support-scheme>

More generally the **Government's business support web pages on the coronavirus** are up and running and can be found here:

<https://www.businesssupport.gov.uk/>

Details of the **Coronavirus Business Interruption Loan Scheme** are on the British Business Bank Website here:

<https://www.british-business-bank.co.uk/ourpartners/coronavirus-business-interruption-loan-scheme-cbils-2/>

with details of how to apply here:

<https://www.british-business-bank.co.uk/ourpartners/coronavirus-business-interruption-loan-scheme-cbils-2/for-businesses-and-advisors/>

Details of the **Covid 19 Corporate Financing Facility** are here on the Bank of England's web page:

<https://www.bankofengland.co.uk/news/2020/march/the-covid-corporate-financing-facility>

For details on the support measures on **retail business rates** please see:

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/875613/Expanded Retail Discount Guidance 25.03.20.doc.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/875613/Expanded_Retail_Discount_Guidance_25.03.20.doc.pdf)

For details on the **Time To Pay (TTP)** scheme and on difficulties in paying tax please see:

<https://www.gov.uk/government/publications/time-to-pay>

<https://www.gov.uk/difficulties-paying-hmrc>

Support for businesses in Scotland, Wales and Northern Ireland

Some elements of business support are devolved, so the measures that can be accessed may differ if a business is in Scotland, Wales or Northern Ireland.

View the latest guidance on coronavirus for businesses in **Scotland** here:

www.gov.uk/guidance/coronavirus-covid-19-information-for-individuals-and-businesses-in-scotland

View the latest guidance on coronavirus for businesses in **Wales** here:

www.gov.uk/guidance/coronavirus-covid-19-information-for-individuals-and-businesses-in-wales#business-support-helplines

View the latest guidance on coronavirus for businesses in **Northern Ireland** here:

www.gov.uk/government/news/covid-19-guidance-information-for-ni-businesses-employers#businesses

Appendix B CJRS – Calculation Guidance From HMRC:

You can claim for 80% of your employees' wages (even for employees on National Minimum Wage) - up to a maximum of £2,500 per month.

You'll still need to pay employer National Insurance and pension contributions on behalf of your furloughed employees, and you can claim for these too.

You cannot claim for:

- additional National Insurance or pension contributions you make because you choose to top up your employee's wages
- any pension contributions you make that are above the mandatory employer contribution

You can choose to top up your employees' wages, but you do not have to. Employees must not work or provide any services for the business while furloughed, even if they receive a top-up wage.

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.

Use the calculator

This calculator can currently be used to work out what you can claim for most employees who are paid either regular or variable amounts each pay period (for example, weekly or monthly).

The exceptions to this are if employees:

- receive any top-up pay in the claim period
- returned from statutory leave such as maternity leave in the last three months
- get director's payments
- have been transferred under TUPE
- have been employed at separate times throughout the year
- receive employer pension contributions outside of an auto-enrolment pension scheme

Link to calculator: https://www.tax.service.gov.uk/job-retention-scheme-calculator/?_ga=2.175523298.1566969275.1587977346-883577140.1577955567

If you cannot use this calculator, you'll need to work out what you can claim manually using the calculation guidance or by seeking professional advice.

We will continue to improve our online services on a frequent basis, including supporting more employment situations with this calculator. It's your responsibility to check that the amount you're claiming for is correct.

What to include when calculating wages

The amount you should use when calculating 80% of your employees' wages is regular payments you are obliged to make, including:

- regular wages you pay to employees
- non-discretionary overtime
- non-discretionary fees
- non-discretionary commission payments
- piece rate payments

You 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:
- any tips, including those distributed through tronc
- 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.

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.

National Minimum Wage

Individuals are only entitled to the National Living Wage, National Minimum Wage or Apprentices Minimum Wage 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 wages 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 monies 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.

If you're claiming 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), you 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

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 additional amounts over the grant, though will have the flexibility to restrict when leave can be taken if there is a business need. 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, we are keeping the policy on holiday pay during furlough under review.

Employees 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.

In line with other employees, 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:

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

Employees returning to work after being on sick pay

In line with other employees, 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 either the:

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

Unpaid sabbatical or unpaid leave

If your employee has been on unpaid sabbatical or unpaid leave, you'll need to use the amount they would have been paid if they were on paid leave when calculating 80% of their wages

Work out the maximum wage amount you can claim

The maximum wage amount you can claim is £2,500 a month, or £576.92 a week, plus any National Insurance and pension contributions you can claim for.

If the length of time you're claiming for is not one week or one month, you'll need to use the daily maximum wage amounts to work out the maximum amount you can claim for each employee.

To work out the maximum amount you can claim, multiply the daily maximum wage amount by the number of days your employee is furloughed for in your claim.

Month	Daily maximum wage amount
March 2020	£80.65 per day
April 2020	£83.34 per day
May 2020	£80.65 per day

If your employee is furloughed over two calendar months, you'll need to calculate the maximum amount for each calendar month and add them together.

If you're claiming for multiple pay periods in one claim, you can calculate the total maximum using a mixture of:

- the daily maximum wage amount
- the weekly maximum wage amount
- the monthly maximum wage amount

Example of working out the maximum wage amount for part of a pay period

A Limited company pays all of their employees weekly on each Friday and puts all of their employees on furlough on Wednesday 8 April 2020.

A Ltd will need to calculate the grant using the daily calculation for the first pay period which ends on Friday 10 April 2020. This is £83.34 multiplied by 3 days, which is £250.02.

For the next pay period, 11 April 2020 to 17 April 2020, the maximum amount is £576.92 because the pay period is a whole week, and the employee is furloughed on each day.

A Ltd makes a claim for 8 April 2020 to 17 April 2020. The maximum wage amount that they can claim for is the two amounts added, £826.94.

Work out 80% of your employee's usual wage

You must use these calculations to work out how much you can claim.

You can [use the calculator](#) to help you work out how much you can claim.

The way you should work out 80% of your employee's usual wages is different depending on the way they're paid. You must [check what you can include as wages](#) first.

Choose the calculation you think best fits the way your employee is paid. For example, if you pay your employee a regular salary, use the calculation for fixed pay amounts. HMRC will not decline or seek repayment of any grant based solely on the particular choice of pay calculation, as long as a reasonable choice of approach is made.

You must pay the full amount of the grant to your employee.

Where a claim covers multiple pay periods, this calculation should be done for each and then added together.

Work out 80% of wages for fixed rate full or part time employees on a salary

Where a claim covers multiple pay periods, this calculation should be done for each and then added together.

Claim for the 80% of the employee's wages, from their last pay period before 19 March 2020.

If you have already calculated your claim based on the employee's wages as of 28 February 2020, and this differs from their wages in their last pay period prior to 19 March 2020, you can choose to still use this calculation for your first claim.

To work out 80% of your employee's wage:

1. Start with your employee's wages, which is their last pay period before 19 March - if you're claiming for a full pay period, skip to step 4.
2. Divide by the total number of days in the pay period.
3. Multiply by the number of furlough days in the pay period.
4. Multiply by 80%.

Example

Worker started work for B Ltd in 1997 and is paid a regular monthly salary on the last day of each month. The worker agreed to be placed on furlough from 23 March 2020. The worker was paid £2,400 for the last full monthly pay period before 19 March 2020. There are 9 days between 23 March and 31 March.

1. Start with £2,400 (employee's wages)
2. Divide by 31 (the total number of days in March)
3. Multiply by 9 (the number of furlough days in March)
4. Multiply by 80% - which is £557.42

If your employee has not been paid for a full pay period up to 19 March 2020

If your employee has not been paid for a full pay period up to 19 March 2020, you'll need to work out what their usual wages are and then calculate 80%. To do this:

1. Start with amount they've been paid in their last pay period.
2. Divide by the number of days in their last pay period (including non-working days).
3. Multiply by the number of days that would have been in that pay period.
4. Divide by the total number of days in this pay period.
5. Multiply by the number of furlough days in this pay period.
6. Multiply by 80%.

Example

Employee started work for B Ltd on 21 February 2020 and is paid on the last day of each month. The employee had not had a full pay period up to 19 March 2020, but was paid £700 as a pro-rata of their salary on 29 February 2020. There are 9 days between 21 February and 29 February. The employee agrees to be furloughed from 25 March 2020. There are 7 days between 25 March and 31 March.

1. Start with £700 (the amount they were paid in their last pay period)
2. Divide by 9 (the number of days in their last pay period – including non-working days)
3. Multiply by 29 (days in February)
4. Divide by 31 (the total number of days in the March pay period)
5. Multiply by 7 (the number of furlough days in the March pay period)
6. Multiply by 80% - which is £407.46

Employees whose pay varies and were employed from 6 April 2019

If the employee has been employed continuously from the start of the 2019 to 2020 tax year, you can claim 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 to 2020 tax year (up to a maximum of £2,500 a month)

To calculate 80% of the same month's wages from the previous year:

1. Start with the amount they earned in the same period last year.
2. Divide by the total number of days in this pay period - including non-working days.

3. Multiply by the number of furlough days in this pay period.
4. Multiply by 80%.

Example of claiming for the same period last year

A Ltd pays an employee on a weekly basis. The employee's pay period starts on 23 March 2020 and ends on 29 March 2020. The employee was paid £350 for 23 March 2019 to 29 March 2019. The employee was furloughed for the whole week.

1. Start with £350 (the amount they earned in the same period last year)
2. Divide by 7 (the total number of days in this pay period)
3. Multiply by 7 (the number of furlough days in this pay period)
4. Multiply by 80% - this is £280

To work out 80% of the average monthly wages for the last tax year:

1. Start with the amount they earned in the tax year up to the day before they were furloughed.
2. Divide it by the number of days from the start of the tax year - including non-working days (up to the day before they were furloughed, or 5 April 2020 – whichever is earlier).
3. Multiply by the number of furlough days in this pay period.
4. Multiply by 80%.

Example of working out 80% of average monthly wages for the last tax year

Worker started work for A Ltd in 2010 and was placed on furlough on 23 March 2020, earning £15,000 between 6 April 2019 and 22 March 2020 inclusive. There are 353 days between 6 April 2019 and 22 March 2020. A Ltd is claiming for 23 March to 31 March 2020. There are 9 days between 23 March and 31 March.

1. Start with £15,000 (the amount they earned in the tax year up to the day before they were furloughed)
2. Divide it by 352 (the number of days from the start the tax year, up to the day before they were furloughed)
3. Multiply by 9 (the number of furlough days in this pay period)
4. Multiply by 80% - this is £306.82

Employees whose pay varies and who started employment after 6 April 2019

If the employee started their employment after 6 April 2019, claim for 80% of their average monthly wages since they started work until the date they are furloughed, up to a maximum of £2500 per month.

To work out 80% of your employee's average monthly earnings:

1. Start with the amount they earned in the tax year up to the day before they were furloughed.
2. Divide it by the number of days they've been employed since the start of the tax year – including non-working days (up to the day before they were furloughed or 5 April 2020 – whichever is earlier).
3. Multiply by the number of furlough days in this pay period.
4. Multiply by 80%.

Every day or period after the employee commenced employment with the employer is counted in making this calculation. This includes days when no work was undertaken.

Example of working out 80% of average monthly wages for the last tax year

Employee started work for A Ltd in 1 May 2019 and was placed on furlough on 23 March 2020, earning £15,000 between 1 May 2019 and 22 March 2020 inclusive. There are 327 days between 1 May 2019 and 22 March 2020. A Ltd is claiming for 23 March to 31 March 2020. There are 9 days between 23 March and 31 March.

1. Start with £15,000 (the amount they earned in the tax year up to the day before they were furloughed)
2. Divide it by 327 (the number of days from the start the tax year, up to the day before they were furloughed)
3. Multiply by 9 (the number of furlough days in this pay period)
4. Multiply by 80% - this is £330.28

Work out how much you can claim for employer National Insurance contributions

You can claim reimbursement for the cost of some or all of the Class 1 employer National Insurance contributions paid on the gross pay grant you pay to the employee.

You can choose to provide top-up salary in addition to the grant. Employer National Insurance contributions on any additional top-up salary will not be funded through this scheme.

Working out what you can claim

The total grant for employer National Insurance contributions cannot exceed the total amount of employer National Insurance contributions you are due to pay.

In calculating the total employer National Insurance contributions paid in any pay period, the employer should subtract any Employment Allowance used in that pay period. If you have not, or do not expect to pay any employer National Insurance contributions in a pay period as a result of the Employment Allowance, you should not claim any employer National Insurance contributions costs for furloughed employees in that pay period. If you expect to exhaust any Employment Allowance in a pay period then you should claim the lower of the employer National Insurance contributions grant calculation, and the employer

National Insurance contributions costs that you paid, or expect to pay across your entire payroll.

The total employer National Insurance contributions due in a pay period should be apportioned on a daily basis, with the amount apportioned to any qualifying furlough days forming the basis of the amount that can be claimed through the scheme.

If your employee is furloughed for the whole pay period, and you do not top up their pay

To work out how much you can claim to cover employer National Insurance contributions:

1. Start with the grant you're claiming for employee's wages.
2. Minus the relevant secondary National Insurance contributions threshold.
3. Multiply this amount by 13.8%.

Tax year	National Insurance contribution thresholds
2019 to 2020	£166 per week, £719 per month or £8,632 per year
2020 to 2021	£169 per week, £732 per month or £8,788 per year

Example

A Ltd pays employees on a calendar monthly basis. An employee was furloughed on 1 April 2020 is paid £1,500 of furlough pay on 30 April 2020. A Ltd did not top up the employee's pay.

1. Start with £1,500 (the grant you're claiming for employee's wages)
2. Minus £732 (the relevant secondary National Insurance contributions threshold)
3. Multiply this amount by 13.8% - this is £105.98

The total amount of the grant that can be claimed towards employer National Insurance contributions is £105.98 for this employee. A Ltd should also consider whether the claim needs to be adjusted for any amount of Employment Allowance that A Ltd might claim.

If your employee is not furloughed for the whole pay period or you top up their pay

If the pay period covers both furloughed and working periods, or you top up your employees pay over the amounts covered by the grant the following steps will help you calculate the amount of employer National Insurance contributions for each employee:

1. The amount of pay minus the relevant National Insurance contributions secondary threshold.
2. To calculate the employer National Insurance contributions due on an employee's total pay for the pay period, the result of Step 1 is multiplied by 13.8%.

3. Divide the amount of employer National Insurance contributions due for the pay period by the number of days in the pay period.
4. The grant is capped at the total amount of employers' National Insurance contributions due to be paid in respect of an employee. Multiply the result of Step 3 by the number of qualifying furlough days in the pay period.
5. Multiply the result of Step 4 by the proportion of pay received in respect of the qualifying furlough days that is funded by the grant.

Example

An employee who is paid a fixed amount monthly agrees to be furloughed by A Ltd on 16 April 2020. The employee's gross pay at the end of the month is £2,160. This is made up of £1,200 of wages funded by A Ltd, in respect of 1 to 15 April (15 days), and £960 of pay wholly funded by a grant in respect of 16 to 30 April (15 days). The total employer National Insurance contributions due for the pay period is apportioned on a daily basis to determine how much can be covered by a grant for employer National Insurance contributions.

1. £2,160 minus £732 (the amount of pay minus the relevant National Insurance contributions secondary threshold)
2. Multiply by 13.8% (this gives you the amount employer National Insurance contributions due on an employee's total pay for the pay period)
3. Divide by 30 (the number of days in the pay period)
4. Multiply by 15 (the number of furlough days in the pay period)
5. Multiply by 100% (because the employee's wage is not being topped up) - this is £98.53

A Ltd can claim £98.53 in respect of the employer National Insurance contributions due on the employee's April pay. The total grant for employer National Insurance contributions cannot exceed the total amount of employer National Insurance contributions due to be paid.

Example

If A Ltd chooses to top up the same employee's pay to 100% during the period of furlough, the employer National Insurance contributions must be apportioned between the pay funded by the grant and the pay funded by the employer. The employee's total pay in this example is £1,200 in respect of 1 to 15 April and £1,200 (made up of £960 grant-funded pay and £240 employer-funded pay) in respect of 16 to 30 April, totalling £2,400.

1. £2,400 minus £732 (the amount of pay minus the relevant National Insurance contributions secondary threshold)
2. Multiply by 13.8% (this gives you the amount employer National Insurance contributions due on an employee's total pay for the pay period)
3. Divide by 30 (the number of days in the pay period)
4. Multiply by 15 (the number of furlough days in the pay period)

5. Multiply by £960 / £1,200 (this is the furlough pay received for the furlough period divided by the total pay received for the furlough period) - this equals £92.07

A Ltd can claim £92.07 in respect of the employer National Insurance contributions due on the employee's April pay. The total grant for employer National Insurance contributions cannot exceed the total amount of employer National Insurance contributions due to be paid.

Before you claim for employer National Insurance contributions

Employer National Insurance contributions is payable on all pay over the secondary threshold at a rate of 13.8%. Employers may be eligible for the Employment Allowance. In the 2019 to 2020 tax year the allowance was £3,000 and was available to all employers. From 6 April 2020 the Employment Allowance is £4,000 but is only available to employers whose Employer Secondary National Insurance contributions liability in the previous year was under £100,000.

Employers can use the Employment Allowance to reduce their employer National Insurance contributions bill across each payroll until the allowance is exhausted or the end of the tax year, whichever comes first.

No employer National Insurance contributions due

If there is no employer National Insurance contributions due then the amount of the grant towards employer National Insurance contributions is zero. This could be the case for:

- apprentices under 25 (category H)
- employees under 21 (category M)
- employees under 21 who can defer NI because they're already paying it in another job (category Z)
- employers whose employer National Insurance contributions bill is reduced to £0 by the Employment Allowance

Work out how much you can claim for employer's pension contributions

You'll still need to pay pension contributions on behalf of your furloughed employees, and you can claim for these up to the level of the mandatory employer contribution, even if it's not an auto-enrolment pension.

You cannot claim for any pension contributions:

- if there are no employer contributions made, or due to be made for an employee
- you make that are above the [mandatory employer contribution](#)

You'll need to work out how much you can claim for employer's pension contributions.

- 1 Start with the [amount you're claiming for the employee's wages](#).
- 2 Deduct the minimum amount your employee would have to earn in the claim period to qualify for employer pension contributions – this is £512 a month for periods before 5 April 2020, and £520 a month for periods after 6 April 2020.
- 3 Multiply by 3%.

Grants for pension contributions can be claimed up to this cap provided the employer pays the whole amount claimed to a pension scheme for the employee as an employer contribution.

Example if employee is furloughed for the whole pay period, and you do not top up their pay

A Ltd pays employees on a monthly basis. An employee was furloughed on 1 April 2020 and is paid £1,500 of furlough pay on 30 April 2020. A Ltd did not top up the employee's pay. A Ltd pays employer pension contributions into the employee's pension.

1. Start with £1,500 (this is the gross pay grant)
2. Deduct £520 (this is the Lower Level of Qualifying Earnings)
3. Multiply by 3% = £29.40

A Ltd can claim £29.40 towards employer contributions it makes into the employee's pension.

Example – employer makes contributions above the minimum level of contributions for an auto-enrolment pension

A salaried employee of A Ltd earns £2,125 per month, and is furloughed from 1 May 2020 to 31 May 2020. A Ltd has agreed to top up the employee's salary to its usual amount, including making employer pension contributions which are usually 3% of the employee's entire salary. The amount of gross pay grant is 80% of £2,125, which is £1,700.

The grant that can be claimed towards the employer pension contributions is the lower of the minimum level of contributions for an auto-enrolment pension, based on the furlough payment, and the amount actually paid by A Ltd.

The minimum level of auto-enrolment contributions is:

1. Start with £1,700 (this is the gross pay grant)
2. Deduct £520 (this is the Lower Level of Qualifying Earnings)
3. Multiply by 3% = £35.40

The total employer pension contribution made by A Ltd under the terms of the pension scheme is the gross pay to the employee of £2,125 multiplied by 3%, which equals £63.75.

As A Ltd can only claim the lower of the minimum level of contributions for an auto-enrolment pension (based on the furlough payment) and the amount actually paid into the employee's pension, they can claim £35.40 to cover employer pension contributions.

Example of how to calculate the grant towards employer pension contributions where the employee is furloughed during the pay period

Where an employee is paid for a pay period where only some of the days are furlough days then the Lower Level of Qualifying Earnings should be apportioned on a daily basis.

A Ltd pays employees on the last day of every month. A Ltd pays employer pension contributions into employees' pensions in line with the minimum level of contributions for an auto-enrolment pension.

An employee agrees to be furloughed from 16 April 2020.

Their April 2020 gross pay is £1,501.20. This is made up of £810 which they earned before being furloughed, and £691.20 of furlough pay.

The amount of the grant which A Ltd can claim towards their employer pension contributions is:

1. Start with £691.20 (this is the furlough pay)
2. Deduct £260 (this is a proportion of the Lower Level of Qualifying Earnings)
3. Multiply by 3% = £12.94

The minimum level of auto-enrolment pension contributions on the furlough pay is £12.94.

A Ltd can claim for the lower of £12.94 or the employer pension contributions due on the furlough pay under the terms of the pensions scheme. in respect of the furlough pay.

The Lower Level of Qualifying Earnings in this example is calculated as £520 divided by 30 days (the number of days in April), and then multiplied by 15 days (the number of days that the employee is furloughed in April).