



Job Retention Scheme

Working out what you can claim

Below is a summary of how to calculate what can be claimed through the JRS.
Further guidance is available on the Gov.uk website, [click here](#)

There is also a calculator available for use which can be found [here](#).

Examples of calculations can be found [here](#).

Calculations up to 30 June 2020

Employers will receive a grant from HMRC for the lower of 80% of an employee's regular wage or £2,500 per month, plus the associated employer NI contributions and minimum automatic enrolment employer pension contributions on that subsidised wage.

Full & Part time employees

For full time or part time employees the employee's actual salary before tax as of 19 March 2020 should be used to calculate the 80%. If based on previous guidance you have calculated your claim based on the employee's salary as at 28 February 2020 (and this differs from their salary in their last pay period prior to 19 March 2020) you can choose to still use this calculation for your first claim.

Where a claim covers multiple pay periods this calculation should be done for each pay period and added together.

To work out 80% of your employee's wage:

1. Start with your employee's wages, which is their last pay period before 19 March
2. Divide by the total number of calendar days in the pay period
3. Multiply by the number of furlough calendar days in the pay period
4. Multiply by 80%

For staff where their pay varies

If they have been employed for at least 12 months prior to the claim then businesses can claim the higher of:

- The same month's earnings from the previous year
- The average monthly earnings from the 2019-20 tax year

If they have been employed for less than a year businesses can claim for an average of their monthly salaries since they started work. If the employee only started in February 2020 businesses should use a pro-rata for the member of staff's earnings so far.

Past Overtime, Fees, Commission, Bonuses and non-cash payments

You can claim for any regular payments you are obliged to pay your employees. This includes wages, past overtime, fees and compulsory commission payments.

Discretionary bonus (including tips) and commission payments and non-cash payments should be excluded from calculations.

Benefits in Kind and Salary Sacrifice Schemes

The calculation of what you can claim should not include the cost of non-monetary benefits provided to employees, including taxable Benefits in Kind. Benefits provided through salary sacrifice scheme (including pension contributions) that reduce an employee's taxable pay should not be included in the calculation.

Normally an employee cannot switch freely out of a salary sacrifice scheme unless there is a life event. HMRC has agreed that Covid-19 counts as a life event that could warrant changes to salary sacrifice arrangements.



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Calculations from 1 July 2020

From 1 July 2020 employers can use flexible furloughing arrangements, meaning that you can bring your employees back to work for any amount of time and any work pattern. You will still be able to claim the furlough grant for the hours your flexibly furloughed employees do not work, compared to the hours they would normally have worked in the period.

From 1 July claim periods cannot overlap calendar months.

Furthermore the amount employers can claim is changing during this period a summary is noted below:

- For July the government will continue to pay 80% of wages up to a cap of £2,500 for the hours the employee is on furlough as well as employers NIC (Ers NIC) and pension contributions.
- For August the government will continue to pay 80% of wages up to a cap of £2,500 for the hours the employee is on furlough and employers will pay Ers NIC and pension contributions.
- For September the government will pay 70% of wages up to a cap of £2,187.50 for the hours the employee is on furlough and employers will pay Ers NIC and pension contributions and top up employees' wages to ensure they receive 80% of their wages up to a cap of £2,500 for the time they are furloughed.
- For October the government will pay 60% of wages up to a cap of £2,187.50 for the hours the employee is on furlough and employers will pay Ers NIC and pension contributions and top up employees' wages to ensure they receive 80% of their wages up to a cap of £2,500 for the time they are furloughed.

Wage caps noted above are proportional to the hours not worked.

Working out 80% of employee's usual wage

Employers will need to work out 80% of an employee's wage to determine:

- How much has to be paid to employees for the time they are furloughed
- What can be claimed under the scheme

The number of furlough days in the period will need to be calculated. A furlough day means every calendar day within a period where the employee was either:

- Fully furloughed
- Under a flexible furlough agreement

To work out this amount see the notes under 'Calculations up to 30 June'.

As further information is published by the government we will update our summaries. Should you have any initial queries either contact your usual CK contact or look at the governments dedicated business support website businesssupport.gov.uk.