

Coronavirus Job Retention Scheme FAQs

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What has changed?

- The scheme has been extended again to the end of September 2021
- The amount an employer can claim back will start to reduce from 1 July 2021
- More recent new recruits will be eligible for the scheme

Which employers can use the scheme?

All employers with a PAYE scheme and a UK bank account can claim furlough funding. You do not need to have used the scheme before.

Who can I furlough?

You are currently only be able to furlough staff who were already on your payroll by 30 October 2020. This means you must have made a Real Time Information (RTI) submission about them between 20 March 2020 and 30 October 2020.

From **1 May** you will be able to furlough people who were on your payroll by **2 March 2021**, and in respect of whom you had made a RTI submission by that date. Those individuals will not be eligible for furlough until 1 May.

If you have company directors who are paid through an annual RTI and no RTI was made between the two relevant dates, you cannot claim for them.

Employees can be on any kind of contract, so you can include those on fixed term contracts, or zero hours, apprentices, company directors or salaried members of an LLP. Agency workers can also go on to the scheme through the agency employing them.

What are acceptable reasons for furlough?

You can furlough people for the following reasons:

- you have no work for them;
- they are clinically extremely vulnerable;
- they are at the highest risk of severe illness from coronavirus;
- they are off on long term sick leave; or
- if they cannot work because of caring responsibilities to do with coronavirus

My business is seasonal – can I use the scheme to support me in quiet times?

You can only furlough employees if the reason you have no work for them is coronavirus. You cannot use the scheme just because you are less busy, if this is for a different reason, such as a quiet time of year.

I have new employees who came to me as a result of a TUPE transfer recently. Can I furlough them?

You can currently claim for employees who were transferred over to you on or after 1 September 2020 even if you have not yet made an RTI submission for them, as long as one was made by their previous employer.

If you're claiming for a period beginning on or after 1 May 2021 and you employ someone who was transferred from another business, you can claim under the normal rules if they were included on a PAYE Real Time Information (RTI) submission to HMRC on or before 2 March 2021.

What does 'flexible furlough' mean?

You can either have people not working at all, or have workers on reduced hours, for any work pattern. You need to establish what their normal hours are (see below), record the hours they actually work, and claim furlough funding only for the hours not working.

How do I place staff on flexible furlough?

To claim funds back from HMRC for furloughed staff, you will need them to have agreed for their work to be ceased, or to the flexible furlough arrangement you are proposing.

You will need to confirm the arrangement in writing. Your claim will be in respect of the difference between their 'normal hours' and the hours they actually work.

Furlough agreements need to be in place before the furlough period starts.

How do I work out normal hours for employees who work fixed hours?

For claims made in respect of March or April 2021, use the hours your employee was contracted to work in the last pay period prior to 19 March 2020, or, if they were not employed at that time, use the last pay period prior to 30 October instead.

If they were on family leave or similar during the relevant time, use whatever their normal contracted hours would have been.

For claims from 1 May 2021, details of how to work out normal hours will be published soon.

How do I work out the normal hours for employees who work variable hours?

For claims made in respect of March or April, you can use either the average method (average number of hours worked in the tax year 2019 – 2020, or since the beginning of this tax year, or, if they were employed later than 6 April 2020, since their start date), or you can use the 'lookback' method, taking the hours they worked in March or April 2019. Include hours of annual leave and overtime.

For claims from 1 May 2021, details of how to work out normal hours will be published soon.

How do I work out 'normal pay'?

If you are claiming in respect of March or April - for fixed pay staff normal pay will be either the amount the employee received in the pay period prior to 19 March 2020 or, if they weren't employed then, the amount received in the pay period prior to 30 October 2020.

For variable paid staff who have been with you since prior to 19 March 2020, you should use the higher of the same month's earnings from 2019, or their average monthly earnings from the last tax year.

For variable paid staff who started with you after 19 March 2020 (but before 30 October 2020), you use the average pay between 6 April 2020 and the date before they start furlough (or between their start date and the day before they start furlough if they haven't been employed that long).

For those who have been on family leave, sick leave or unpaid leave, you should base your claim on the individual's normal pay before they started their leave.

You should not include discretionary bonuses, tips, non-compulsory commission or non-cash payment in your calculations, but should include compulsory commission, overtime and fees.

For claims from 1 May 2021, details of how to work out normal pay will be published soon.

What is the length of time for a furlough claim?

You need to report and claim for a minimum period of at least seven consecutive calendar days. That doesn't mean someone needs to be furloughed for the whole seven days, just that the claim covers that time period.

What funds can I claim back?

You can claim back 80% of monthly wage costs, or a maximum of £2,500 if this is less, until 30 June 2021. You will need to still make Employer's NI and pension contributions but will need to fund them yourself.

The 'cap' on the amounts HMRC will refund are pro-rated to reflect the hours your employee is furloughed for.

From 1 July 2021, whilst you still have to pay employees 80%, you will only be able to claim 70%, to a maximum of £2,187.50. From 1 August until the end of September when the scheme closes, this will go down to 60%/£1,875.

How much do I need to pay staff on flexible furlough?

You need to pay them at least 80% of normal pay for the hours they are on furlough, and at their normal rate for the time spent working. The wages received in respect of time on furlough are subject to tax and National Insurance as normal, and to auto-enrolment pension contributions.

I would like them to take holiday during furlough. Is this possible?

Yes, you can require employees to take holiday during a period of furlough, bearing in mind that you must give them twice as much notice of the period of holiday you wish them to take, i.e. you need to give them two weeks' notice to take a week's holiday.

What you cannot do is place someone on furlough specifically because they will be taking holiday. Furlough funding should therefore only be claimed for employees on holiday if they were already on furlough and would remain on furlough if they were not on annual leave.

If you do want them to take holiday during furlough, this should be at 100% of pay.

What about sickness during furlough?

Furlough is not designed to be used for short term sickness absence, however, if you are furloughing staff for business reasons anyway, you can include those who happen to be off sick if they would have been furloughed.

If someone is on furlough and becomes ill, you can either move them on to Statutory Sick Pay, or can keep them on furlough.

Can they work for someone else as well?

During the hours staff would normally be working for you but are furloughed, they can work for another employer, or do voluntary work for another organisation, as long as their contract with you permits this.

Will I still be able to make people redundant if it turns out my business will close down or not recover sufficiently?

Yes, the fact that staff have been placed on furlough doesn't guarantee them a job, so if it turns out later that you do need to make redundancies, you will be able to do so. You cannot however use furlough money to fund redundancy payments, and will not be able to use it for notice periods either, so you will need to factor those costs into your planning.

Can I claim furlough funding for staff who are serving their notice?

You cannot claim furlough funding in respect of any days on which an employee is serving a notice period.

You can't circumvent this requirement by paying in lieu of notice (PILON) as furlough funding is only available when employees are still employed, and PILON payments are made once employment has finished.

Will the fact I am claiming furlough be made public?

Yes, HMRC is required to publish the names and company registration numbers (where applicable) of employers claiming under the scheme, and also the amounts being claimed.

Amounts claimed will be published in bands, with the lowest band being claims of between £1 and £10,000.

Employees who have been furloughed will also be able to see details of any claims made for their wages since 1 December 2020, through their Personal Tax Accounts on the gov.uk website.