
Coronavirus Job Retention Scheme- Further Guidance

All employers can benefit from the Coronavirus Job Retention Scheme. If you are a director you can furlough yourself as long as you do no income generating work for the business while you are furloughed. Whilst furloughed although staff cannot do any work for the employer that furloughed them, they can however work for another employer, work on a self-employed basis or as a volunteer.

You can choose to furlough all your employees or just a group of employees if key workers are required to continue working. If you wish to rotate groups between working and being furloughed this is allowable an employee must, however, be furloughed for a minimum of 3 weeks at a time. Employees can be furloughed for a maximum of 3 months from 1 March 2020 with government funding. This timeline may be extended if the government extend the duration of the scheme.

How to calculate grant amount

For each monthly paid employee paid under £3,125 per month:

1. Find the gross regular wage of the employee at 28 February 2020 (this does not include bonuses, fees or commission)
2. Multiply this figure by 80%
3. Subtract £719.34 from this figure and multiply the remainder by 13.8% to calculate the employers National Insurance Contribution
4. Multiply the figure calculated at stage 2 by 3% to calculate the employers pension contribution
5. Add together the figures from stages 2, 3 and 4. This gives you the total figure you can claim for this employee under the job retention scheme per month.

For each monthly employee paid £3,125 per month or above the figure you can claim is £2,820.73 per month.

For each weekly paid employee paid under £721.15 per week:

1. Find the gross regular wage of the employee at 28 February 2020 (this does not include bonuses, fees or commission)
2. Multiply this figure by 80%
3. Subtract £166 from this figure and multiply the remainder by 13.8% to calculate the employers National Insurance Contribution
4. Multiply the figure calculated at stage 2 by 3% to calculate the employers pension contribution
5. Add together the figures from stages 2, 3 and 4. This gives you the total figure you can claim for this employee under the job retention scheme per week.

For each weekly employee paid £721.15 per week or above the figure you can claim is £650.93 per week.

Once the above calculations have been completed for each employee you can add the totals together and this is the amount that will be used in your claim under the Job Retention Scheme.

Irregular wages and new starters

If an employee does not receive regular wages or is a new starter the government has issued the following guidelines to calculate their 'regular wages':

- *If your employee has been with the Company for less than a year, you should claim for an average of their monthly earnings since they started work.*
- *For employees who's monthly pay varies, who have been employed / on PAYE for a full year, you can choose to claim the higher of either:*
 - *the amount the employee earned in the same month last year, or*
 - *an average of their monthly earnings from the last year*
- *If you have employees who started work in February 2020, you should pro-rata their earnings from that month to calculate what to claim.*

The amount agreed with the employee to be paid in the period of furlough will be treated as normal earnings and is therefore subject to all statutory and voluntary deductions reported under RTI with the remittances paid over to HM Revenue & Customs by the normal deadline.

Please note for directors the salary declared under PAYE is only considered in these calculations not any dividends received from the company.

How to claim

The government portal to reclaim any furlough grants is hoping to be introduced around 21 April 2020. When you make a claim, a bulk amount will be paid into your bank account for all furloughed workers. HM Revenue & Customs do reserve the right to investigate any claims made under this scheme and cross reference them to RTI data they hold.

Unfortunately, we are still waiting for clarification from the government as to how often the claims can be made, as soon as we receive this information, we will inform you.

To make a claim we believe you will need the following information:

- *your PAYE reference number*
- *the number of employees being furloughed*
- *the claim period (start and end date of the furlough)*
- *the amount you are claiming (per the minimum length of furloughing of 3 weeks)*
- *your Company bank account number and sort code*
- *a contact name and phone number*
- *You should make the claim in accordance with actual payroll amounts at the point at which payroll is run, or in advance of an imminent payroll.*
- *You must pay the employee all the grant they receive for their gross pay, no fees can be charged from the money that is granted.*

Annual Leave

As employees may have had their holidays cancelled new legislation has been introduced to give employees a statutory right to carry annual leave over into the next two holiday years after the current one. This change in legislation only applies to the first 4 weeks of leave. The rules on pay in lieu of untaken annual leave have also been amended so that, when employment ends, the holiday pay payable will include anything carried over and not taken due to the coronavirus. The law still does not allow pay in lieu of statutory minimum entitlement to be paid at any time other than termination.

If you have any queries please do not hesitate to contact us or visit our website for further information.

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