

Coronavirus Job Retention Scheme Claims

HMRC has introduced the Coronavirus Job Retention Scheme (CJRS) to provide grants to employers to cover the cost of paying furloughed employees 80% of their typical wage. There are details of the scheme itself on HMRC's website along with some important qualifying criteria:

<https://www.gov.uk/guidance/claim-for-wages-through-the-coronavirus-job-retention-scheme>

There are two separate parts to the scheme – employers pay their employees a wage and receive a grant from HMRC to fund these wages. The payment to the employee is, for the most part, a normal wages payment through payroll and must have all the usual deductions taken from it, i.e. tax, NI, pensions.

The grant is claimed through HMRC's online portal and cannot be claimed through payroll software at this time. We do not expect HMRC to introduce making the claim through software but that may change. You are only allowed to make at most one claim every three weeks and claims cannot be corrected or adjusted later.

Employers may choose to 'top up' an employee's wages to their normal level but this element of pay will not be eligible for funding. Employers are only allowed to use the 80% of pay figure as part of the claim. HMRC are also funding employer's secondary NI contributions and employer pension costs that are based on this pay figure as well.

Superpay is able to assist with calculating the amount that can be claimed through the grant both for payrolls already run and future payrolls. For the rest of these instructions we are assuming that the employer is only paying the 80% figure. If you are paying above that level you can still follow these instructions but the gross pay in each section should only be taken as reference to the 80% figure.

The 80% wages calculation

There are two methods of calculating the wages of a furloughed employee – average pay for employees with variable pay and the regular pay for employees with consistent wages.

HMRC do not allow all elements of wages to be used for these calculations. As an example, all discretionary bonus, overtime and commission are excluded. These restrictions are listed in full on HMRC's website and it is important you read these if you think they may apply to your payroll. We cannot offer definite answers beyond what HMRC's website states, e.g. we can only offer general advice on what payments may be considered discretionary.

What follows is a summary of the calculation. This does not cover every eventuality but it should give you some idea of how Superpay has arrived at its figures.

Regular pay

Take the last full pay period before the employee was furloughed and use 80% of this. Superpay's reports don't calculate this figure because there are some conditions on this that make it hard to determine in Superpay, e.g. if the employee's last payslip was reduced for some reasons you may go back to a previous period.

This calculation should be straightforward for you as long as you can identify the regular payment.

Variable pay

For any given payroll there are two figures to work out:

- Average pay in the 2019-20 tax year
- Pay in the same period last year

The pay in last year is divided by the number of periods the employee was employed for, e.g. if they were employed for 12 months for 12 months of pay, divide their annual pay by 12. For employees that started during the 2019-20 tax year Superpay will work out a daily rate of pay based on the days employed. Note that there are 366 days in 2019-20.

The pay in the same period last year is simply one year back from the current period, e.g. when paying month 1 of this year you look at month 1 of last year.

Take the highest of these two figures and multiply that by 80%.

Maximum gross pay claim

HMRC apply a cap of £2,500 per month (£576 per week) on the wages that can be claimed through the CJRS. If the above calculations gave a higher figure, cap the claim to the maximum value. This cap does not include any employer's NI or pension, just the gross pay.

Employer's NI

The initial figure for the NI claim is simply the total amount of employer's NI calculated on the payslips. However, HMRC cap this figure at the amount of employer's NI actually paid to HMRC in the period. This means that any employment allowance claim will reduce your NI claim for the period. If you have not paid any NI due to it being fully covered by the employment allowance, you will not claim any NI through the CJRS.

Employer pension

The pension figure is calculated as part of the claim process. HMRC do not simply rely on what you calculated in payroll, instead using 3% of qualifying earnings calculated solely on the furlough pay.

This may give a different figure than was actually paid in payroll, particularly if you are paying pension at a higher rate or from the first pound.

The pension claim is limited to what was calculated on the payslip, i.e. you can't claim for more than you paid if you are paying below the standard minimums.

Partial furlough periods

When an employee has been furloughed for only part of a period the furlough pay figure must be apportioned based on the number of calendar days furloughed. Take the 80% wages figure calculated, divide by the number of calendar days in the pay period and multiply by the number of furlough calendar days in the pay period. For example, if an employee is furloughed for 3 days of the week the pay figure will be $\frac{3}{7}$ ths of the calculated gross.

These calculations deal solely with calendar days and do not consider how many days an employee may work. An employee furloughed for the month of April will have 30 furlough days, regardless of their contracted hours.

Enter furlough days in Superpay

Furlough days can be entered on individual employee records. Press F2 on the employee record screen and choose *Furlough dates* to access this feature. A list of existing furlough periods is shown, which will be empty when you first open the list.

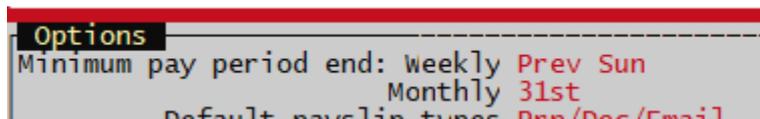
Press F2 again and *Add* a new period. You do not need to set an end date for your furlough to create it, only the start date is mandatory. Superpay will assume that all furlough periods without an end date are ongoing until an end date is entered. Press F2 and *Store* the period to add it.

You can select an existing furlough period, press F2 and either *Edit* it to change the dates or *Remove* it to remove it from the employee.

You will be able to enter these in bulk in future, but for the moment you must enter them individually if you wish to set the furlough dates permanently. There are currently no reports to view the furlough dates of employees across an entire company, though these dates are presented on the CJRS claim report.

Set your earnings period

It is important that your earnings period is set accurately in Superpay for the CJRS reports. The settings for this are on the second page of the company record, at the top left. Go to 7. Company, 1. Company record and Page Down to the second page.



Weekly is used for weekly, two weekly and four weekly payrolls. Monthly is used for monthly, three, six and twelve monthly payrolls. This sets the end of the pay period relative to the payday. A few examples:

A weekly payroll paying on Friday for wages up to the Sunday before the payday. Weekly should be set to Previous Sunday.

A weekly payroll paying on Friday for wages up to and including the payday. Weekly should be set to Payday.

A four weekly payroll paying on Tuesday for wages up to Wednesday last week. Weekly should be set to Previous Wednesday.

A monthly payroll paying on the last Friday of the month for wages up to the end of the calendar month. Monthly should be set to 31st.

A monthly payroll paying on the 5th of the month for wages up to the 25th of last month. Monthly should be set to previous 25th.

CJRS reports in Superpay

All reports in Superpay can be found in 7. Company, 10. Coronavirus Job Retention Scheme. The claim and furlough pay reports will all generate the same report format, only the selection of what to report on is different.

There is an important limitation to Superpay's calculations. If you do not use payslip headings to identify your pay items (e.g. *1, *2, etc.) and you have some elements of pay that are not to be included in the historic pay calculations, Superpay will not be able to work out the required figures accurately. We use payslip headings to identify categories of pay and without these identifiers we are unable to separate the pay elements as needed.

CJRS claim details

This report will work out the amount that can be claimed for payrolls that have already been run. It can be run across multiple tax periods, including mixed periods (weekly and monthly) and across the tax year end.

It does not matter what tax year is selected in Superpay for this report.

```
First claim payday < / / >
Last claim payday < / / >
Headings for average pay calc
< (leave blank for all pay) >
```

First claim payday

Last claim payday

Superpay will look for all payrolls with a payday between these two dates, inclusive. You can enter the same date in both fields if you only want to report on a single date. The actual earnings period is not important here, only the payday.

Headings for average pay calc (leave blank for all)

This field helps Superpay to identify which elements of pay should be used when assessing the historic payrolls used in the calculation. If you use payslip headings to split your pay, enter the heading numbers of the payslip headings Superpay should use. A few examples:

You pay Basic pay on payslip heading 1, non-discretionary overtime on heading 2 and discretionary bonuses on heading 3. In this field you would enter either 1,2 or 1-2 to select headings 1 and 2, excluding heading 3.

You can enter a mixture of commas and ranges, e.g. 1-5,7,10-20 is a valid selection.

If you leave this field blank Superpay will assume all elements of pay are to be used. You can leave it blank if you do not use payslip headings, assuming all pay is relevant.

Furlough pay prediction

This report will calculate how much employees should be paid for a future period. Superpay will only calculate one period at a time and will not include any employees that have already been paid in the selected period. You should be in the tax year of the payroll you are running the report for.

```
Headings for average pay calc
<                               >
(leave blank for all pay)

Pay day          < / / >
Pay interval     <   >
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Headings for average pay calc (leave blank for all pay)

See CJRS claim details above.

Pay day

The date to calculate earnings for. This should be the same date you are going to use in Run payroll and the date that will be on the payslip.

Pay interval

Press F7 to choose your pay interval, e.g. weekly, monthly.

Furlough override reports

The two furlough override reports are similar to the previous two reports but allow you to override the furlough periods in case you have not set them on the employees directly. These reports assume that all employees in the company have been furloughed and all for the same dates. If you are only partially furloughed your employees or different employees were furloughed on different dates this report may not be suitable for you.

Two new fields are required to create these reports:

```
Furlough start < / / >
Furlough end   < / / >
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These should be start and end date of the furlough period.

The start date should be the date the employees were first furloughed, even if that is not in the current period.

The end date is a required field for these reports. If no end date is known, enter the last day of the latest earnings period as the end date. It does not matter if this is later than some payslips in the claim period, only that it runs late enough to cover all furlough that will be claimed this time.

Report file formats

The report has different layouts depending on the selected destination.

Print, PDF, XPS and Screen produce a report that lists each employee for the period and the figures per employee. There is no breakdown of Superpay's calculation in this report, only the final figures and some company level totals.

Spreadsheet will produce a file with both the totals of the PDF version and a breakdown of each payslip covered by the report and the working figures Superpay has used to arrive at its totals. The calculation is broken down in the Payslips section of the report, below the list of employees. This uses many columns and cannot easily be condensed down to an A4 sheet, which is why it is only in the spreadsheet format.

If you are unsure of how Superpay has arrived at its figures, please produce the spreadsheet report first before contacting Superpay support. We will ask you for some of the figures from the spreadsheet to explain Superpay's calculation.