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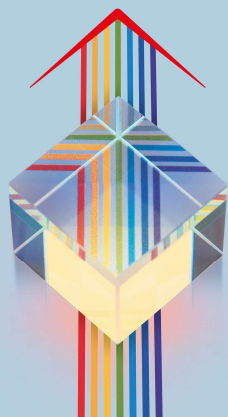
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CJRS3: The Furlough scheme reinvented

19 NOVEMBER 2020

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Presenters



Today's moderator
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Today's speaker
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Agenda

- What's changed from Schemes 1 and 2
 - If we don't mention it, it hasn't changed!
 - NB last claim under Scheme 2 to end October 2020 by 30 November 2020
- How to calculate and make a claim for Scheme 3
- Practical tips
- Your Q&A
 - We'll summarise in a TAX Guide later

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Background

- Guidance contents page: <https://bit.ly/2UD0K0A>
- New Treasury Direction only covers scheme to 31.1.21
- 80% & other aspects might change for February/March
- Job Retention Bonus has gone but maybe another incentive?
- Kickstart scheme remains, but you can't claim under both!
- Remember overarching eligibility is 'employment activities have been adversely impacted by the coronavirus'

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Background

- From 1 December 2020 within 3 months employers who use the scheme will be named with the amount claimed per month published
 - Informing employees dropped?
 - Details will be deleted after 12 months
- New employers and employees/directors can join scheme, so no maximum number of employees in claim
- Employer top up permitted
- No on costs covered ie as per August claims

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What's changed.....

- Newly eligible employees/office holders
 - Reported on RTI 20.3.20 – 30.10.20
 - With no Date of Leaving until after 23.9.20
- New calculation for newly eligible people
 - *Fixed rate employee* (annual directors): last pay period before 30.10.20 (March 2020 or September 2020?)
 - *Variable paid employee*: average pay/hours this tax year since 6.4.20/start date
 - NB if you didn't claim for a previously eligible person you must use 2019/20 reference pay
- New furlough agreements: must be in place prior to start, retro changes had to be dated by 13.11.20
 - No minimum furlough/worked hours but claim is for minimum 7 days

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What's changed....

- Very tight claim 14 day after month end deadline,
 - you can still claim 14 days in advance of claim end date
- You can increase claim for another 14 working days after deadline
- “reasonable excuse’ after month end deadline
- Claims can be deleted/adjusted within 72 hours
- You can reduce claim in next claim period, or arrange direct repayment

Claim month	Claim deadline	Increase claim deadline
November 2020	14 December	29 December 2020
December 2020	14 January	28 January 2021
January 2021	15 February 2021	1 March 2021

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What's changed....

- You must only calculate usual hours/pay to furlough end date, not whole week/month (14.9.20 guidance change)
- You *can* re-engage people who left after 23.9.20 from 1.11.20, but should you?
- Nobody can be on any type of notice from 1.12.20 and claimed for
- No restrictions on dividends/capital distributions
- Many more people on UC: get the payment date right on RTI in December

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Sample claim: fixed rate employee on full furlough

- Annie and Betty have worked for X Ltd for many years each on a fixed salary of £24,000. Annie was furloughed between March and July. Betty was not.
 - On 1 September, they both had a pay rise to £25,000 and Cathy joined the company also on £25,000
 - On 1 November, all three ladies are furloughed under the new scheme. Although they will each be paid in accordance with their employment contract, the CJRS grant claimable by X Ltd for November will be:
 - **Annie:** based on her previous reference salary because she was furloughed previously, so 80% of £24,000/12
 - **Betty:** based on her old reference salary of 80% of £24,000/12 because she was not furloughed, but was eligible
 - **Cathy:** based on her 80% of her September salary £25,000/12 as she wasn't eligible before (NB September is last pay period on or before 30.10.20)

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Sample claim: fixed rate employee on flexi-furlough

- In December trade is still affected for X Ltd so they agree Annie will end her full furlough and return to work on 3 December, Betty will work flexibly until 13 December and Cathy will be flexi-furloughed all month on 50% hours of 40 hours p.w.....
- **Annie:** has a CJRS claim for two days in December (OK as it's an 'orphan' claim following immediately after 30.11.20)
 - $\text{£}2,000/31 \times 2 \times 80\% = \text{£}103.22$
- **Betty:** works 40 hours p.w. normally but to 13th has worked 32 hours. She has a claim for 13 days in December.....

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Betty's claim for December

Weekly hours	40	Rounded 'usual hours'	Actual hours worked	Furloughed hours
Usual hours to 13th	$40/7 \times 13 = 74.28$	75	32	$75 - 32 = 43$
February 2020 salary used as reference pay	Total full furlough pay	Furlough pay for furloughed hours	Contractual pay based on working days in December	Total pay
£2,000	$£2,000/31 \times 13 \times 80\% = £670.97$	$£670.97/75 \times 43 = £384.68$	$£25,000/261 \times 14 = £1,341$	$£384.68 + £1,341 = £1,725.68$

As Betty's furlough comes to an end on the 13th the usual hours are only calculated up to this point, this guidance changed for claims on, or after, the 14th September

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Cathy's claim for December

Weekly hours	40	Rounded 'usual hours'	Actual hours worked from timesheets	Furloughed hours
Usual hours for December	$40/7 \times 31 = 177.14$	178	100	78
September 2020 salary	Total full furlough pay	Furlough pay for furloughed hours	Contractual pay on hourly rate	Total pay
£2083.33	$£2,083.33 \times 80\% = £1,666.66$	$£1,666.66/178 \times 78 = £730.33$	$£25,000/261 = £95.79/8 \times 100 = £1,197.38$	$£730.33 + £1,197.38 = £1,927.71$

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Sample claim: variable paid employee

- Kate's café has two staff members, Debbie and Ellen on NMW zero hours contracts as well as the owner. Kate recruited Frank in October 2020 also on NMW and zero hours. Ellen wasn't furloughed before as she ran the takeaway service
- In November they are all flexi-furloughed from 5th – 30th to offer takeaways
- They all worked some hours 1-4th November paid at £8.72 p.h.

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Sample claim: variable paid employee

- **Debbie** joined in 2018 so her reference pay is based on the higher of
 - 80% of her average pay over 2019/20 or the corresponding month last year so that will be on an hourly rate of £8.21 p.h.....
- **Ellen** joined in January 2020 so was eligible for schemes 1 and 2 but wasn't furloughed, her reference pay is also based on the higher of
 - 80% of her average pay over 2019/20 or the corresponding month last year so that will be on an hourly rate of £8.21 p.h.....
- **Frank** started on 5th October and the FPS with his starter details was sent to HMRC on 26th October
 - His furlough pay is based on 80% of his pay from 5th October – 4th November on £8.72 p.h.

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Frank's claim for November

Actual hours From 5.10.20 – 4.11.20	Calendar days 5.10-20 – 4.11.20	No of calendar days in furlough period 5.11.20-30.11.20	Usual hours in furlough period based on days employed to day before furlough	Rounded up usual hours	Actual hours 5.11.20- 30.11.20	Furloughed hours
72	31	26	$72/31 \times 26 = 60.39$	61	32	29
Reference pay 5.10.20 - 4.11.20	Total furlough pay for November	Furlough pay for furloughed hours	Contractual pay on hourly rate	Total pay		
$72 \times £8.72 \times 80\% = £502.27$	$£502.27/30 \times 26 = £435.30$	$£435.30/61 \times 29 = £206.95$	$32 \times £8.72 = £279.04$	$£206.95 + £279.04 = £485.99$		

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Directors of owner-managed businesses

- If they were eligible last time as some earnings reported before 20.3.20 for 2019/20 they will only be eligible this time if
 - They have had any earnings reported since 20.3.20 and by 30.10.20
 - For example if they have moved to monthly payments or have an annual payment made by the end of September
- If their annual earnings for 2019/20 were reported after 19.3.20, or they have had monthly earnings for this tax year, they are now eligible
 - They will be fixed pay employees and their reference pay will be either:
 - The March 2020 capped at £2,500, or
 - 80%/£2,500 of the last pay received before 30.10.20

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Practical tips

- If your claim is for less than 100 employees there is still no upload facility and if you have a missing NINO the entire claim needs to be made by 'phone to 0800 024 1222
- Missing NINOs on upload files can be left blank and the employee number/payroll ID used instead
- You can be furloughed if sick but for short-term absence it should be SSP
- Don't use furlough just to cover Christmas shutdown
- Remember holiday pay at 100% using new legislation apart from Northern Ireland

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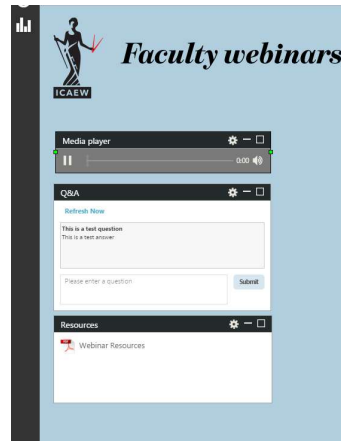
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- Tax Faculty webinars
 - 23 November 2020 – IR35
 - 09 December 2020 – VAT tips for your SME business clients
 - 15 December 2020 – DAC 6 affects SMEs too

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