
Revised Furlough Scheme from 1 July 2020

HMRC amended eight pieces of guidance regarding the coronavirus job retention scheme (CJRS) on 12 June 2020. We consider what this means for employers who wish to furlough employees from 1 July.

We are only considering the calculations of new CJRS claims for July 2020 in this bulletin and highlighting the points of difference with the existing CJRS.

The rules will change again from 1 August when no pension costs or employer's NIC will be reclaimable. In September and October, the amount of wages which can be claimed will also reduce. We will advise you further regarding these further changes in due course.

Claim periods

There is effectively a new CJRS in place for furlough periods from 1 July 2020. Furlough periods that straddle 1 July are treated as ending on 30 June 2020 and then restart under the new scheme on 1 July. Two separate claims will be needed for such straddling furloughs, with furlough days up to 30 June 2020 to be included in the June claim.

Claims under the existing CJRS scheme must be made by 31 July. Claims under the new CJRS cannot be made until 1 July.

If an employer wishes to claim for furlough periods in both June and July, they must make two separate claims for the June furlough and the July furlough. However, claims for furlough periods completed up to 30 June should be submitted before any claims made in respect of periods from 1 July 2020.

Under both the new and old CJRS, claims cannot be made more than 14 days before the end date of the claim, so claims with an end date of 31 July cannot be made until 18 July.

Only one claim per PAYE scheme is permitted, which must include all pay frequencies.

No straddling of months

Claims must start and end within the same calendar month because the rules are changing from the beginning of each month. Also claim periods cannot be shorter than a week.

The exception to this will be where six days or fewer relate to the previous month. For example, a claim for 27 July to 3 August would need to be split into two claims 27-31 July and 1-3 August. This is also going to be problematic for four weekly payrolls who will have to make fortnightly claims, ie two per pay period ([example in para 1.2](#)) to align to the calendar month.

Who can be in a claim from 1 July?

An employee can only be included in the claim from the 1 July if they had been furloughed for a minimum of 21 days at any point between 1 March 2020 to 30 June 2020; for example, an employee furloughed for three weeks in May, but who then returned to work can be included in a claim from 1 July.

Furlough periods

Any furlough periods up to 30 June must last at least 21 days, but those periods can be extended by any number of days. However, where an employee resumes work and then starts a new furlough period, that new furlough period must be at least 21 days.

To qualify for a claim for flexible furlough under the new CJRS, employees must have been furloughed for at least 21 days. If the employee begins a new furlough period after 10 June, they must complete a period of at least 21 days on furlough, before moving on to a flexible furlough arrangement. Any CJRS claim which straddles 30 June must be split into two to cover the June days and the July days in of the furlough period.

Alternatively, the employer could furlough the employee for less than 21 days up to 30 June, and not make a CJRS claim for that period, but would then be able to flexibly furlough the employee from 1 July.

Usual hours

From 1 July 2020, employees can work and be furloughed in the same pay period, and even on the same day. If employers want to take advantage of this flexibility they will have to calculate all of the following for the employee:

- his or her 'usual hours'
- actual hours worked
- furloughed hours worked

'Usual hours' are either:

- Contracted hours for salaried employees (HMRC [examples 2.1 to 2.3](#)); or
- Specific formula for zero hours or variably paid employees (HMRC [examples 2.4 to 2.6](#))

In all calculations always round up to the next whole number of hours.

Furloughed hours

To calculate an employee's furloughed hours, deduct the actual hours worked from the usual hours. Employers will be expected to report the worked hours and the usual hours in the CJRS claims portal. Only where there are 100 or more employees in a claim can the details be submitted on a spreadsheet.

Hours declared

Since April 2019 employers in Great Britain have had to show the number of hours worked on payslips if pay varies based on hours worked. This requirement will apply to all employees who are flexibly furloughed from 1 July. Whilst the legislative requirement is to show the working hours as a total for the pay period, employers may choose to show furloughed hours as well for transparency.

The wage cap

The £2,500 wage cap continues to apply for July and August. This applies to each employment and is not aggregated, it is prorated to the hours in the pay period that the employee is furloughed, with this apportionment based on calendar days. The employer's NIC threshold and pension threshold will also be apportioned (see step by step example, and examples 3.1-3.8).

National minimum wage

This will be an important consideration from 1 July for any employees who are working as well as being furloughed for part of the pay period. They must be paid national minimum wage (NMW) for each hour of work and training. Care must be taken for apprentices in particular.

All employees

Be clear about what is required to be paid through the payroll, as per the employee's terms and conditions for the hours worked, and the amount that can be claimed for under the CJRS for the number of furloughed hours. What an employer can claim under CJRS may be less than they had expected, and less than they are due to pay through the payroll.

HMRC guidelines can be found at: <https://www.gov.uk/coronavirus/business-support>

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

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