

12Pay

COVID-19, Furloughed Employee
& Job Retention Scheme Payroll
Processing Changes and Important
Dates, inc. Furlough extension

November 2020

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Furlough Payments

This document aims to give you guidance on processing Furlough payments in 12Pay, making it easier to calculate what you can claim back from the government, using the Coronavirus Job Retention Scheme.

Further information can be found [here](#).

The Coronavirus Job Retention Scheme has been subject to numerous changes. We have summarised some of those upcoming changes in this guide.

Initially the CJRS was due to end on the 31st October, this has now been extended and is planned to remain open until March 31st 2021, with a review planned in January. Our guidance is until January 2021, we will update this once the Government review has taken place. Employees can receive 80% of their current salary for hours not worked, up to a maximum of £2,500.

The employer can recover the full 80% of furlough payment but will be responsible for the employer's National Insurance and employer's Pension contributions. Flexible furlough will be permitted alongside full-time furlough. This means staff can be brought back part time to say, set up the premises for the lifting of national restrictions, or to prepare for Brexit.

When this extension ceases, the scheme will be replaced by the Job Support Scheme. There will be different rules for businesses that remain open and businesses that are required to close, due to COVID-19 restrictions. A Job Support Scheme Guide will be available.

Important Dates

10th June 2020

The last date to furlough an employee who has not been furloughed before is the 10th June. Newly furloughed employees must be furloughed on or before the 10th June, ensuring they meet the criteria of a minimum 3-week period by the 30th June. *

There are exceptions to the rule that the last date to furlough an employee who has not been furloughed before is the 10th June. This relates to employees returning from extended leave of absence, such as maternity/paternity leave. However, this will only apply where they work for an employer who has previously furloughed employees. For further information on this announcement, click [here](#).

* see [1st November 2020](#) for guidance relating to the Furlough Scheme extension.

1st July 2020

From the 1st of July, you will have the flexibility to bring previously furloughed employees back to work part time and can apply for a scheme grant to cover any of their normal hours they are still furloughed for. When making a claim, HMRC require the normal hours worked in a claim period, the actual hours worked in the claim period, and the furlough hours not worked in the claim period.

From 1st July, any future CJRS claims must be for calendar months only and cannot span different months, for instance 6th July – 5th August.

31st July 2020

For both newly furloughed employees and those previously furloughed and claimed for, you have up until the 31st July to make a claim for any periods of furlough up until the 30th June.

1st August 2020

Employers must start contributing for the wage costs of paying furloughed employees. From the 1st August, an employer cannot claim Employer's NI or Employer's pension contributions on any future furlough payments.

1st September 2020

Employers must still pay furloughed employees 80% of their wage but can only reclaim 70%.

1st October 2020

Employers must still pay furloughed employees 80% of their wage but can only reclaim 60%.

1st November 2020 – 31st January 2021

Employers must pay furloughed employees 80% of their wage.

To be eligible following the extension of the scheme, employees must be on an employer's PAYE payroll by 30th October 2020. This means a Real Time Information (RTI) submission notifying payment for that employee to HMRC must have been made between 20th March 2020 and 30th October 2020. From 1st November onwards, employees do not need to have been furloughed previously.

Summary of contribution changes

The following table shows an overview of the changes to government contributions, required employer contributions and the amount the employee receives when they are 100% furloughed:

	July 2020	August 2020	Sept 2020	Oct 2020	Nov 2020 – Jan 2021
Government contribution: employer NICs and pension contributions	Yes	No	No	No	No
Government contribution: wages	80% up to £2,500	80% up to £2,500	70% up to £2,187.50	60% up to £1,875	80% up to £2,500
Employer contribution: employer NICs & pension contributions	No	Yes	Yes	Yes	Yes
Employer contribution: wages	-	-	10% up to £312.50	20% up to £625	-
Employee receives	80% up to £2,500 per month	80% up to £2,500 per month	80% up to £2,500 per month	80% up to £2,500 per month	80% up to £2,500 per month

What the software will and will not do

Will do

You must continue to pay furloughed staff 80% of their pay, using the furlough payments previously identified in the Payments/Deductions section. During September and October the employer cannot claim back the full 80% of the furlough payment, but, due to the extension of the Furlough scheme, can from 1st November through to 31st January 2021. However, you must continue to pay your furloughed employees the full 80% of their pay. The software will automatically calculate the reclaim value for you when you create the CSV output file.

From the 1st July onwards, all claim periods must fall within a calendar month and so you will not be able to enter a claim date range that spans across multiple calendar months e.g. you cannot claim for 16th June to 15th July. You can claim for 16th to 30th June then make a separate claim in July.

If you **are not** flexibly furloughing any employees and you have employees that remain furloughed, the software will be able to calculate the reclaim values when you create the CSV output file.

From the 1st July onwards, you must enter a Furlough From Date for any flexibly furloughed employees as they are still considered furloughed.

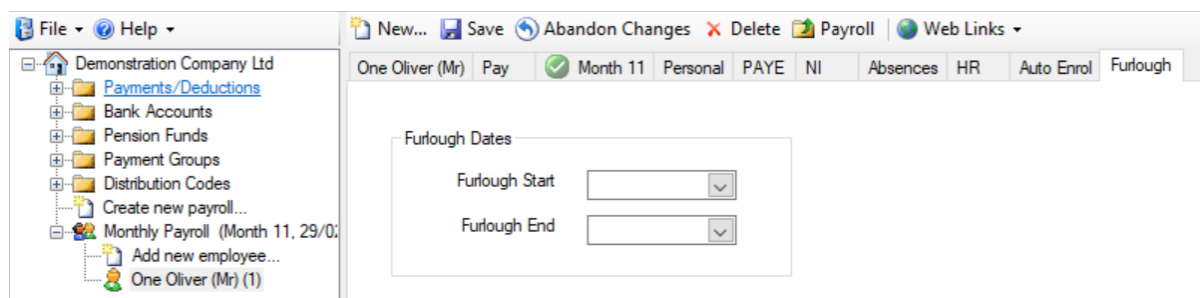
Will not do

From the 1st July onwards, if you **are** flexibly furloughing employees, the software will not be able to calculate the reclaim values accurately and so you will not be able to create the standard CSV output file. You will need to use the spreadsheet we have provided with the update.

What to do in 12Pay

Step 1 - Enter Your Furlough Dates

In the **Employee** form | **Furlough** tab, enter your employee's **Furlough Start** and **End** dates. If you do not know the **Furlough End** date, this can be left blank.



You should not enter a **Furlough From Date** later than 10th June 2020, unless you are furloughing any employees who are returning from maternity, paternity leave etc.

Step 2 - Make Furlough Payments

The next step is to calculate pay for the periods where your employees are furloughed. The recommended way is to create a separate payment/deduction for the 80% Furlough Payment. If you want the employee to be paid at their normal rate, we also recommend you create another payment/deduction for the remaining 20% of their pay.

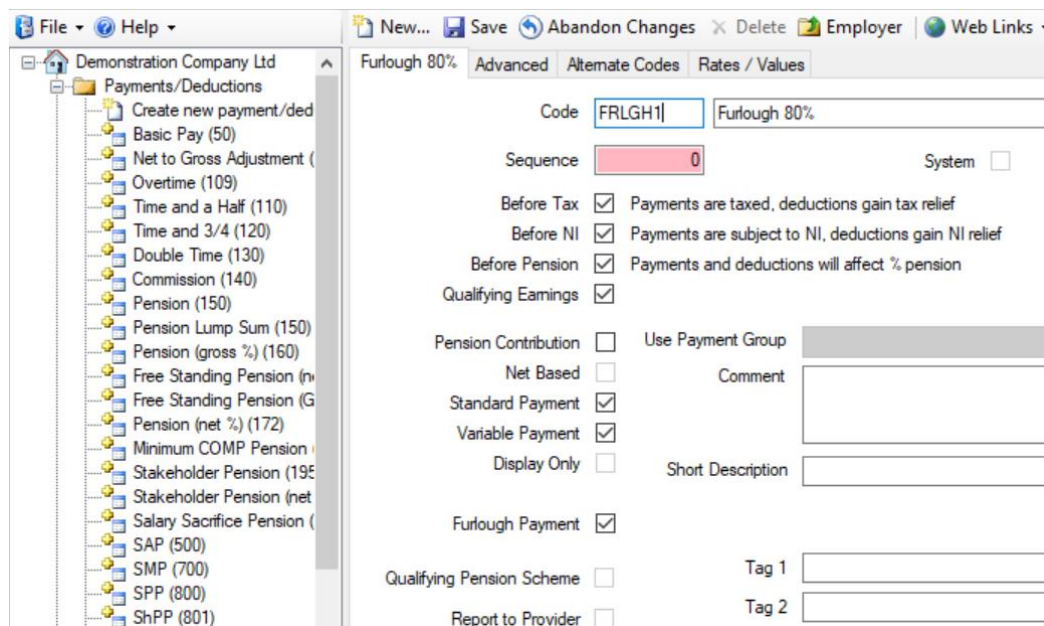
Do not worry if you have already calculated payroll for furloughed employees and did not create separate payments/deductions, as you will still be able to create the file to upload to HMRC or the new spreadsheet we have provided – you will just need to add some more information manually.

Salaried Employees

For salaried employees we recommend you create a new payment with a name that is easily identifiable e.g. Furlough Payment or Furlough Payment 80%.

To do this:

1. Go to **Employer | Payments/Deductions**
2. Then **Create new payment/deduction...**



The screenshot shows the 'Create new payment/deduction' form in the 12Pay software. The left-hand pane shows a tree view of 'Payments/Deductions' with 'Furlough 80%' selected. The main form area is titled 'Furlough 80%' and has tabs for 'Advanced', 'Alternate Codes', and 'Rates / Values'. The 'Advanced' tab is active, showing the following fields and checkboxes:

- Code:** FRLGH1
- Sequence:** 0
- System:**
- Before Tax:** Payments are taxed, deductions gain tax relief
- Before NI:** Payments are subject to NI, deductions gain NI relief
- Before Pension:** Payments and deductions will affect % pension
- Qualifying Earnings:**
- Pension Contribution:** Use Payment Group
- Net Based:** Comment
- Standard Payment:**
- Variable Payment:**
- Display Only:** Short Description
- Furlough Payment:**
- Qualifying Pension Scheme:** Tag 1
- Report to Provider:** Tag 2

3. Enter a short unique code that easily identifies the payment, for example for **FURLOUGH** (you could use something like **FRLGH1** if you intend to set up more than one – for instance one for salaried employees and one for hourly)
4. In the box to the right of **Code**, enter your chosen description e.g. Furlough 80%
5. Ensure the following are all ticked:
 - **Before Tax**
 - **Before NI**
 - **Before Pension**
 - **Qualifying Earnings**
 - **Furlough Payment**

We also recommend you leave **Standard Payment** and **Variable Payment** ticked

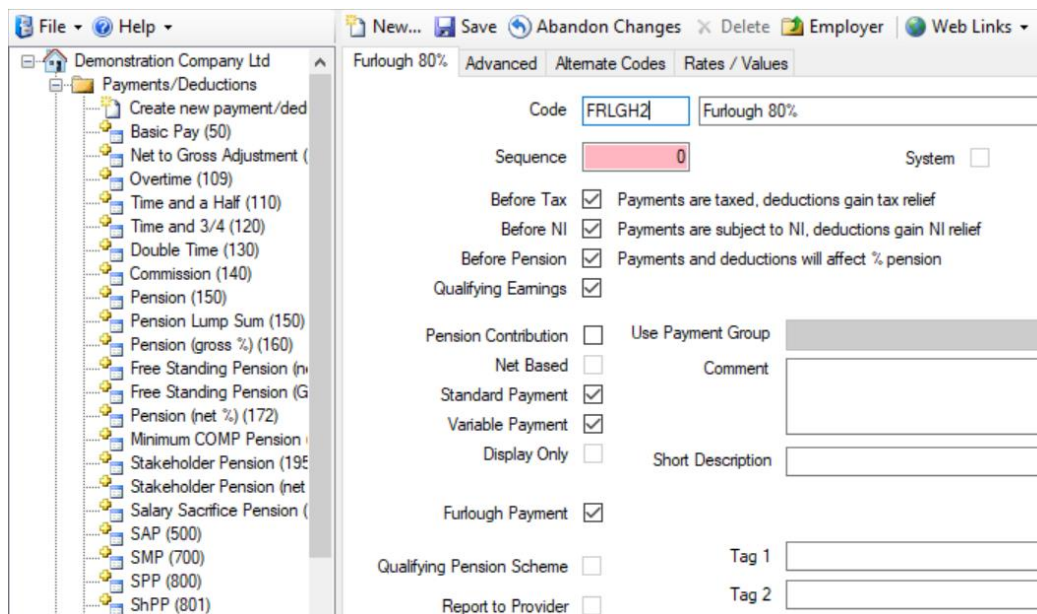
Once saved, you will be able to use the new payment to pay your employees 80% of their usual pay. You must calculate the values to pay yourself as the system cannot do it for you.

Hourly Paid employees

For hourly paid employees we recommend you create a new payment, with a name that is easily identifiable e.g. Furlough Payment or Furlough Payment 80%.

To do this:

1. Go to **Employer | Payments/Deductions**
2. Select **Create new payment/deduction...**



The screenshot shows the 'Create new payment/deduction...' dialog box in the 12Pay software. The 'Code' field is set to 'FRLGH2' and the description is 'Furlough 80%'. The 'Sequence' field is set to 0. The following checkboxes are checked: 'Before Tax', 'Before NI', 'Before Pension', 'Qualifying Earnings', 'Standard Payment', 'Variable Payment', and 'Furlough Payment'. The 'Pension Contribution' and 'Report to Provider' checkboxes are unchecked. The 'Use Payment Group' and 'Net Based' checkboxes are also unchecked. The 'Display Only' checkbox is unchecked. The 'Tag 1' and 'Tag 2' fields are empty.

3. Enter a short unique code that easily identifies the payment, for example for **FURLOUGH** (you could use something like **FRLGH2** if are setting up a second payment – you may have created one for salaried employees)
4. In the box to the right of **Code**, enter your chosen description

Ensure the following are all ticked:

- **Before Tax**
- **Before NI**
- **Before Pension**
- **Qualifying Earnings**
- **Furlough Payment**

We also recommend you leave **Standard Payment** and **Variable Payment** ticked

5. In the **Advanced** tab, tick **Hours Rate Pay Payslip**

Once saved, you can use the new payment to pay your employees 80% of their usual pay. You must calculate the rates to pay yourself as the system cannot do it for you.

Note: If you are flexibly furloughing employees, even if you normally pay salary, you must pay your employees using hourly rates for their part-time hours (the hours they have worked) and their furlough hours.

Step 3 – Enter required fields

If your employees meet the requirements to be included on the claim output file e.g. your employees are not flexibly furloughing, you can still create the output file. In order to submit your claim, HMRC require information to identify where the claim is coming from. It is most likely that you will have already entered these details, but it is worth checking before starting to create the claim file:

In the **Employer Form**, ensure the following fields are completed:

- Employer name
- Contact Details (located on the **Furlough** tab)
 - Contact Name
 - Contact Tel No
- Tax Reference
- One of the following fields:
 - Company Tax Reference
 - Self-Assessment UTR
 - Company Registration Number (located on the **Furlough** tab)

You should also ensure that the Employer Bank Account details (located on the **Payments** tab) are entered as this is where the reclaim payment will be sent. However, if the reclaim payment is to be sent to an alternative bank account, you will need to complete the **Alternative Bank Details** section on the **Furlough** tab.

Step 4 – Job Retention Scheme Claim screen

Create CSV Output File

Once you have calculated pay and have entered the required fields, you can create the CSV output file, which can be uploaded directly to the Job Retention Scheme portal, where applicable.

The output file format changed in July. New 'hours' columns were added for employees being flexibly furloughed. However, in 12Pay, you will need to use the spreadsheet we have provided with the update for these employees.

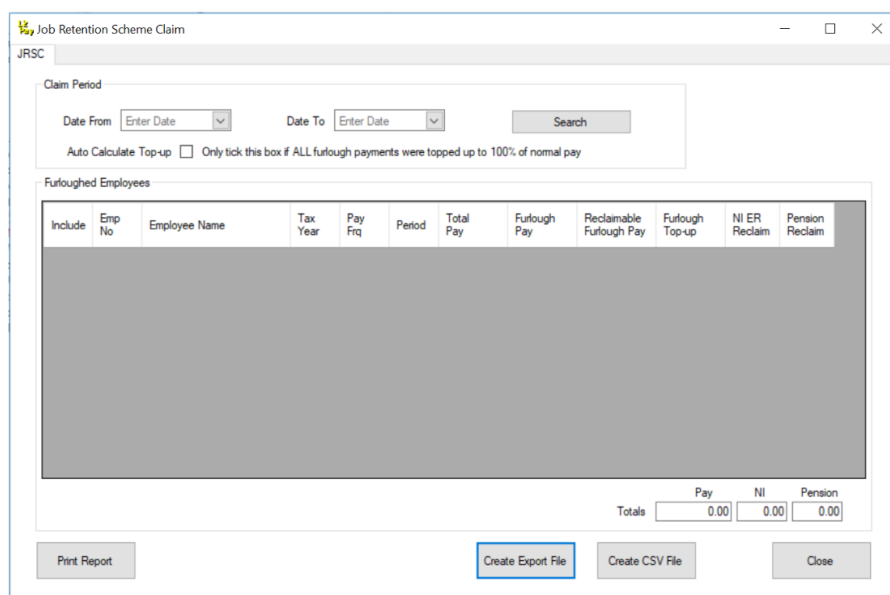
Employee Name	NINO	Payroll Reference Number	Furlough Start Date	Furlough End Date	Employee Claim Amount	Normal Hours	Actual Hours	Furlough Hours
Forename1 Surname1	AB123456C		16/04/2020	16/04/2020	£		37	10
Forename2 Surname2	AB123456C		16/04/2020	16/04/2020	£			27
Forename3 Surname3	AB123456C		16/04/2020	16/04/2020	£			
Forename4 Surname4		111111	16/04/2020	16/04/2020	£			
Forename5 Surname5	AB123456C		16/04/2020	16/04/2020	£			
Forename6 Surname6	AB123456C		16/04/2020	16/04/2020	£			
Forename7 Surname7	AB123456C		16/04/2020	16/04/2020	£			
Forename8 Surname8	AB123456C		16/04/2020	16/04/2020	£			
Forename9 Surname9		222222	16/04/2020	16/04/2020	£			
Forename10 Surname10	AB123456C		16/04/2020	16/04/2020	£			
Forename11 Surname11	AB123456C		16/04/2020	16/04/2020	£			
Forename12 Surname12	AB123456C		16/04/2020	16/04/2020	£			
Forename13 Surname13	AB123456C		16/04/2020	16/04/2020	£			
Forename14 Surname14	AB123456C		16/04/2020	16/04/2020	£			

From the **Employer** form, select **Export – Job Retention Scheme**.

In the screen displayed, select the **Claim Period** that you are making the furlough claim for. If you have weekly and monthly paid employees, they must all be included in a single claim.

Take care when entering the **Claim Period**. You can only make a single claim for the same claim period and the dates must fall within the same calendar month. Your claim period cannot cross calendar months e.g. 27th July to 2nd August.

We have updated the **Job Retention Scheme Claim** screen to include separate columns for **Furlough Pay** and Reclaimable **Furlough Pay**. For claims made for furloughed employees for September and October, these values could be different.



If you have topped up all furlough payments so that employees receive 100% of their normal pay, tick **Auto Calculate Top-up**. This will populate the **Furlough Top Up** column with the additional percentage.

Ensure that the employees who received a furlough payment in the selected **Claim Period**, but are **not** flexibly furloughed, are selected by ticking/un-ticking the **Include** option. Employees who received a payment where the **Furlough** indicator was ticked will already be selected.

This screen is where the Furlough Reclaim calculations are made. In this screen you can view and edit the values used in the Furlough Reclaim calculation and the software will automatically calculate the reclaim amounts.

Select **Create CSV File**

Note: We do not recommend using the CSV file for flexibly furloughed employees. However, if you choose to do so you will need to make manual amendments to the contents of the file before uploading it to the Job Retention Scheme portal – including adding their normal hours, actual hours worked and the hours the employees were flexibly furloughed for.

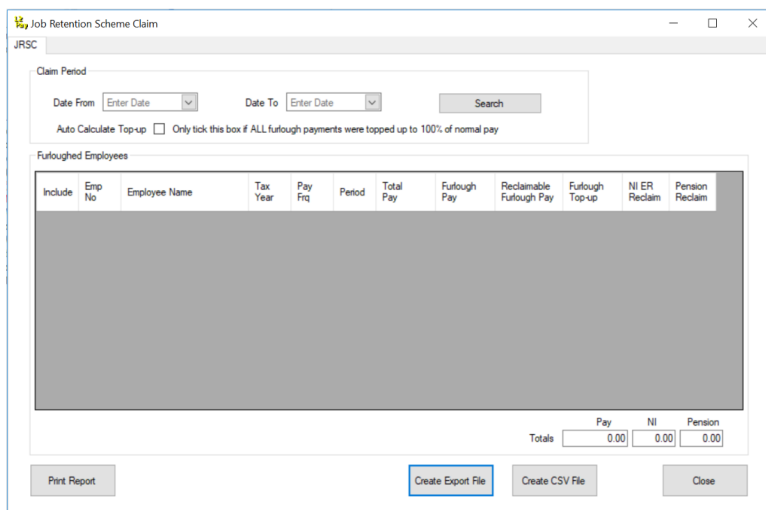
Create Export File

If you flexibly furlough employees, i.e. they have returned to work part time and are furloughed for the remaining hours they would have normally worked, we have provided a spreadsheet to help you with the calculation.

From the **Employer** form, select **Export – Job Retention Scheme**.

In the screen displayed, select the **Claim Period** that you are making the furlough claim for. You cannot process multiple claims for the same date range – if your employees are paid by different pay frequencies e.g. weekly, monthly, you must include all applicable pay periods in a single claim.

Take care when entering the **Claim Period**. You can only make a single claim for the same claim period and the dates must fall within the same calendar month. You cannot claim across calendar months e.g. 27th July to 2nd August.



Include	Emp No	Employee Name	Tax Year	Pay Freq	Period	Total Pay	Furlough Pay	Reclaimable Furlough Pay	Furlough Top-up	NI ER Reclam	Pension Reclam

Pay: 0.00 NI: 0.00 Pension: 0.00
 Totals

Ensure that the employees who received a furlough payment in the selected **Claim Period**, but **are** flexibly furloughed, are selected by ticking/un-ticking the **Include** option.

Select all employees who received furlough pay in the period selected, even if you did not pay furlough as a specific payment/deduction (for example, you might have included the furlough payment as part of the normal salary value).

Select **Create Export File**

During the export process, the furlough information will be exported directly into the **Import** tab of the spreadsheet that we have provided with the update.

Once the export process is complete, open the spreadsheet and click into the **Import** tab - you will now see the data that you have exported from the software. You should find that the spreadsheet opens automatically, however, if for some reason it does not browse to the location of the spreadsheet that was provided with the update.

If the standard export process fails, you will need to follow some additional steps to import your data into the spreadsheet:

- Browse to the location where you have saved the export file
- Open the exported file
- Highlight and copy the contents displayed in the file
- Browse to the location of the spreadsheet that was provided with the update. By default, this will be the program installation folder
- Open the spreadsheet and paste the information into the **Import** tab. To ensure that that information is pasted into the correct fields, click into the first field listed below the headings - when the spreadsheet is empty, this will be field A3, then paste the data. You will now see the data that you have exported from the software

It is important to note that not all the required information is available to be exported. You may need to enter some required details manually.

The following fields may require manual input, where applicable:

- **Pay Period Start Date** (column I) – this is the start date of the work period
- **Pay Period End Date** (column J) – this is the end date of the work period
- **Part Time Furlough Hours in Pay Period (Hrs)** (column N) – this is the number of hours worked by any flexibly furloughed employee in the pay period
- **Pay for Part Time Furlough Hours in Pay Period (£)** (column O) – this is the value of the hours worked by any flexibly furloughed employee in the pay period
- **Furlough Hours in Claim Period** (column R) – this is the number of furlough hours paid to any furloughed employee for each period included in the claim period
- **Pay for Furlough Hours in Claim Period (£)** (column S) – this is the value of the furlough hours paid to any furloughed employee for each period included in the claim period
- **Part Time Furlough Hours in Claim Period** (column T) – this is the number of furlough hours paid to any flexibly furloughed employee for each period included in the claim period
- **Pay for Part Time Furlough Hours in Claim Period (£)** (column U) – this is the value of the furlough hours paid to any flexibly furloughed employee for each period included in the claim period

Note: There may be other fields where you need to enter the information manually or make amendments to the exported information. It is important, and is your responsibility, that you check the information included in the spreadsheet thoroughly to ensure that the furlough reclaim calculation is correct.

When you are happy with the information included for your furloughed employees on the **Import** tab, select the **Detail** tab and click the **Get Data** button. The information is imported into the Furlough Calculator and the Furlough Reclaim calculation will be performed for you where possible.

We have included some examples of the Furlough Calculations process towards the end of this guide.

Click on the **Generate Export File** button to export the data into the **Export** tab of the spreadsheet. This tab is in the same format as the CSV output file. You can then save this as a separate file and upload to the HMRC portal.

Step 5 – Print the Furlough Reclaim Report

Once you have checked the values in the **Job Retention Scheme Claim** screen, click the **Print Report** button for a copy of the **Furlough Reclaim** report for your records. This report contains all the values from the **Job Retention Scheme Claim** screen.

We have updated the **Furlough Reclaim** report to include separate columns for **Furlough Pay** and **Furlough Reclaim**. For claims made for furloughed employees for September and October, these values could be different.

It is important that you print this report, even though it is only for your records and not submitted to HMRC, as the values in the **Job Retention Scheme Claim** screen are not saved within the software. The report can also be used as an aide to assist you if you are not uploading a file to HMRC for the Furlough Reclaim, or creating the spreadsheet we have provided, and are inputting the values manually on the Job Retention Scheme portal.

Please note: to report employees who are flexibly furloughing to HMRC, you are required to know their normal hours worked, the actual hours worked and the furloughed hours. This report does **not** include this information.

How Furlough Reclaim is calculated up to 30th June 2020

If eligible, you will receive a grant from HMRC to cover the lower of 80% of an employee's regular wage or £2,500 per month, plus the associated Employer National Insurance contributions and minimum automatic enrolment employer pension contributions on that subsidised wage.

Your furlough-pay reclaim value is therefore the sum of three values:

- Furlough Pay
- Employer's NIC
- Employer's Pension

Furlough Pay

The furlough payment you make to employees, that is 80% of the employee's normal pay or £2500 – whichever is lower is reclaimed.

Employer's NIC

The Employer's National Insurance contributions calculated on the furlough pay amount.

If the employee is only furloughed for part of the month, the system will pro-rata the calculation to apply to the number of days the employee is furloughed, based on the dates you entered.

If the employee has received furlough pay only in the selected date range, then the Employer's NI reclaim is:

- Furlough reclaim minus the current Secondary Threshold (ST) multiplied by the Employer NIC rate (13.8%)

The calculation becomes more complex if the employee was not furloughed for the whole period:

1. NI-able Pay minus ST multiplied by 13.8% = Employer's NI
2. Divide the Employer's NI by the number of days in the pay period (e.g. for April this would be 30 days)
3. Multiply the value at step 2 by the number of days the employee was furloughed for in the period

If the employee was not furloughed for the whole period AND also received a top up payment, then the above steps are followed plus a further step:

4. Multiply the value at step 3 by Furlough Pay divided by Furlough Pay plus top up pay

For example: Employee was furloughed on 15th April. Their normal salary is £2400. The employer has agreed to top up the furlough pay so that they receive 100% of salary whilst furloughed. Their pay consists of the following elements:

- Basic Pay £1200 ($£2400/30 \text{ days} * 15 \text{ days}$)
- Furlough Pay £960 ($£2400/30 \text{ days} * 80\% * 15 \text{ days}$)
- Top Up Pay £240 ($£2400/30 * 20\% * 15 \text{ days}$)

Employer's NI Reclaim:

1. $£2400 - £732 \text{ (ST)} = £1668 * 13.8\% = £230.184$
2. $£230.184/30 \text{ days} = £7.6728$
3. $£7.6728 * 15 \text{ days} = £115.092$
4. $£115.092 * £960/£1200 = £92.07$

£92.07 is the Employer's NI reclaimable value.

How the calculation changes from 1st July 2020

From 1st July 2020, the furlough process changes. Please see the **Important Dates** section at the beginning of this guide for details. In addition to those changes mentioned, any top-up payments, i.e. payments you have made to employees to 'top up' the furlough payment, will not be included in either the Employer NICs and Employer Pension reclaim figures.

If you have not claimed to the end of June, you must make a claim up to 30th June and then process a separate claim from 1st July.

Furlough Payment Reclaim

Up to the end of August, the employer can recover all their furlough payment, i.e. 80% of employees' pay.

From September 1st, you should still enter 80% of employee wages as a furlough payment as that is what is due to the employee. The reclaim calculation will adjust the entered 80% to 70% (i.e. $\text{Furlough Pay} / 80\% * 70\%$) e.g. if an employee normally gets £1000 per month and you are paying them £800 furlough pay, the reclaim value in September will be £700.

From October 1st, you should still enter 80% of employee wages as a furlough payment as that is what is due to the employee. The reclaim calculation will adjust the entered 80% to 60% (i.e. $\text{Furlough Pay} / 80\% * 60\%$) e.g. if an employee normally gets £1000 per month and you are paying them £800 furlough pay, the reclaim value in October will be £600.

From November 1st to January 31st, an employer can recover all their furlough payment, i.e. 80% of employees' pay. This is following the Government's extension of the scheme. Further information regarding the months February and March 2021 will follow, after the Government's January review has taken place.

NI Reclaim

If your employee is furloughed for the whole pay period and you do not top up their pay (claims ending on or before 30th June 2020)

To work out how much you can claim to cover employer NICs:

1. Start with the grant you are claiming for the employee's wages
2. Deduct the relevant secondary NICs threshold
3. Multiply this amount by 13.8%

If your employee is not furloughed for the whole pay period, or you top up their pay (claims ending on or before 30th June 2020)

If your employee is not furloughed for the whole of the pay period, or you top up your employee's pay over the amounts covered by the grant, then the following steps will help you calculate the amount of employer NICs you can claim for each employee:

1. Start with the employee's total pay
2. Deduct the relevant secondary NICs threshold
3. Multiply by 13.8%
4. Divide by the number of calendar days in the pay period
5. Multiply by the number of furlough days in the pay period
6. Divide by the employee's total pay for the furlough days in the pay period
7. Multiply by the amount of grant for employee wages

Check that the result of this calculation is not more than the maximum that can be claimed for employer NICs. The following steps will show you how to calculate the maximum employer NICs you can claim for each employee:

Working out what you can claim – for claims between 1st July and 31st July 2020

From 1st July 2020, your employees will be able to return to work part-time and be furloughed for the rest of their usual hours. You should calculate the employer NICs that you need to pay in the normal way.

For claim periods between 1st July 2020 and 31st July 2020, you need to work out how much you can claim towards these costs. You should do this calculation separately for each pay period that falls into your claim period. You cannot claim a higher amount than the employer NICs that is due.

Before you calculate the amount you can claim, you first need to adjust the amount of the relevant secondary NICs threshold.

Tax year	National Insurance contributions thresholds
2020 to 2021	£169 per week, £732 per month or £8,788 per year

To adjust the amount of the relevant secondary NICs threshold:

1. Start with the relevant secondary NICs threshold that corresponds to the pay period
2. Divide by the number of days in the pay period
3. Multiply by the number of days in the furlough or flexible furlough claim

If your employee is flexibly furloughed, you must also:

1. Divide by the number of usual hours in the flexible furlough claim
2. Multiply by the number of furloughed hours in the flexible furlough claim

Next you will need to use the adjusted secondary NICs threshold to calculate the amount of your grant.

1. Start with the amount you are claiming for the employee's wages
2. Deduct the relevant adjusted secondary NICs threshold
3. Multiply by 13.8%

Working out what you can claim – for claim periods starting on or after 1st August 2020

From 1st August 2020, you will no longer be able to claim a grant towards the employer NICs that you pay.

Pension Reclaim

Calculate your claim for pension contributions – claim periods up to and including 30th June 2020

1. Start with the amount you are claiming for the employee's wages
2. Deduct the minimum amount your employee would have to earn in the claim period to qualify for employer pension contributions – this is £512 a month for periods before 5th April 2020, and £520 a month for periods after 6th April 2020
3. Multiply by 3%

Calculate your claim for pension contributions – claim periods from 1st July to 31st July 2020

From 1st July 2020, your employees will be able to return to work part-time and be furloughed for the rest of their usual hours.

For claims between 1st July 2020 and 31st July 2020, you will be able to claim towards pension contributions you make on the gross pay grant for the hours they are furloughed. You should calculate this separately for each pay period that falls into your claim period. You cannot claim for more than you actually contribute to your employee's pension.

Before you can claim, you will need to adjust the amount of the relevant Lower Level of Qualifying Earnings (LLQE).

Tax year	Lower Level of Qualifying Earnings
2020 to 2021	£120 per week, £520 per month or £6,240 per year

To adjust the amount of the LLQE:

1. Start with the relevant LLQE that corresponds to the pay period
2. Divide by the number of days in the pay period
3. Multiply by the number of days in the furlough or part-time furlough claim

If your employee is flexibly furloughed, you must also:

1. Divide by the number of usual hours in the flexible furlough claim
2. Multiply by the number of furloughed hours in the flexible furlough claim

Next you will need to use the adjusted LLQE to calculate the amount of your grant:

1. Start with the amount you are claiming for the employee's wages
2. Deduct the adjusted LLQE
3. Multiply by 3%

You must not claim more towards pension contributions than you have paid into your employee's pension.

Calculate your claim for pension contributions – claim periods from 1st August 2020

From 1st August 2020, you will no longer be able to claim towards contributions you make into your employees' pensions.

Examples

Example 1 - Full Month is a single pay period

Monthly Paid from 1st to end of month - June

Employee is normally paid £1250 per month so 80% furlough pay = £1000.00

These calculations are the same as the initial calculations, including top-up pay and part period furlough, if there is any

1. Enter a claim period e.g. 1st June to 30th June
2. Employee furloughed for whole month
3. Furlough pay = £1000.00. Furlough reclaim = £1000.00
4. NI reclaim = £1000.00 - £732 * 13.8% = £36.98
5. Pension reclaim = £1000.00 - £520 * 3% = £14.40

Monthly Paid from 1st to end of month - July

1. Enter a claim period e.g. 1st July to 31st July
2. Employee furloughed for whole month
3. Furlough pay = £1000.00. Furlough reclaim = £1000.00
4. NI reclaim = £1000.00 - £732 * 13.8% = £36.98
5. Pension reclaim = £1000.00 - £520 * 3% = £14.40

Monthly Paid from 1st to end of month - August

1. Enter a claim period e.g. 1st August to 31st August
2. Employee furloughed for whole month
3. Furlough pay = £1000.00. Furlough reclaim = £1000.00

Monthly Paid from 1st to end of month - September

1. Enter a claim period e.g. 1st September to 30th September
2. Employee furloughed for whole month
3. Furlough pay = £1000.00. Furlough reclaim = £1000 / 80% * 70% = £875.00

Monthly Paid from 1st to end of month - October

1. Enter a claim period e.g. 1st October to 31st October
2. Employee furloughed for whole month
3. Furlough pay = £1000.00. Furlough reclaim = £1000 / 80% * 60% = £750.00

Monthly Paid from 1st to end of month - November *

1. User enters a claim period e.g. 1st November to 30th November
2. Employee furloughed for whole month
3. Furlough pay = £1000.00. Furlough reclaim = £1000.00

* this example also applies to December and January

Example 2 - Full Month is a single pay period (part-time hours)

Monthly Paid from 1st to end of month - July

1. Enter a claim period e.g. 1st July to 31st July
2. Employee furloughed for whole month
3. Part-time pay = 30 Hours at £10 = £300.00
4. Furlough Pay = 100 Hours at £8 = £800.00
5. NI reclaim = £800.00 - ($\frac{£732}{130} \times 100$) * 13.8% = £32.69
6. Pension reclaim = £800.00 - ($\frac{£520}{130} \times 100$) * 3% = £12.00

Monthly Paid from 1st to end of month - August

1. Enter a claim period e.g. 1st August to 31st August
2. Employee furloughed for whole month
3. Part-time pay = 40 Hours at £10 = £400.00
4. Furlough Pay = 90 Hours at £8 = £720.00. Furlough Reclaim = £720.00

Monthly Paid from 1st to end of month - September

1. Enter a claim period e.g. 1st September to 30th September
2. Employee furloughed for whole month
3. Part-time pay = 40 Hours at £10 = £400.00
4. Furlough Pay = 90 Hours at £8 = £720.00. Furlough Reclaim = £720.00 / 80% * 70% = £630.00

Monthly Paid from 1 to end of month - October

1. Enter a claim period e.g. 1st October to 31st October
2. Employee furloughed for whole month
3. Part-time pay = 40 Hours at £10 = £400.00
4. Furlough Pay = 90 Hours at £8 = £720.00. Furlough Reclaim = £720.00 / 80% * 60% = £540.00

Monthly Paid from 1st to end of month – November *

1. User enters a claim period e.g. 1st November to 30th November
2. Employee furloughed for whole month
3. Part-time pay = 40 Hours at £10 = £400
4. Furlough Pay = 90 Hours at £8 = £720. Furlough Reclaim = £720.00

* this example also applies to December and January

Example 3 - Full Month is a single pay period (part-month furlough)

Monthly Paid from 1st to end of month - July

1. Enter a claim period e.g. 1st July to 31st July
2. Employee furloughed up to 23rd July
3. Furlough pay = £1000.00. Furlough reclaim = £1000.00
4. NI reclaim = £1000.00 – (£732/31*23) * 13.8% = £63.05
5. Pension reclaim = £1000 – (£520/31*23) * 3% = £18.43

Note: This calculation apportions the NI and Pension thresholds based on number of days furloughed in the pay period

Example 4 - Full Month is a single pay period (part-month furlough, part-time hours)

Monthly Paid from 1st to end of month - July

1. Enter a claim period e.g. 1st July to 31st July
2. Employee furloughed up to 23rd July
3. Part-time pay = 30 Hours at £10 = £300.00
4. Furlough Pay = 66.45 Hours at £8 = £531.10 Furlough Reclaim = £531.10
5. Normal Pay = 33.55 Hours at £10 = £335.50
6. NI reclaim = £531.10 – (£732/31*23/96.45*66.45) * 13.8% = £21.66
7. Pension reclaim = £531.10 – (£520/31*23/96.45*66.45) * 3% = £7.96

Note: This calculation apportions the NI and Pension thresholds based on number of days furloughed and number of hours paid part-time during the furlough period

Example 5 - Monthly pay periods in two calendar months

Monthly paid on 16th of previous month to 15th of current month. Claim from 16th June to 30th June - June

Employee is normally paid £1250 per month so 80% furlough pay = £1000.00

These calculations are the same as the initial calculations, including top-up pay and part period furlough, if there is any

1. User enters a claim period e.g. 16th June to 30th June
2. Employee furloughed for whole period
3. Furlough pay = £1000.00 in pay period. Furlough reclaim = $£1000.00/30*15 = £500.00$
4. NI reclaim = $£500.00 - (£732/30*15) * 13.8\% = £18.49$
5. Pension reclaim = $£500.00 - (£520/30*15) * 3\% = £7.20$

Claim 1st to 31st July

Month 4 payment 1st to 15th July

1. Employee furloughed for whole period. 16th June to 15th July (30 days)
2. Furlough pay = £1000.00 in pay period. Furlough reclaim = $£1000.00/30*15 = £500.00$
3. NI reclaim = $£500.00 - (£732/30*15) * 13.8\% = £18.49$
4. Pension reclaim = $£500.00 - (£520/30*15) * 3\% = £7.20$

Month 5 payment 16th to 31st July

1. Employee furloughed for whole period. 16th July to 15th August (31 days)
2. Furlough pay = £1000.00 in pay period. Furlough reclaim = $£1000.00/31*16 = £516.13$
3. NI reclaim = $£516.13 - (£732/31*16) * 13.8\% = £19.09$
4. Pension reclaim = $£516.13 - (£520/31*16) * 3\% = £7.43$

Total for July

1. Furlough Reclaim = $£500.00 + £516.13 = £1016.13$
2. NI reclaim = $£18.49 + £19.09 = £37.58$
3. Pension reclaim = $£7.20 + £7.43 = £14.63$

Claim 1st to 31st August

Month 5 payment 1st to 15th August

1. Employee furloughed for whole period. 16th July to 15th August (31 days)
2. Furlough pay = £1000.00 in pay period. Furlough reclaim = $£1000.00/31*15 = £483.87$
3. NI reclaim = 0.00
4. Pension reclaim = 0.00

Month 6 payment 16th to 31st August

1. Employee furloughed for whole period. 16th August to 15th September (31 days)
2. Furlough pay = £1000.00 in pay period. Furlough reclaim = $£1000.00/31*16 = £516.13$
3. NI reclaim = 0.00
4. Pension reclaim = 0.00

Total for August

1. Furlough Reclaim = $£483.87 + £516.13 = £1000.00$
2. NI reclaim = 0.00
3. Pension reclaim = 0.00

Claim 1st to 30th September

1. User enters a claim period e.g. 1st September to 30th September
2. Employee furloughed for whole month
3. Furlough pay = £1000.00. Furlough reclaim = $£1000 / 80\% * 70\% = £875.00$

Month 6 payment 1st to 15th September

1. Employee furloughed for whole period. 16th August to 15th September (31 days)
2. Furlough pay = £1000.00 in pay period. Furlough reclaim = $£1000.00/31*15/80\%*70\% = £423.39$
3. NI reclaim = 0.00
4. Pension reclaim = 0.00

Month 7 payment 16th to 30th September

1. Employee furloughed for whole period. 16th September to 15th October (30 days)
2. Furlough pay = £1000.00 in pay period. Furlough reclaim = $£1000.00/30*15/80%*70% = £437.50$
3. NI reclaim = 0.00
4. Pension reclaim = 0.00

Total for September

1. Furlough Reclaim = $£423.39 + £437.50 = £860.89$
2. NI reclaim = 0.00
3. Pension reclaim = 0.00

Claim 1st to 31st October

1. User enters a claim period e.g. 1st October to 31st October
2. Employee furloughed for whole month
3. Furlough pay = £1000.00. Furlough reclaim = $£1000 / 80% * 70% = £875.00$

Month 7 payment 1st to 15th October

1. Employee furloughed for whole period. 16th September to 15th October (30 days)
2. Furlough pay = £1000.00 in pay period. Furlough reclaim = $£1000.00/30*15/80%*60% = £375.00$
3. NI reclaim = 0.00
4. Pension reclaim = 0.00

Month 8 payment 16th to 31st October

1. Employee furloughed for whole allowable period. 16th October to 31st October (16 days)
2. Furlough pay = £500.00 in pay period. Furlough reclaim = $£500.00/16*16/80%*60% = £375.00$
3. NI reclaim = 0.00
4. Pension reclaim = 0.00

Total for October

1. Furlough Reclaim = $£375.00 + £375.00 = £750.00$
2. NI reclaim = 0.00
3. Pension reclaim = 0.00

Claim 1st to 30th November

Month 7 payment 1st to 15th November

1. Employee furloughed for whole period. 16th October to 15th November (31 days)
2. Furlough pay = £1000.00 in pay period. Furlough reclaim = $£1000.00/31*15 = £483.87$
3. NI reclaim = 0.00
4. Pension reclaim = 0.00

Month 8 payment 16th to 30th November

1. Employee furloughed for whole period. 16th November to 15th December (30 days)
2. Furlough pay = £1000.00 in pay period. Furlough reclaim = $£1000.00/30*15 = £500.00$
3. NI reclaim = 0.00
4. Pension reclaim = 0.00

Total for November

1. Furlough Reclaim = $£483.87 + £500.00 = £983.87$
2. NI reclaim = 0.00
3. Pension reclaim = 0.00

Claim 1st to 31st December

Month 8 payment 1st to 15th December

1. Employee furloughed for whole period. 16th November to 15th December (30 days)
2. Furlough pay = £1000.00 in pay period. Furlough reclaim = $£1000.00/30*15 = £500.00$
3. NI reclaim = 0.00
4. Pension reclaim = 0.00

Month 9 payment 16th to 31st December

5. Employee furloughed for whole period. 16th December to 15th January (31 days)
6. Furlough pay = £1000.00 in pay period. Furlough reclaim = $£1000.00/31*16 = £516.13$
7. NI reclaim = 0.00
8. Pension reclaim = 0.00

Total for December

9. Furlough Reclaim = $£500.00 + £516.13 = £1016.13$
10. NI reclaim = 0.00
11. Pension reclaim = 0.00

Claim 1st to 31st January

Month 9 payment 1st to 15th January

1. Employee furloughed for whole period. 16th December to 15th January (31 days)
2. Furlough pay = £1000.00 in pay period. Furlough reclaim = $£1000.00/31*15 = £483.87$
3. NI reclaim = 0.00
4. Pension reclaim = 0.00

Month 10 payment 16th to 31st January

1. Employee furloughed for whole period. 16th January to 15th February (31 days)
2. Furlough pay = £1000.00 in pay period. Furlough reclaim = $£1000.00/31*16 = £516.13$
3. NI reclaim = 0.00
4. Pension reclaim = 0.00

Total for January

1. Furlough Reclaim = $£483.87 + £516.13 = £1000.00$
2. NI reclaim = 0.00
3. Pension reclaim = 0.00

Employment Allowance

Note: If you are claiming Employment Allowance, you must not claim Employer's NIC until you have met your threshold. For instance, if you are claiming £4,000 Employment Allowance and the Employer's NIC due is less than £4,000, your Employer's NIC claim will be nil.

Furlough Pay Calculation

As advised in this document, you need to calculate the amount you are claiming. HMRC will retain the right to retrospectively audit all aspects of your claim.

Making the Furlough Claim

If you use an agent who is authorised to act for you for PAYE purposes, they will be able to make a claim on your behalf. If you use a file only agent (who files your RTI return but doesn't act for you on any other matters) they won't be authorised to make a claim for you and you will need to make the claim yourself. Your file only agent can assist you in obtaining the information you need to claim.

HMRC are endeavouring to make the claim process as straightforward as possible, for further information see:

- **[Guidance to claim for wage costs through the CJRS](#)**
- **[Guidance to work out 80% of your wages to claim through CJRS](#)**
- **[CJRS calculator](#)**