

80% Grant for Furloughed Workers – How does the Scheme Work?

1. Which employees qualify?

1. 80% of wages will be refunded as grant, up to a maximum of £2500 + related employers national insurance contributions and auto enrolment pension contributions.
2. You must have had a PAYE scheme in place on 28-02-2020.
3. Employees made redundant after 28-02-2020 can be re-employed and furloughed.
4. All businesses can claim unless your normal income comes from receiving public funding which has not stopped (quangos).
5. All employees present on the PAYE scheme on 28-02-2020 - full time, part time, agency workers and zero hours. Employees starting after this date are excluded.
6. The furlough period must be a minimum of 3 weeks and maximum of 3 months.
7. Furloughed workers cannot do any work of any nature for your business or any other employer. They can however complete non-essential training.
8. Furloughed directors can continue to perform their Statutory Duties under Company Law.
9. When choosing who to furlough or to reduce hours, discrimination laws still apply.
10. Employees on unpaid leave at 28-02-2020 are excluded.
11. Employees on sick pay can only move to the furloughed scheme when they are fit for work.
12. Employees with more than one employer can receive multiple furloughed payments.
13. Maternity pay in excess of the SMP (paid at the discretion of the employer) qualifies for the scheme (the SMP does not).

2. Who loses out?

1. Director/shareholders on the dividend aspect of their monthly pay.
2. Individuals starting employment after 28-02-2020.
3. Individuals who changed jobs in March.

3. What can be claimed?

1. The grant of 80% is paid to the employer. The employer may choose to pay more, but not less than 80% to the employee.
2. Claims can be backdated to 01-03-2020 for any furloughed pay after that date.
3. Fees, commissions and bonuses must be excluded from the pay.
4. For employees with over 12 months service, the rate is the higher of:
 1. The same month's pay last year
 2. The average earnings in 2019-20
5. For employees with less than 12 months service, the rate is the average paid.
6. For employees starting work after 01-02-2019, pro rata/gross up their pay to a full month.

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4. How do you make a claim for the grant?

1. Maximum number of claims is 1 every 3 weeks, immediately before or after the actual payments to your employees.
2. You must maintain a schedule ready for the new systems being introduced which states:
 1. PAYE ref
 2. #no. of employees being furloughed
 3. Period of claim
 4. Amount you are claiming for
 5. Your bank details
 6. Your business (as the claimant) details
3. Paid by BACS into your account directly by HMRC

The grants are included in the taxable income of your business.

The precise method of submitting your claim is currently unknown