

COVID-19

Coronavirus Job Retention Scheme - claiming from 1 July 2020



The Coronavirus Job Retention Scheme (CJRS) was launched in March 2020 and was made available to all UK PAYE employers who needed support to help them pay part of their employees' salary. Without it these employees might have been laid off work during the coronavirus crisis. Instead many workers who had been asked to stop working during the crisis, but who remained on the business' payroll, were furloughed. The scheme is now closed to employees who haven't previously been furloughed, with new rules affecting how the scheme is run and the claims that employers can make coming into effect from 1 July 2020.

In brief what are the main changes to the existing scheme?

There are three main changes to the Coronavirus Job Retention Scheme.

1. From July 2020: the scheme will become more flexible to enable employers to bring previously furloughed employees back part time. Employers will still receive a grant for the time when they are not working.
2. From 1 August 2020: employers will have to start contributing to the wage costs of paying their furloughed employees. This employer contribution will gradually increase in September and then again in October.
3. Employers cannot furlough employees who have not been furloughed at least once by 10 June 2020. This is because the scheme is closing to new entrants from 30 June 2020 and they must have completed the full three week furlough period before then.

Which employees can I claim for?

You can only claim for furloughed employees who were employed on 19 March 2020 and who were on the PAYE payroll on or before this date. From 1 July 2020 you can only claim for employees for whom you have successfully claimed a previous CJRS grant. This means that they must have been put on furlough for at least 3 consecutive weeks between 1 March and 30 June 2020. The last day that an employee can have been put on furlough for the very first time is 10 June 2020. HMRC will validate the number of employees you can claim for (the **maximum numbers rule**) and it cannot exceed the highest number of employees who were part of any claim up to and including 30 June. There are some exceptions, and a facility to adjust the claim for them will be made available soon, as follows:

- employees returning from parental leave (see page 2 for further information)
- employees who have been moved to a new PAYE scheme due to a scheme reorganisation after 10 June, but were included in a claim under their previous PAYE scheme between 1 March 2020 and 30 June 2020
- employees transferred under the TUPE rules into a business due to a change of ownership or a compulsory liquidation after 10 June 2020, but who had been in a claim under their previous PAYE scheme between 1 March 2020 and 30 June 2020.

Is there a deadline for claims up to 30 June 2020?

Yes, there is a deadline and employers will have until 31 July to make any claims for claim periods up to 30 June. This is the case even where an employee furloughed in June continues to be furloughed full time in July because from 1 July the CJRS in place is effectively a new scheme with different rules. In this situation, separate claims will need to be submitted to cover the days in June and the days in July that you want to claim for even if the employees are continuously furloughed. This may mean that your claim periods differ from the pay periods that you use.

What happens if my employee has been on maternity, shared parental, adoption, paternity or parental bereavement leave after 10 June 2020?

You can furlough an employee returning from statutory parental leave after 10 June even if this is the first time you are putting them on furlough. You can do this in the following circumstances.

- You have previously submitted a claim for any other employee in your organisation in relation to a furlough period of at least three consecutive weeks taking place any time between 1 March 2020 and 30 June 2020.
- The employee you wish to furlough for the first time started maternity, shared parental, adoption, paternity and parental bereavement leave before 10 June and has returned from that leave after 10 June.
- The employee was on your PAYE payroll on or before 19 March 2020. This means an RTI submission notifying payment in respect of that employee to HMRC must have been made on or before 19 March 2020.

How will employers have more flexibility from 1 July to bring employees back on a part time basis?

From 1 July you will be able to flexibly furlough employees (providing they have previously been furloughed) and bring them back to work for any length of time and any work pattern, whilst claiming for the time that they are not working (compared to the hours that they normally would have worked during the period).

Will this flexibility impact the amount I am allowed to claim for employees I have furloughed?

Yes, there will be an impact as the level of the grant is being tapered to reflect more people returning to work. It will work as follows with the cap on the furlough grant being proportional to the hours not worked.

- In July, the Government will pay 80% of wages up to a cap of £2,500, as well as employer NICs and pension contributions for the hours the employee does not work.
- In August, the Government will continue to pay 80% of wages up to a cap of £2,500, but employers must pay employer's NICs and pension contributions.
- In September, the Government will pay 70% of wages up to a cap of £2,187.50 for the hours the employee does not work. Employers must pay employer's NICs and pension contributions and 10% of wages to make up a total of 80%. This total is capped at £2,500.
- In October, the Government will pay 60% of wages up to a cap of £1,875 for the hours the employee doesn't work. Employers will be required to pay employer's NICs and pension contributions plus 20% of wages to reach the necessary 80%. Again this will be capped at £2,500.

You can still choose to top up your employees' wages above the minimum furlough pay amount but you do not have to. Employees must not work or provide any services for the business during hours which they are recorded as being on furlough even if they receive a top-up wage.

Do not overlook the National Minimum Wage (NMW). Employees, who are working as well as being furloughed for part of the pay period, must be paid the NMW for each hour of work and/or training they do.

What periods do I claim for after 1 July?

From 1 July claim periods must start and end within the same calendar month and must last at least 7 days unless you are claiming for the first few days or the last few days in a month. You can only claim for a period of fewer than 7 days if the period you are claiming for includes either the first or last day of the calendar month and you have already claimed for the period ending immediately before it.

If your pay period includes days in more than one month, you will need to submit separate claims covering the days that fall into each month.

When do I make the claim?

Claims for periods after 30 June can be made from 1 July. If you wish to claim for furlough periods in both June and July, you must make two separate claims, ie one for June and another for July. Furthermore, you must make the June claim before any claims from 1 July onwards due to the maximum numbers rule (see page 1). You can claim before, during or after you process your payroll. You can usually make your claim up to 14 days before your claim period end date and do not have to wait until the end of a claim period to make your next claim.

Can your claim periods overlap?

No, they can't overlap. You can only make one claim for any period so you must include all your furloughed or flexibly furloughed employees in one claim even if you pay them at different times. You should match your claim period to the dates you process your payroll if possible. Where employees have been furloughed or flexibly furloughed continuously (or both), the claim periods must follow on from each other with no gaps in between the dates.

When claiming for employees who are flexibly furloughed you should not claim until you have certainty of the exact number of hours they will have worked during the claim period. If, for example, you make a claim in advance and your employee ends up working more hours than you have advised HMRC, you will have pay some of the grant back. Likewise, if you make an error in your claim you will have to let HMRC know and pay the amount in question back.

How do I advise HMRC that I have made an error in my claim?

You can tell HMRC that you have overclaimed as part of your next claim – you will be asked when making your claim whether you need to adjust the amount down to take account of a previous error. Your new claim amount will be reduced to reflect this. Other than this, you will not need to take any further action other than to keep a record of the adjustment for six years.

If, on the other hand, your error has resulted in an underclaimed amount, you should contact HMRC to amend your claim. HMRC will conduct additional checks as you are increasing the amount of your claim however.

HMRC are currently designing a process should you find yourself in the situation where you have made an error in a claim but will not be making any further claims. More guidance on the process to advise them of the error and how to pay back the overclaimed amount will be released in due course.

How long will it take to receive the claim money?

Payments will usually be made within six working days of the claim being made.

What information do I need to make a claim?

You will need the following to make the claim:

- To be registered for PAYE online
- Your UK bank account number and sort code (only provide the bank account details where a BACs payment can be accepted)
- The billing address on your bank account (this is the address on your bank statements)
- Your employer PAYE scheme reference number
- The number of employees being furloughed
- Each employee's National Insurance number
- Each employee's payroll or employee number (optional)

- The start date and end date of the claim
- The full amounts that you're claiming for including:
 - Employee wages
 - Employer National Insurance contributions (for claims up to 31 July)
 - Employer minimum pension contributions (for claims up to 31 July)
- Your phone number
- Contact name

You also need to provide either:

- Your name (or the name of the employer if you are the agent)
- Your Corporation Tax unique taxpayer reference
- Your Self Assessment unique taxpayer reference
- Your company registration number

For the claim period you'll also need:

- The number of usual hours your employee would work in the claim period
- The number of hours your employee has or will work in the claim period
- You will also need to keep a record of the number of furloughed hours your employee has been furloughed in the claim period

Can my agent make the claim on my behalf?

Yes, if you use an agent who is authorised to do PAYE online for you, they will be able to claim on your behalf.

If you do not have an agent authorised to do PAYE online on your behalf but you would like to use one, you can authorise one by accessing your HMRC online services and then selecting 'Manage Account'.

You must be enrolled in PAYE online for employers to do this and will need to ask your agent for their agent ID. Your agent can get this from their HMRC online service for agents by selecting 'authorise client'.

Afterwards if you do not wish the agent to continue to have access, you can remove authorisation from them by using the same service.

You must tell your agent which bank account you would like the grant to be paid into. However, you must only provide the details of a bank account which can accept a payment by BACS.

I have over 100 employees on furlough – what do I do?

If you are claiming for 100 or more furloughed employees, you will need to upload a file containing the following for each employee:

- Full name
- National Insurance number
- Payroll number (optional)
- Furlough start date
- Furlough end date (if known)
- Full amount claimed

For flexibly furloughed employees you'll also need to include

- The hours they actually worked in the claim period
- The usual hours worked in the claim period

To avoid any issues, it is important to ensure that you:

- Provide only the employee information requested here. If you provide more or less information than require, you may risk delaying your payment and/or be asked to provide the information again.
- Submit one line per employee for the whole period
- Do not break up the calculation into multiple periods within the claim
- Do not split data by contract type (for example those paid weekly and monthly should be claimed for together)
- Upload your file as an .xls, .xlsx, .csv or .ods

HMRC has made a template available for download on its website for employers claiming for 100 or more employees for claim periods starting on or after 1 July. It should be completed and uploaded when you make your claim.

How do I submit my claim and what should I do once I've done it?

To submit your claim you'll need your Government Gateway ID and password (you will have received this when you registered for PAYE online).

Make sure that if you don't save your claim in one session, you save a draft. You must complete your claim within 7 days of starting it.

What do I do once I have submitted my claim?

When you have submitted your claim, you'll get a claim reference number, which you should keep a note of.

You must ensure that you keep a copy of all records for 6 years, including:

- The amount claimed and the claim period for each employee
- The claim reference number for your records
- Your calculations in case HMRC need more information about your claim
- For employees you flexibly furloughed, the usual hours worked, including any calculations that were required
- For employees you flexibly furloughed, the actual hours worked

You must ensure that you tell your employees that you have made a claim on their behalf and they do not need to take any action.

You must pay your employees their wages – you must pay them the full amount that you are claiming and pay the associated employee tax and National Insurance Contributions, even if your company is in administration. If you are unable to do this, then you must repay the money to HMRC. The same applies in relation to employer NICs and pension contributions you claim regarding your employee. The full amount you claim in respect of these must be paid or you will need to repay the money to HMRC.

Employers cannot enter into any arrangement with employees which reduces their wages below the amount claimed. This includes administration charges, fees or other costs in connection with their employment.

Where an employee has authorised their employer to make deductions from their salary, these deductions can continue while the employee is furloughed provided that these deductions are not administration charges, fees or other costs in connection with the employment.

For a reminder of some of the details of the CJRS please see our factsheet, 'Coronavirus Job Retention Scheme – the basics', in the 'Resources' section of our website

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