

Changes to the Coronavirus Job Retention Scheme from 1 July 2020

This note contains a series of hyperlinks to Government guidance, highlighted in blue, underlined font.

Eligible Employees:

- ❏ The employer must have successfully claimed a grant for the relevant employee for a period of at least 3 consecutive weeks between 1 March and 30 June (save for special rules applying to those returning from maternity/similar parental leave (see below));
- ❏ A claim from 1 July cannot exceed the maximum number of employees claimed for under any claim ending by 30 June;
- ❏ A record must be kept of how many hours the employees works and the number of hours they are furloughed (i.e. not working);
- ❏ A new written agreement must confirm the new furlough arrangements;
- ❏ Whilst flexible furlough periods can last any amount of time, the minimum claim period to receive a grant is 7 days;
- ❏ There is no minimum or maximum hours which must be worked and an employee can be re-furloughed a number of times;
- ❏ 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. A flexible furlough period can then start after 12 July.

Employees returning from parental leave:

- ❏ If an employee has returned from maternity, shared parental, adoption, paternity or parental bereavement leave after 10 June, they can be furloughed provided that:
 - The employer has successfully claimed a grant under the scheme previously;
 - the employee started their parental 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;
- ❏ When calculating the maximum number of employees an employer can claim for, these returning employees should be added to any previous maximum.

Commercial. Decisive. Expert.

Information needed to make a claim:

- ❏ The number of 'usual hours' the employee would work in the claim period (see below "working out the usual hours and furloughed hours");
- ❏ The number of hours the employee has or will work in the claim period;
- ❏ The number of furloughed hours the employee has been furloughed in the claim period.

Where more than 100 employees are being flexibly furloughed, the employer must provide this in a specified template to be provided by HMRC. The employer must ensure, within the template, that they:

- ❏ submit one line per employee for the whole period
- ❏ do not break up the calculation into multiple periods within the claim
- ❏ do not split data by contract type (e.g. those paid weekly and monthly should be claimed for together)

Claim periods:

- ❏ The claim periods moving forwards must be linked to calendar months; this may well differ from the employer's normal pay periods;
- ❏ Employers will have until 31 July to make any claims for claim periods up to 30 June;
- ❏ 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 the claim straddles the end of one month and beginning of the next;
- ❏ Only one claim can be made in respect of any time period.

Working out usual hours and furloughed hours:

The employee's usual hours need to be calculated before an employer can calculate the claim. The exercise is not as simple as reporting the number of hours actually worked/not worked in the month. The claim is based on an average number of contracted hours in the claim period, minus the actual hours worked in the claim period.

Fixed-hours - Working out the employee's usual hours:

- ❏ Start with the hours your 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 (so, for an employee who is contracted to 37 hours per week, the repeating working pattern is 7 days);
- ❏ Multiply by the number of calendar days in the pay period (or partial pay period) you are claiming for;
- ❏ Round up to the next whole number if the outcome isn't a whole number.

Variable hours – working out the employee’s usual hours:

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;
- ☐ the corresponding calendar period in the tax year 2019 to 2020.

Note that ‘usual hours’ includes ‘non-discretionary’ overtime.

- ☐ *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;*
- ☐ *Divide by the number of calendar days the employee was employed by you in the tax year 2019 to 2020, up until the day before they were furloughed, or the end of the tax year if earlier;*
- ☐ *Multiply by the number of calendar days in the pay period (or partial pay period) you are claiming for;*
- ☐ *Round up to the next whole number if the outcome isn’t a whole number.*

Calculating the number of furloughed hours:

- ☐ *Start with your employee’s usual hours;*
- ☐ *Subtract the number of hours they actually worked in the claim period – even if this is different to what you agreed.*

So, the grant received is unlikely to correspond proportionately with the pay an employee would have received had they worked these hours.

Worked examples can be found [here](#) (see section 2).

Calculating the claim:

The maximum grant which can be claimed is £2,500 per month (reducing from 1 September onwards) but this is reduced proportionately depending on the number of hours not worked.

Where an employee is flexibly furloughed, the calculation (based on an employee’s ‘usual hours’ (see above)) is as follows:

1. Start with the lesser of:
 - a. 80% of the employee's usual wages;
 - b. the maximum wage amount;
2. Multiply by the employee's furloughed hours;
3. Divide by the employee's usual hours.

A worked example can be found [here](#) (section 3.8).

Claims from 1 September onwards:

For periods starting on or after 1 September you will need to calculate the grant amount as follows:

1. Start with the amount of minimum furlough pay (see above).
2. Divide by 80.
3. Depending on which month you're claiming for, multiply by:
 - a. 70 for September;
 - b. 60 for October.

The difference between the amount in step 1 and step 3 is payable by the employer to the employee.

A worked example can be found [here](#) (section 3.9):

Calculating the claim for NICs and pension contributions:

Claims for NICs and pension contributions are not dealt with in this guide. Further information can be found [here](#).

Worked examples are given [here](#) (see section 4 for NIC claims and section 5 for pension contribution claims).