



Coronavirus Job Retention Scheme

What is it?

All UK employers with a PAYE scheme will be able to access support to be able to continue paying part of their employees' salary for those that would otherwise have been laid off during the COVID-19 pandemic.

This applies to all employees who have stopped working but are kept on the payroll, known as 'furloughed workers'. This scheme was due to come to an end on 31 October 2020 and be replaced by the Job Support Scheme but following the announcement that England would be entering a second national lockdown it was extended until 31 March 2021. The government will review the level of support provided by the scheme in January 2021. Under the extension HMRC will publish details of employers (including name and company registration number) who make claims under the JRS starting from December.

From 1 November 2020 employers can claim 80% of an employee's usual salary for hours not worked up to a maximum of £2,500 per month (pro-rated) with employers having to pay employer NICs and pension contributions. For claim periods ending on or before 31 October 2020 employers will need to contribute towards the cost of wages. The table below shows the changes to the grant contributions from July 2020.

	July	August	September	October	November
Government Contribution: Employer NICs and pension contributions	YES	NO	NO	NO	NO
Government Contribution: Wages	80% up to £2,500	80% up to £2,500	70% up to £2,187.50	60% up to £1,875	80% up to £2,500
Employer Contribution: Employer NICs and pension contributions	NO	YES	YES	YES	YES
Employer Contribution: Wages	NIL	NIL	10% up to £312.50	20% up to £625	NIL
Employee Receives	80% up to £2,500 per month				

Claims can be made online by [clicking here](#)



Coronavirus Job Retention Scheme

Who can claim and who can I claim for?

All employers with a UK bank account and UK PAYE scheme can claim under the JRS. Businesses do not have to have previously claimed for an employee before 30 October 2020 to claim for period from 1 November 2020. Claims from 1 November 2020 must be submitted by 11:59pm 14 calendar days after the month that is being claimed for. If this falls on a weekend then claims should be submitted on the next working day.

For claims relating to periods ending on or before 31 October 2020 employers can only claim for employees who had previously been furloughed before 1 July 2020. The final date for which a claim can be made related to periods ending 31 October or prior is 30 November 2020.

Employers can claim for employees on any type of employment contract, including full time, part time, agency, flexible or zero hour contracts.

If an employee was made redundant on or after 23 September 2020 then they can be re-employed and put on furlough. This applies as long as an RTI submission notifying payment in respect of that employee was made between 20 March and 23 September 2020. If a business has staff costs that are publicly funded (even if you are not in the public sector) you should use that money to continue paying staff and not furlough them. Organisations can use the scheme if they are not fully funded by public grants and they should contact their sponsor department or respective administration for further guidance.

For further guidance on agreeing to furlough employees please see the gov.uk website by [clicking here](#)

What are the minimum furlough and claim periods?

Flexible furlough arrangements can last for any period of time and should be agreed with the employee.

Claim periods must start and end within the same calendar month and must last at least 7 days, unless the period being claimed for includes the first few days or last few days of a calendar month.

Payments of the grant will be made six working days after the claim is made.

What are the rules regarding employees returning from maternity, shared parental, adoption, paternity or parental bereavement leave?

For claim periods ending on or before 31 October 2020 you can furlough an employee returning from statutory parental leave after 10 June even if you are furloughing them for the first time. You can do this provided that:

- You have previously submitted a claim for any other employee in your organisation in relation to a furlough period of at least 3 consecutive weeks taking place any time between 1 March and 30 June.
- The employee you wish to furlough for the first time started parental leave before 10 June and has returned from that leave after 10 June.
- The employee was on your PAYE payroll 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.

When calculating the maximum number of employees you can claim for the number of employees you are furloughing for the first time due to them returning from parental leave should be added to the maximum.



Coronavirus Job Retention Scheme

For claim periods starting on or after 1 November 2020 if an employee returns from maternity, shared parental, adoption, paternity or parental bereavement leave then normal scheme rules apply. If an employee decides to end their maternity leave early to enable them to be furloughed (with the agreement of the employer) they will need to give 8 weeks' notice of their return to work and the employer will not be able to furlough them until the end of the 8 weeks' notice.

What about holiday pay?

Furloughed employees continue to accrue leave as per their employment contract. Employees can take holiday whilst on furlough, however 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 weeks. Therefore if a furloughed employee takes holiday the employer should pay their usual holiday pay and employers will be obliged to pay additional amounts over the grant.

If an employee is flexibly furloughed then any hours taken as holiday during the claim period should be counted as furloughed hours rather than working hours.

What if your employee's health has been affected by Covid-19?

If an employee is unable to work because they are clinically extremely vulnerable, or at the highest risk of severe illness from Covid-19 and following public health guidance or are unable to work because they have caring responsibilities resulting from Covid-19 they are eligible for the grant and can be furloughed.

Furloughed employees retain their statutory rights, including their right to Statutory Sick Pay (SSP). This means that furloughed employees who become ill, due to Covid -19 or any other reason must be paid at least SSP. It is up to the employer to decide whether to move these employees onto SSP or to keep them on furlough at their furloughed rate.

Eligible individuals who are not employees

There are a number of individuals who are paid via PAYE but are not 'employees' but are eligible for the Job Retention Scheme. These individuals include the following:

- Office holders (including company directors)
- Salaries members of a LLP
- Agency workers
- Limb (b) workers

The specific considerations for these individuals who are paid via PAYE, but who are not necessarily employees under employment law are set out below.

Office Holders

Office holders can be furloughed and receive support through this scheme. Where the office holder is a company director or member of a LLP the furlough arrangements should be adopted formally as a decision of the company or LLP.

As office holders, company directors are eligible to be furloughed and receive support through the scheme. Any decision by the company to furlough a director should be formally adopted as a decision of the company, noted in the company records and



Coronavirus Job Retention Scheme

communicated in writing to directors 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, for instance 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.

The above also applies to salaried individuals who are directors of their own personal service company (PSC).

Salaried Members of LLPs

Members of LLPs who are designated as employees for tax purposes under the Income Tax (Trading and Other Income) Act 2005 are eligible to be furloughed. To furlough a member, the terms of the LLP agreement may need to be varied by a formal decision of the LLP. For an LLP member who is treated as being employed by the LLP 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

Where agency workers are paid through PAYE they are eligible to be furloughed.

Furlough should be agreed between the agency, as the deemed employer, and the worker. As with employees agency workers should perform no work for, through or on behalf of the agency that has furloughed them, including for the agency's clients.

Limb (b) workers

Where Limb (b) workers are paid through PAYE they can be furloughed. Those who pay tax on their trading profits through Income Self-Assessment may instead be eligible for the Self Employed Income Support Scheme.

JRS - Calculating what you can claim

Working out the maximum wage amount

The maximum wage amount is £2,500 per month or £576.92 per week. This is the upper limit of the amount which can be claimed for an employee's wages. If the amount of time being claimed for is not one week or one month then the daily maximum wage will need to be used to work out the maximum amount which can be claimed for that employee.

Month	Daily Maximum Wage amount
October 2020	£80.65 per day
November 2020	£83.34 per day
December 2020	£80.65 per day
January 2020	£80.65 per day



Coronavirus Job Retention Scheme

Working out 80% of an employee's usual wage

When calculating 80% of an employee's wage the following should be included:

- Regular wages paid to employees
- Non-discretionary payments for hours worked, including overtime
- Non-discretionary fees
- Non-discretionary commission payments
- Piece rate payments.

The following should not be included:

- Payments made at the discretion of the employer, such as discretionary commission or bonuses
- Non-cash payments
- Non-monetary benefits such as benefits in kind.

To calculate how much can be claimed for an employee you can use HMRCs calculator by [clicking here](#)

The number of furlough days in the period will need to be identified. A furlough day means every calendar day within a period where the employee was either fully furloughed or under a flexible furlough agreement.

For employees on a fixed salary

The reference period that will be used in the calculation will depend and is as follows:

- The reference period is the last pay period ending on or before 19 March 2020 for employees who either:
 - Were on the payroll on 19 March 2020 and an RTI submission was made containing the employee on or before 19 March 2020.
 - A valid CJRS claim was made for a claim period ending any time on or before 31 October 2020.
- For all other employees the reference period is the last pay period ending on or before 30 October 2020, this will only apply for periods starting after 1 November 2020.

1. Start with the wages payable to your employee in their reference period
2. Divide by the total number of calendar days in the pay period
3. Multiply by the number of furlough days in the pay period
4. Multiply by 80%

For employees whose pay varies

If an employee has variable pay how to work out their usual wages depends on when they were on the payroll.

For employees who were on the payroll on 19 March 2020 or employees for whom a valid JRS claim was made on or before 31 October 2020 it is 80% of the higher of:

- The wages earned in the corresponding calendar period in the tax year 2019/20
- The average wages payable in the tax year 2019/20

For all other employees the usual wage is 80% of the average wages payable between 6 April 2020 (or, if later, the date the employment



Coronavirus Job Retention Scheme

started) and the day before they were furloughed.

To calculate 80% of the wages from the corresponding calendar period in the tax year 2019/20

1. Start with the amount the employee earned in the same period last year
2. Divide by the total number of days in the pay period (including non-working days)
3. Multiply by the number of furlough days in the pay period
4. Multiply by 80%

To work out 80% of the average monthly wages for the tax year 2019/20

1. Start with the amount of wages that were payable in the tax year up to the day before they were first 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 first furloughed or 5 April 2020, whichever is earlier.
3. Multiply by the number of furlough days in the pay period
4. Multiply by 80%

To work out 80% of an employee's average wages between 6 April 2020 and they day before they were furloughed on or after 1 November 2020

1. Start with the amount of wages that were payable to the employee from 6 April 2020 up to the employee's first day spend on furlough on or after 1 November 2020.
2. Divide it by the number of days they have been employed since the start of the tax year (including non-working days) up until the day before they were furloughed.
3. Multiply by the number of furlough days in the pay period
4. Multiply by 80%

There is further detailed guidance on the gov.uk website and can be found by [clicking here](#)

For examples of how to calculate employees' wages please [click here](#)