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### *The Coronavirus Job Retention Scheme (CJRS)*

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This note (Bulletin 7) is designed to provide some additional guidance for our clients who employ staff whom they have had to place on furlough. This can apply to individuals who employ a nanny or domestic staff and anyone who runs a PAYE scheme for people they employed before 19 March 2020.

Included with this note is a PDF document issued recently by HMRC, which provides more details of the process to follow to make a claim and, importantly, some useful examples on how to calculate the employer's National Insurance contribution and auto enrolment pension uplifts.

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### *Calculating what you can claim*

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In Bulletin 6 we included one example of a calculation but you will appreciate that that example assumed someone was on furlough for a whole month. As the example in HMRC's note demonstrates, it is necessary to work out daily/weekly or monthly rates of NI and pension, and to claim only 80% of standard pay if more than that has actually been paid, when working out what to claim. Naturally, where you have instructed us to make the claims, we will undertake the necessary calculations.

There is useful [calculator on gov.uk](https://www.gov.uk/calculator) you can use to help work out what you can claim. Note, particularly, that you will need start and end dates for the calculator to work. The table below illustrates the **maximum** wage amounts that can be claimed (each daily figure represents £2,500 divided by the number of days in each month). Where 80% of standard pay is less than £2,500, the maximum amounts will be lower:

Month	Daily maximum wage amount	Maximum weekly amount	Maximum Monthly amount
March 2020	£80.65 per day	£576.92	£2,500
April 2020	£83.34 per day	£576.92	£2,500
May 2020	£80.65 per day	£576.92	£2,500
June 2020	£83.34 per day	£576.92	£2,500

Where someone is on furlough for a long period, you can use a combination of the daily, weekly and monthly limits as you choose.

As a reminder, employer's NIC and 3% auto enrolment pension contributions can be added to the claim for wages. In the case of the employer's NIC uplift, it is not simply a case of adding 13.8%; instead, the total employer's NIC in the pay period must be divided by the number of calendar days in the pay period and the result multiplied by the number of days on furlough in the month for each separate employee. You include Saturdays, Sundays and bank holidays in any furlough period calculation. A similar calculation will be required for the employer's pension contribution when an employee is only furloughed for part of a month.

We draw your attention to the fact that the calculator is not suitable for employees who:

- receive any top-up pay in the claim period (only standard pay counts);
- returned from statutory leave such as maternity leave in the last three months (because they will have/had certain statutory rights to pay);
- get director's payments (our other bulletins give an example of what to do);
- have been transferred under TUPE (beyond the scope of this bulletin);
- have been employed at separate times throughout the year (where you will need an average); or
- receive employer pension contributions outside of an auto-enrolment pension scheme (because the standard contribution rates may not apply).

Special rules apply to the above.

The following page on gov.uk provides [worked examples on how to work out 80% of pay](#) .

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### *The effect of the Employment Allowance*

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**Please remember that you must subtract from whatever amounts you intend to claim for employer's NIC any Employment Allowance you will receive in each month. The Employment Allowance for 2020/21 is £4,000. So if, for example, you would be entitled to deduct all £4,000 Employment Allowance in April, the maximum overall total of employer's NIC you can claim through the CJRS is the lower of:**

- the actual amount of employer's NIC you will pay across the entire payroll for that payroll period; and
- the employer's NIC due under the CJRS.

**If the employment allowance you can deduct in April is, say, £3,125, because that's the employer's NIC due across the entire payroll, you cannot claim *any* employer's NIC uplift under the CJRS for April.**

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### *Pay periods*

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The date on which employees are paid is not necessarily the same thing as the period *for which they are paid*. Some employers may pay their employees on the last day or the last working day of each month but actually have a pay period which ends at some earlier point. There is an element of "advance claiming" that is permitted under the CJRS but we understand that you cannot make a claim for a period which is due to end more than 14 days after the date of the claim.

Where you do have different pay periods, it may be easier to make the claim only down to that date, so that, when you make the next claim, the start point is known. However, provided you keep adequate records, starting each subsequent claim the date after the previous claim cut-off date should be fine.

If we are making the claim for you, it is vital that you confirm the date to which you want us to claim each month. You cannot claim for more than you have actually paid, or intend to pay, the employees on furlough pay. Naturally, if an employee's furlough period has ended and they are back at work, the last day of furlough will be obvious and we need to know it (you should complete the spreadsheet we provide as appropriate). Otherwise, we would normally only claim to either the end of the calendar month (if payslips are made up to the last day) or to whatever payroll cut-off date/payroll period you tell us to use.

Similarly, if employees are weekly paid, it makes sense to claim to the end of the most recent payroll period you have paid (though an additional two weeks in advance seems to be allowed). Please beware double-counting claims.

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*Disclaimer*

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Please be aware that we will do our utmost to prevent errors or mistakes where we run your payroll and make claims on your behalf, or where you ask us to prepare calculations, but we cannot accept responsibility for excessive claims which HMRC later require to be repaid, for whatever reason. This note is not exhaustive, is based on HMRC's guidance and our interpretation of the rules, and you should also refer to HMRC's guidance if you are in any doubt.

From all at Craufurd Hale group

20/04/2020



HM Government

**Coronavirus**

# Claim for your employees' wages through the Coronavirus Job Retention Scheme (CJRS)

A step by step guide for employers

**GET HELP ▶ PROTECT YOUR BUSINESS ▶ SAVE JOBS**

## This step by step guide will take you through five sections:

Step 1: Essential information

Step 2: Before you make your claim

Step 3: Calculating your claim

Step 4: Making a claim

Step 5: What to do next

## General information about the scheme

- To be eligible for CJRS an employer **must** agree with the employee that they are a 'furloughed worker'.
- Employees must be notified that they have been furloughed.
- Employees must be furloughed for a minimum of three weeks.
- The employee cannot do any work for the employer that has furloughed them.
- You can claim 80% of wages up to a maximum of £2,500 per month per furloughed employee.
- A separate claim is needed for each PAYE scheme.
- You can only claim for furloughed employees that were on your PAYE payroll on or before 19 March 2020.
- An RTI submission notifying payment in respect of that employee to HMRC must have been made on or before 19 March 2020.
- You must have a UK bank account.

For more information on the scheme and further eligibility requirements, visit [guidance on GOV.UK](#)

**Please support HMRC in keeping our lines open for those who need our help most. Do not call us unless you have an issue that cannot be resolved using our guidance or webchat facility.**

**If you are an employee please speak to your employer if you have any questions. We are not able to provide information on individual claims.**

## Step 1: Essential information

You must read the [guidance set out here](#) before you proceed with your claim.

Further advice is also available in [pre-recorded webinars on our YouTube channel](#).

The service is designed to be simple to use. The information you will be required to provide should be details that you currently use for your payroll run. To help you get through the process as smoothly as possible, **please ensure you have all the information required in steps 2 and 3 before you make your claim online.**

It is the claimant's responsibility to ensure that the information provided in the application is accurate.

You cannot make more than one claim during a claim period – you should make your claim shortly before or during running payroll. You must claim for all employees in each period at one time as you cannot make changes to your claim.

## Step 2: Before you make your claim

### Getting ready to make your application

The scheme will open on 20 April for claims. You will receive payment six working days after making an application. If you wish to receive a payment from the scheme by the end of the month, you will need to submit your claim at least six working days in advance for the money to clear into your bank account.

If you have an authorised agent, decide whether you want to make your own claim or if you want your agent to act on your behalf.

### Applying through an agent

If you have an agent that has authorisation to act for you on PAYE matters online, they can make a claim for CJRS on your behalf.

If an agent is making the claim for you, tell them which bank account you want the funds to be paid into.

### To make a claim yourself, you must gather the following information before you can proceed to step 3:

1. The number of employees being furloughed
2. The dates employees have been furloughed to and from
3. Details of employees – the name and National Insurance Number of each furloughed employee
4. Your employer PAYE scheme reference number
5. Your Corporation Tax Unique Taxpayer Reference, Self-Assessment Unique Taxpayer Reference or Company Registration Number as appropriate for your entity
6. Your UK bank account details
7. Your organisation's registered name
8. Your organisation's address

You should make sure you have this information ready before you access the system to make a claim.

Continue to step 3

Continue to step 3

## Step 3: Calculating a claim

For the majority of employers with full-time or part-time employees on a set salary, you will need to work out the following for the claim period:

1. The total amount being paid to furloughed employees (up to 80% of £2,500 a month before tax per employee)
2. The total employer NICs
3. The total employer pension contributions (up to 3%)

### Example calculation for an employee on a fixed salary

An employee started work for Smith Ltd in 1997 and is paid a regular, fixed monthly salary on the last day of each month. They are also auto-enrolled into the workplace pension. The employee agreed to be placed on furlough from 21 March 2020, at 80% of their salary.

#### A. Calculating the grant for gross pay

The employee was paid £2,400 in gross salary for February, the last full monthly pay period before 19 March 2020.

21 March to 31 March is 11 days. So the reference salary for the part of March in which the worker is furloughed is:

$$\begin{aligned} \text{£2,400 divided by 31 days in March} &= \text{£77.42} \\ \text{£77.42 multiplied by 11 days of furlough} &= \text{£851.62} \end{aligned}$$

Smith Ltd can claim 80% of this amount, up to the 'maximum amount' for the time on furlough in March:

$$80\% \text{ of } \text{£851.62} \text{ is } \text{£681.30}$$

The maximum amount test is:

$$\begin{aligned} \text{Monthly maximum of } \text{£2,500} \text{ divided by 31 days in March} &= \text{£80.65} \\ \text{£80.65} \times \text{11 days of furlough} &= \text{£887.15} \end{aligned}$$

**Smith Ltd claims the lower amount, £681.30, for the employee's gross pay in March.**

#### B. Calculating the grant for employer National Insurance contributions (NIC)

The employee's gross pay at the end of the month is made up of £1,548.40 of salary funded by Smith Ltd, for 1 to 20 March (20 days), and £681.30 of pay funded by CJRS for the remaining 11 days of March.

The employer NICs due on the total gross pay of £2,229.70 is £208.48

$$\begin{aligned} \text{Step 1: } \text{£208.48} \text{ divided by 31 days in March} &= \text{£6.73} \\ \text{Step 2: Daily employer NIC amount of } \text{£6.73}, \text{ multiplied by 11 furlough days} &= \text{£74.03} \end{aligned}$$

**Smith Ltd claims £74.03 for employer NIC's due on the employee's March pay.**

**Continue step 3**

### C. Calculating the grant for employer pension contributions

The monthly lower level of qualifying earnings of £512 (for March 2020) is apportioned based on the number of days in the month to the qualifying furlough days:

£512 divided by 31 = £16.52

£16.52 multiplied by 11 days = £181.72

The minimum level of auto-enrolment pension contributions on the £867.10 furlough pay is therefore:

$(£681.30 - £181.72) \times 3\% = £14.99$

This is the lower of £14.99 or the employer pension contributions due on the furlough pay under the terms of the pensions scheme.

**Smith Ltd claims £14.99 for the employer pension contributions for March.**

#### TOTAL CLAIM FOR EMPLOYEE

**Smith Ltd claims a total of £770.32 from the CJRS for the employee in March. This is made up of £681.30 for gross pay, £74.03 for employers NIC and £14.99 for employer pension contributions. Smith Ltd has checked that they are not claiming for more than they are going to pay out.**

For more information and further examples on more complex contracts and variable pay please [visit the guidance](#).

We will also be providing a claim calculator, when the service launches, to allow you to check your claim.

If you have an agent (including file-only agents or payroll providers), they should be able to assist with calculating your claim.

## Step 4: Making a claim

**Do not start a claim until you have gathered all the information required in steps 2 and 3.**

To access the system on GOV.UK you or your agent will need to have:

- A Government Gateway ID and password
- An active PAYE enrolment

If you do not have these, you can register for them at

**HMRC services: register  
PAYE Online for employers**

The application needs to be done in **one** session. There is currently no save and return option. Sessions will time out after 30 minutes of inactivity.

[Continue step 4](#)



### Now you are ready to make a claim. Go to GOV.UK to make your claim

The service will be available for claim submissions from 20 April. You will not be able to access it before this date.

You will be taken through a series of steps in the online service. You will need to confirm that you have furloughed your employees, then you will need to input the information about your organisation which you prepared in step 2.

After this, you will need to confirm the amount of the claim – split into the total amount to be paid to furloughed employees and the total pension and national insurance contributions, that you will have prepared at step 3. Before you submit the application, you will also need to confirm your employees' details, enter your UK bank details and your address.

Once you have submitted the claim, you will see a confirmation screen where a claim reference number will be provided. Print the confirmation screen or note down the claim reference number provided – you **will not** receive an email confirmation.

If you are submitting the claim yourself, it is your responsibility to check the accuracy of your claim.

**If you are using an agent**, ask them to note down and share the calculations that form the basis for your claim and the claim reference number provided. They **will not** receive an email confirmation, but they can print the confirmation screen.

To ensure that the funds are paid as quickly as possible to you, **your agent should input your bank details** into the system, not theirs.

### If you are an employer with more than 100 employees you will need to provide more detail in your submission:

- Claim amount per furloughed employee
- Claim period for each furloughed employee

You will also need to upload the claim information in one of the following formats:

- XLS, XLSX, CSV, ODP



Continue to step 5

## Step 5: What to do next

1. HMRC will verify your claim and you will receive the funds in six working days. To help us to support as many businesses as possible, please do not contact HMRC before six working days have passed as we will not be able to help you with your claim.
2. Keep hold of your claim reference number – one way of doing this is to print out the confirmation screen.
3. You should retain calculations that form the basis of your claim in case further information is required by HMRC.
4. Tell your furloughed employees that you have made a claim and that they do not need to take any further action. They should not contact HMRC to check the status of a claim as we will not be able to provide them with that information.
5. For any further information, please read the guidance on [GOV.UK](#)
6. **Only call us if you cannot find what you need on GOV.UK – this will leave our lines open for those who need our help most. HMRC will check claims made through the scheme.**
7. **Payments may be withheld or may need to be repaid in full to HMRC if the claim is based on dishonest or inaccurate information or found to be fraudulent. Dishonest or deliberately fraudulent claims put our essential public services and the protection of livelihoods at risk during these challenging times.**

This product will be reviewed for accessibility and will be made fully accessible shortly.