

## Calculating the Furlough Grant Claim

You can apply for a grant for employees you have furloughed provided they were in your employment *and* had been notified to HMRC through an RTI submission on or before 19 March 2020.

Note that if you are paying furloughed employees less than their usual salary, this is a change to their employment contract which should be made by agreement. Equality and discrimination laws will apply in the usual way.

If you are making a claim, your normal payroll process still runs as usual. Deductions such as tax and national insurance contributions, plus pension contributions will continue to be made from all staff wages and paid as usual. Yours and their pension obligations remain unchanged and you will still upload the contribution schedules to your pension provider.

To be eligible for the grant you must confirm in writing to your employees that they have been furloughed and a record of this communication must be kept for five years.

Claims should be started from the date the employee finishes work and starts furlough, not when the decision is made, or when they are written to confirming their furloughed status.

Any employees you place on furlough must be furloughed for a minimum period of 3 consecutive weeks. When they return to work they must be taken off furlough. Employees can be furloughed multiple times, but each separate instance must be for a minimum period of 3 consecutive weeks.

HMRC will check your claim and pay it by BACs to your nominated business bank account.

You must pay each employee *at least* the amount of the grant you claim for them; you must not enter into any transaction with them that reduces their wages below this amount.

The scheme is in place temporarily for a period of 3 months from 1 March 2020 to 31 May 2020. It may be extended if necessary and you can use the scheme anytime during this period.

## Calculating the Claim

Your claim should be calculated as follows:

### For employees paid a regular wage:

1. The lower of 80% of an employee's regular wage or £2,500 per month, plus
2. The associated employer national insurance contributions; plus
3. Automatic enrolment employer pension contributions calculated based on qualifying earnings for pension contribution purposes. Note this amount may be different to the actual pension contribution you are making on the employee's behalf.

You can claim for any regular payments you are obliged to pay your employees. This includes wages, past overtime, fees and compulsory commission payments. However discretionary bonus (including tips) and commission payments and non-cash payments should be excluded.

### For employees whose pay varies:

If the employee has been employed by your organisation for a full twelve months prior to the claim, claim the higher of either:

- The same month's earnings from the previous tax year; or
- Their average monthly earnings from the 2019/20 tax year.

### For employees in your employment for less than a year:

Claim the average of their monthly earnings since they started work with you.

### For employees who started in your employment in February 2020:

Claim a pro-rata of their earnings so far.

### National Living Wage/ National Minimum Wage

Check whether a furloughed worker is now receiving less than NLW/ NMW.

This is OK unless they are required to complete for example online training courses whilst they are furloughed. If so, they must be paid at least the NLW/ NMW for the training period, even if this exceeds 80% of their usual salary.

### Individual employers:

You can furlough employees such as nannies and claim as above.

### For employees self isolating or on sick leave:

Whilst on short-term sick leave or self-isolating, employees should get Statutory Sick Pay.

You can furlough employees who are currently off sick they should no longer receive sick pay and should be classified as a furloughed employee.

You can claim a grant under the furlough scheme, and you can claim under the SSP rebate scheme for the same employee, but not for the same period of time.

Employees who are unable to work because they are shielding in line with public health guidance (or need to stay at home with someone who is shielding) can be furloughed.

**For employees on Maternity Leave Sick Pay:**

If you offer enhanced, earnings-related contractual pay to someone on maternity leave, this is included in wage costs that you can claim through the furlough scheme.

**For director/ shareholders of personal service companies**

You can make a claim based on salary, calculated as above. The claim should not include dividend payments.

If the board of directors decide that a director should be furloughed, this should be formally adopted as a decision of the company, noted in the company records and communicated in writing to the director(s) concerned.

Directors can continue to carry out duties to fulfil the statutory obligations they owe to the company, provided they do no more than would reasonably be judged necessary for that purpose, i.e. they should not do work of a kind they would carry out in normal circumstances to generate commercial revenue or provide services to or on behalf of their company.

**Furloughed employees undertaking training**

Furloughed employees are encouraged to undertake training, as long as in undertaking the training the employee does not provide services to, or generate revenue for, or on your behalf.