

Coronavirus Job Retention Scheme

Guidance on calculating the gross pay for furloughing calculations

General guidelines

1. The cap is the lower of 80% of the calculated gross up to £2,500.
2. Payroll must have been operational on or before 19 March 2020.
3. You can now furlough employees who were on the payroll on or before 19th March 2020.
4. You **must** have a UK bank account.
5. Discretionary bonuses and discretionary commission payments are excluded.
6. Overtime, fees and compulsory commission payments can be included.
7. The employer's national insurance is calculated on the reduced pay.
8. The employers pension contribution is calculated on the **minimum** amount payable, on the reduced pay.
9. National living wage thresholds **do not apply** as the employee is not working.
10. An employee cannot carry out any activities for the employer, with the exception of training.
11. Apprentices and other employees can carry on training and if they do, they must be paid the appropriate minimum wage, for the hours spent training.
12. The salary does not include non-monetary benefits in kind or salary sacrifice arrangements.

Salaried employees

To calculate 80% of the salary for a full time or part-time employees with a salary you must use the salary in the last pay period prior to 19th March 2020.

Where employers have calculated on previous guidance that stipulated that 80% calculations should be based on the employee's salary as at 28 February 2020, and this differs from the salary in the last pay period prior to 19 March 2020, employers can opt to use the original calculation if they wish.

Workers with variable pay

The calculation claim **can** be the higher of the:

- a. The same months earnings from the previous calendar year, or
- b. Average monthly earnings for the 2019/2020 tax year.

If the employee has been employed for less than 12 months, then you **can** claim 80% of the average since they started work.

If the employee started in February 2020, then use a Pro-rata calculation for their earnings.

Workers returning from Statutory Leave

Statutory Leave includes:

- a. Maternity and Paternity leave
- b. Adoption leave
- c. Sick leave, and
- d. Parental bereavement leave

The claim is against their salary before tax, not the amount paid whilst on leave.

The calculation claim **can** be the higher of the:

- a. The same months earnings from the previous calendar year, or
- b. Average monthly earnings for the 2019/2020 tax year.

Disclaimer

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

Government guidance can be found [here](#)