



FURLOUGH and NIC/PENSION CONTRIBUTION UPDATE: June 2020

The scheme will close to new entrants from 30th June. From this point onwards, employers will only be able to furlough employees they have furloughed for a full three weeks prior to 30th June.

This means the final date by which an employer can furlough an employee for the first time will be 10th June. Employers will have until 31st July to make any claims in respect of the period to 30th June.

From 1st July, employers can bring back employees that have previously been furloughed for any amount of time and any shift pattern, while still being able to claim CJRS grant for their normal hours not worked. When claiming the CJRS grant for furloughed hours employers will need to report and claim for a minimum period of a week.

Further guidance on flexible furloughing and how employers should calculate claims will be published on 12th June.

From August 2020, the level of government grant provided through the job retention scheme will be slowly tapered to reflect that people will be returning to work. That means that for June and July the government will continue to pay 80% of people's salaries. In the following months, businesses will be asked to contribute a modest share, but crucially individuals will continue to receive that 80% of salary covering the time they are unable to work.

The scheme updates mean that the following will apply for the period people are furloughed:

June and July:

The government will pay 80% of wages up to a cap of £2,500 as well as employer National Insurance (ER NICs) and pension contributions. Employers are not required to pay anything.

- Salary £3,125 pm x 80% = £2,500
- April ER NIC £2,500 - £732.00 x 13.8% = £243.98
- April onwards ER Pension £2,500 - £520 x 3% = £59.40
- Therefore total = £2,500 + £243.98 + £59.40 = £2,803.38

August:

The government will pay 80% of wages up to a cap of £2,500. Employers will pay ER NICs and pension contributions – for the average claim, this represents 5% of the gross employment costs the employer would have incurred had the employee not been furloughed.

- Salary £3,125 pm x 80% = £2,500

September:

The government will pay 70% of wages up to a cap of £2,187.50. Employers will pay ER NICs and pension contributions and 10% of wages to make up 80% total up to a cap of £2,500. For the average claim, this represents 14% of the gross employment costs the employer would have incurred had the employee not been furloughed.

- Salary £3,125 pm x 70% = £2,187.50

October:

The government will pay 60% of wages up to a cap of £1,875. Employers will pay ER NICs and pension contributions and 20% of wages to make up 80% total up to a cap of £2,500. For the average claim, this represents 23% of the gross employment costs the employer would have incurred had the employee not been furloughed.

- Salary £3,125 pm x 60% = £1,875

Employers will be required to submit data on the usual hours an employee would be expected to work in a claim period and actual hours worked. Employees who believe they are not getting their 80% share can also report any concerns to the HMRC fraud hotline. HMRC will not hesitate to act against those found to be abusing the scheme.

If you require any help please do not hesitate to contact us on 01603 789966 or email: corporate@smith-pinching.co.uk

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