

Coronavirus

Job Retention Scheme (CJRS)

What is the Coronavirus Job Retention Scheme?

The Government announced the introduction of a temporary job retention scheme, open to all employers for at least 3 months, starting from 1st March 2020.

The objectives are simple:

- to keep as many workers as possible employed (albeit on a reduced wage)
- to assist companies to maintain their skilled workforce ready for when the current crisis ends and their skills are needed
- assist with the social distancing regulations.

Who can claim?

- Any employer can claim.
- The claim can be backdated until 1st March 2020 if the employee was furloughed during March.
- You can also claim if you made employee redundant after 28th February 2020.

The main rules

- a. You can claim 80% of the furloughed employees' wages capped at £2,500.
- b. You must have had a payroll scheme in operation by 28th February 2020.
- c. You must have a UK bank account.
- d. The employee cannot carry out any duties for the employer while furloughed.
- e. The employer needs to write to the staff advising them that they are being furloughed. The normal employment regulations in terms of record keeping apply
- f. Employees hired after 28th February 2020 are not eligible for furloughing.
- g. Employees who are on sick leave or self-isolating cannot be furloughed but may be furloughed once they are fit to return to work.
- h. Employees shielding from the virus in line with public health guidance can be furloughed.
- i. Employees cannot demand to be furloughed

NCC furlough calculator

The calculator – which is an excel spreadsheet attached to this guidance - is designed to assist our members with calculating the cost of furloughing staff instead of laying them off.

There are cashflow implications for doing this as HMRC has stated that the online portal will not be active until late April 2020.

Your business is therefore funding the furloughed staff for a minimum of 2 months if you are able to backdate the claim to 1st March 2020.

There are other options available from the Government to assist with the funding and cash-flow implications identified above. For more information on the loans available visit [the gov website](#)

The calculator has the previous tax year (2019-2020) and current year (2020-2021) included.

The password is **ncc-furlough**.

	Furloughed	Base claim	ER Ni	Pension 3%	Total
Claim Total	4,300.00	3,380.00	267.99	70.68	3,718.67
Employee Name No. 1	3,200.00	3,200.00	245.78	59.64	2,805.42
Employee Name No. 2	1,100.00	1,100.00	22.22	11.04	913.26
Employee Name No. 3	-	-	-	-	-
Employee Name No. 4	-	-	-	-	-
Employee Name No. 5	-	-	-	-	-
Employee Name No. 6	-	-	-	-	-
Employee Name No. 7	-	-	-	-	-

The calculation

HMRC has currently not released some of the finer details, specifically around employers NI and employers' pensions. The calculations are based on the tax year 2019/20. An updated schedule from HMRC will be available shortly.

Notwithstanding the above, the calculations are fairly straight-forward.

We have used two examples to demonstrate how the calculations work.

An employee earning £1,100 per month and an employee earning £3,200 per month:

Example 1:

Employee earning £1,100 per month:

- Calculate the base claim. In this case it is 80% of the gross wage, being £880.
- Calculate the employers NI. On current rules and assuming no change to the 0% threshold, the total is $((£880 - £719) * 13.8\%) = £22.22$. (* = multiplied by)
- Calculate the minimum pension contribution. On current rules and assuming no change to the minimum threshold, the total is $((£880 - £512) * 3\%) = £11.04$.
- Calculate the total. The total claim under current rules is $£880.00 + £22.22 + £11.04 = £913.26$.

Example 2:

Employee earning £3,200 per month:

- Calculate the base claim. In this case it is capped at £2,500. $(£3,200 * 80\% = £2,560)$ (* = multiplied by)
- Calculate the employers NI. On current rules and assuming no change to 0% threshold, the total is $((£2,500 - £719) * 13.8\%) = £245.78$
- Calculate the minimum pension contribution. On current results and assuming no change to the minimum threshold, the total is $((£2,500 - £511) * 3\%) = £59.64$
- Calculate the total. The total claim under current rules is $£2,500 + £245.78 + £59.64 = £2,805.42$

The figures above changed slightly from 6th April with the updated thresholds to £903.18 and £2,795.34 respectively.

Please note that the claim is reduced for the current tax year (2020/2021) because there is an increase in the 0% employers' NI threshold thereby reducing the amount paid.

Disclaimer

This document is for guidance only.

Any decision on furloughing staff is a business decision and should be taken in conjunction with your usual legal and financial advisors.