



CJRS3-5: CJRS: the final phase calculations explained

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Presenters



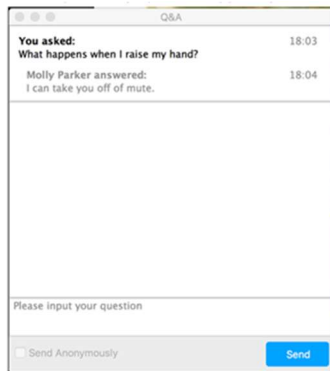
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Ask a question



The screenshot shows a Q&A window with the following content:

You asked:	18:03
What happens when I raise my hand?	
Molly Parker answered:	18:04
I can take you off of mute.	

Below the table is a large empty text area for input. At the bottom, there is a prompt "Please input your question" and a checkbox labeled "Send Anonymously" next to a blue "Send" button.

To ask a question

Click on the **Q&A** button in the bottom toolbar to open the submit question prompt.

Type in your question and click **send**.

Note. If you wish to ask your question anonymously check the **send anonymously** box shown on the illustration to the left.

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Agenda

- What's changed during scheme 3 and looking ahead
 - If we don't mention it, it hasn't changed!
- How to calculate from 1 May 2021
- Practical compliance tips
- Your Q&A

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Definitions

Acronym	Scheme name	Notes
CJRS v1	Coronavirus job retention scheme version one	Ran to 30.6.20
CJRS v2	Coronavirus job retention scheme version two	Ran from 1.7.20 – 31.10.20
CJRS v3	Coronavirus job retention scheme version three	Runs from 1.11.20 – 30.6.21
CJRS v4	Coronavirus job retention scheme version four	Runs from 1.7.21 - 31.7.21
CJRS v5	Coronavirus job retention scheme version five	Runs from 1.8.21 - 30.9.21

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Background

- Guidance contents page: <https://bit.ly/2UD0K0A>
- 7th (new) Treasury Direction covers scheme from 1.5.21 to 30.9.21 <https://bit.ly/33cokpv>
- 80% for employees to 30.9.21 but not for employers and no oncosts
- Remember overarching eligibility is 'employment activities have been adversely impacted by the coronavirus'

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Bringing the CJRS to an end?

Furlough periods within:	1 Nov 2020 – 30 June 2021	1–31 July 2021	1 Aug –30 Sept 2021
Employee wages covered by grant	80% of usual	70% of usual	60% of usual
Maximum wages per month covered by grant	£2,500	£2,187.50/£504.81p.w./ £70.57 per day	£1,875/£432.69 p.w./ £60.49 or £62.51 per day
Employer contribution to wages per month	–	10% of usual up to £312.50	20% of usual up to £625
Employee should receive at least per month for furloughed periods	80% of usual up to £2,500/£576.92 per week/appropriate day rate	80% of usual up to £2,500/£576.92 per week/£80.65 per day	80% of usual up to £2,500/£576.92 per week/appropriate day rate of £80.65 or £83.34

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3 cohorts: reference dates

Groups 2 and 3 are eligible even if paid
after reference date: see eg 2.3 <https://bit.ly/3edJuZA>

	Reference date	Eligibility	Reference pay
Group 1	- On an RTI return on, or before, 19.3.20, or - TUPE'd after 28.2.20	Eligible for schemes 1-5	Fixed: last pay before reference date Variable: higher of average 19/20 or calendar lookback
Group 2	- On an RTI return after 19.3.20 and on, or before, 30.10.20, or - TUPE'd after 31.8.20	Eligible for schemes 3-5	Fixed: last pay before reference date Variable: average from start date to day before furlough on/after 1.11.20
Group 3	- On an RTI return after 30.10.20 and on, or before, 2.3.21	Eligible from 1.5.21 in scheme 3 and schemes 4 and 5	Fixed: last pay before reference date Variable: average from start date to day before furlough on/after 1.5.21

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Key changes.....

- No one who is serving notice can be included in claim since 1.12.20
- New employers and employees can join scheme, so no maximum number of employees in claim
- Rule change for March – September 2021 claims for variable paid employees
 - Higher of average 19/20 or corresponding pay period in **2019 not 2020**
 - If not employed at that point in 2019 it must be the average
- If eligible for schemes 1 or 2 continue to use former reference pay
 - Do not uplift for pay rises or NMW increases

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Sample May 2021 claim

- David, Elise and Freddie work for Zeph's Bar but started at different times. David started in December 2019 on a fixed salary of £24,000 for a 40 hour week which went up in December 2020 to £24,500. Elise is 23 and started on 9 September 2019 and Freddie is 22 and started on 2 November 2020, they both have zero hour contracts but are paid NMW and all are monthly paid
 - In May 2021 all three are flexi furloughed 1st-16th as the bar only fully opens on 17th, their reference pay will be:
 - **David:** based on his salary at February 2020 because he has been furloughed since March 2020, so 80% of £24,000/12, his worked hours will be based on £24,500
 - **Elise:** based on the average of her pay and usual hours in 2019/20 as she wasn't employed in **May 2019** so only the average applies, her worked hours are based on the new NMW of £8.91
 - **Freddie:** based on his average pay and usual hours from 2 November 2020 to 30 April 2021 (the day before his first furlough), his worked hours are based on the new NMW of £8.36

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David's claim for May: he's working 20 hours p.w. until 16th

Weekly hours	40	Rounded 'usual hours'	Actual hours worked	Furloughed hours
Usual hours to 16 th *	$40/7 \times 16 = 91.43$	91 (rounded down)	40	$91 - 40 = 51$
February 2020 salary used as reference pay	80% of wages for furlough period	Furlough pay for furloughed hours	Contractual pay+ based on 40 hours to 16 th and 11 working days 17 th -31 st	Total pay
£2,000	$£2,000/31 \times 16 \times 80\% = £825.81$	$£825.81/91 \times 51 = \mathbf{£462.82}$	$£24,500/261 \times 11 = \mathbf{£1,032.57}$ + 40 hours x hourly rate of £11.74 = £469.60	$£462.82 + £1,032.57 + £469.60 = \mathbf{£1,964.99}$

*As David's furlough comes to an end on the 16th the usual hours are only calculated up to this point, this guidance changed for claims on, or after, the 14th September 2020
+ based on new salary of £24,500

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Elise's claim for May: she's working 10 hours p.w. until 16th

Daily usual hours (average 2019/20)*	4.79	Rounded 'usual hours'	Actual hours worked	Furloughed hours
Usual hours to 16 th	$4.79 \times 16 = 76.64$	77 (rounded up)	20	$77 - 20 = 57$
Pay from start date to 5.4.20 £7.70 p.h	80% of average wages for furlough period	Furlough pay for furloughed hours	Contractual pay+ based on 20 hours to 16 th and 30 hours from 17 th -31 st	Total pay
£7,708.55	$£7,708.55/210 \times 16 \times 80\% = £469.85$	$£469.85/77 \times 57 = \mathbf{£347.81}$	$£8.91 \times 50 = \mathbf{£445.50}$	$£347.81 + £445.50 = \mathbf{£793.31}$

*As Elise is variably paid her usual hours are her total hours from 9.9.19-5.4.20/210 days x 16
+ based on new NMW of £8.91 p.h.

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Freddie's claim for May: he's working 15 hours per week until 16th

Daily usual hours (average from start date to 30.4.21)*	6.23	Rounded 'usual hours'	Actual hours worked	Furloughed hours
Usual hours to 16 th	$6.23 \times 16 = 99.68$	100 (rounded up)	30	$100 - 30 = 70$
Pay from start date to 30.4.21	80% of average wages for furlough period	Furlough pay for furloughed hours	Contractual pay+ based on 30 hours to 16 th and 40 hours 17 th -31 st	Total pay
£9,195.48	$£9,195.48/180 \times 16 \times 80\% = £653.90$	$£653.90/100 \times 70 = £457.73$	$£8.36 \times 70 = £585.20$	$£457.73 + £585.20 = £1,042.93$

*As Freddie is variably paid and only qualifies for CJRS from 1.5.21 his usual hours and pay are his total hours/pay from 2.11.20-30.4.21/180 days x 16 + based on new NMW of £8.36 p.h.

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Key changes: day rates

- More employees will not be furloughed for whole week or month
- If they are use for use £2,500 monthly cap or £576.92 weekly, if not use day rates...you won't be claiming all that back from July-September

Month	Maximum Day rate
May	£80.65
June	£83.34
July	£80.65
August	£80.65
September	£83.34

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Key Change: variable pay employees & statutory payments

Claims to 30.4.21 (groups 1 and 2)

- **Include** days and pay in calculating average pay when employee on
 - family related statutory leave: SMP, SAP, SPP, ShPP, or SPBP
 - reduced rate paid leave/or no pay following a period of statutory sick pay related leave
 - reduced rate paid leave/or no pay following a period of family related statutory leave BUT
- **Exclude** days on leave when calculating usual hours

Claims from 1.5.21- 30.9.21 (all groups)

- **Exclude** days and pay in calculating average pay and usual hours when employee on
 - family related statutory leave: SMP, SAP, SPP, ShPP, or SPBP
 - reduced rate paid leave/or no pay following a period of statutory sick pay related leave
 - reduced rate paid leave/or no pay following a period of family related statutory leave

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Directors of owner-managed businesses

- If they were eligible to be furloughed for scheme 1 as some earnings reported before 20.3.20 for 2019/20, let's assume they were paid on 15.3.20 and claimed for April 2020
 - Did they pay the furlough pay to themselves as wages 'imminently' ie not waiting until March 2021?
- If so this will make them eligible for scheme 2 as earnings reported between 20.3.20 and 30.10.20
- They are classed as a fixed rate employee, so for any furlough period
 - Take annual pay in March 2020 and divide by 366 days (1.4.19 – 31.3.20) x number of days in claim period to get maximum furlough pay
 - See egs 3.22 and 3.23 <https://bit.ly/2QTkVJv>

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Compliance where are we now?

- 20-page 'concern' letters to employers of all sizes
 - Not copied to agents
 - 2-week lead time
- "There is no De Minimis!
- 26,000+ whistleblowing reports – HMRC have to respond
- £100m in Budget for Taxpayer Protection Force: HMRC think 5-10% error and fraud in claims up to £5.8bn!

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2. Employee information

For each employee included in your claims for CJRS grant numbered all claims, I need to know:

- their name, address and National Insurance number
- the furlough start and end date
- details of how you calculate their 'usual' pay
- how you calculated their furlough pay
- whether you paid your employee at least the amount on the claim and provide evidence of this – for example, a BACS list, payslip or employee signature for receipt of payment
- the number of hours usually worked (CJRS flexible)
- the number of hours worked (CJRS flexible)
- the number of hours on furlough (CJRS flexible)
- the employer National Insurance contribution claimed (claims up to 31 July)

3. Details or corrections or adjustments

I need details of any corrections or adjustments to your CJRS claims.

4. RTI confirmation

Please confirm that all the employees you give me information for from section 2 are included in the Real Time Information (RTI) you sent to us on or before 19 March 2020.

If they were not, please tell us the employees names, National Insurance numbers and why they were included in your claim but not included on your RTI.

5. Other information I need

Please provide evidence of all claims being paid to the employees

Sending me the information I need

There are certain risks with using email. So before you do, please read the enclosed information sheet DSC2, 'Corresponding with HMRC electronically'. Before you send any information by email or dropbox you'll need to confirm that:

- you understand and accept the risks of using email and/or dropbox
- you are content for financial information to be sent by email and/or dropbox
- the attachments can be sent with email

You can send this confirmation by email. Or you can send it by post to the address at the top of this letter.

If the information you have is too large to send by email, please tell me. I can arrange for you to send it in a different way.

Please send the information to me by 28 February 2021. If you think you may not be able to do this, you need to phone and let me know.

When I've looked at the information you've sent, I'll phone you to talk about your claim in more detail.

More information

I enclose:

- factsheet CC/FS1a, 'About compliance checks'
- factsheet CC/FS4B, 'Coronavirus Job Retention Scheme – receiving grants you were not entitled to'
- factsheet DSC2, 'Corresponding with HMRC electronically'

ISSUE/TS&C/ISE/IS026/4/4687010500/586-P446/KXP 4687010900 CFSB-4468271

133953 2



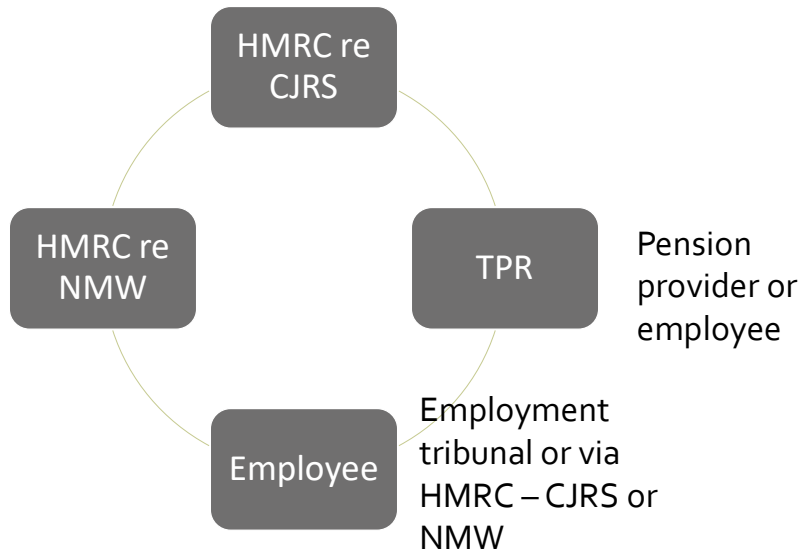
Employee details & NICs value already on claim

- How was reference pay calculated?
- Usual, furloughed and worked hours (already provided for 100+ claim)
- Corrections – already notified to them
- Confirm they were on RTI (they know this)
- BACS file or wages signing sheet!

Respond by date on letter even if just to request more time

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Who might initiate compliance activity?



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Top risk areas: CJRS schemes v1 & v2



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*Any
questions?*

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Future events and schedule

- Upcoming Events
 - 10 May SME and OMB tax planning post Finance Bill 2021
 - 25 May Employment Taxes update
 - 9 June E-Commerce VAT
 - 14 June Capital allowances post Finance Bill 2021
- Events Schedule
 - Topics updated regularly
- Webinar Archive
 - If you miss a webinar, you can view the recording
 - **For further details visit www.icaew.com/taxfacevents**

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