

COVID-19 Job Retention Scheme

Guide to manually calculating furlough reclaim

April 21st 2020



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Manually Calculating Furlough Reclaim

1. Here we assume the employer made furlough payments using a specific pay element, and that payments did not exceed the maximum allowable for the pay period, e.g. £2500 per month
2. These examples are for a single person/single pay period. They do not reference the additional check that is required where, if the Employer's NI to be claimed is less than the Employment Allowance available, the Employer's NI to reclaim will be zero

Method

Step 1	Furlough payment from payroll run	A
Step 2	If NI Rate = A, B, C, J NI reclaim = A - Secondary Threshold * 13.8%	B
Step 3	If employer pension contribution in pay period Pension reclaim = A - Qualifying Earnings Lower Threshold * 3%	C
Step 4	Total reclaim for this payroll period	A + B + C

Example 1

Monthly paid employee in 2020/2021. Furlough pay in period = 800.00

Step 1	Furlough payment from payroll run	800.00
Step 2	If NI Rate = A, B, C, J NI reclaim = A - Secondary Threshold	800.00 - 732 * 13.8% = 9.38
Step 3	If employer pension contribution in pay period Pension reclaim = A - Qualifying Earnings Lower Threshold	800.00 - 520 * 3% = 8.40
Step 4	Total reclaim for this payroll period	817.78

Example 2

Monthly paid employee in 2020/2021. Furlough pay in period = 400.00

Step 1	Furlough payment from payroll run	400.00
Step 2	If NI Rate = A, B, C, J NI reclaim = A - Secondary Threshold	400.00 - 732 * 13.8% = 0.00
Step 3	If employer pension contribution in pay period Pension reclaim = A - Qualifying Earnings Lower Threshold	400.00 - 520 * 3% = 0.00
Step 4	Total reclaim for this payroll period	400.00

Manually Calculating Furlough Reclaim Detailed Guide

There are two approaches for calculating the COVID-19 Job Retention Scheme (CJRS) grant:

- **Approach A** – suitable for employees who have variable pay
- **Approach B** – suitable for employees who have fixed pay

Employers should use their judgement in deciding which approach to use.

Before you start

1. For the calculation of either method, you need to identify the employees who have been furloughed, or who you are planning to furlough
2. You can only claim furlough for employees who are furloughed for 21 days or more, i.e. you couldn't claim furlough for a 14-day period
3. If you are claiming Employment Allowance, you must not claim Employer's NIC, until you have met your threshold i.e. 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
4. You can only claim the mandatory pension contributions. You cannot claim any pension contributions made above the minimum standard

Approach A – Recommended for Variable Pay

Step 1: Calculate the furlough period and Qualifying Days

Choose the claim period start and end dates, then calculate the number of qualifying days.

Furlough Period

The period of furlough must take place between 1st March 2020 and 30th June 2020 (inclusive). The Government may extend the CJRS, if required.

Qualifying Days

Qualifying days are any days when the employee has been furloughed. These are consecutive days and include weekends, along with days which would not normally be worked. For a day to be qualifying, the employee must not have conducted any working activities.

Example

- If an employee is furloughed between 1st April and 30th April, they are furloughed for 30 days in total
- If an employee is furloughed between 1st April and 21st April, they are furloughed for 21 days in total

Step 2: Identify payments made/to be made in the claim period

The payments due to the employee need to be identified. Pay includes regular payments that the employer is obliged to pay, including wages, past overtime and compulsory overtime.

Step 3: Identify furloughed employees who have been/will be paid in the period

You need to list the employees who you have furloughed or are planning to furlough. For each of these employees you will need to calculate the gross grant due.

Step 4: Calculate the gross grant per employee

The employer is entitled to claim the lowest of the following:

Steps	Calculation
a.	Daily max gross pay amount x number of qualifying furlough days in pay period
b.	80% x daily reference pay x number of qualifying furlough days in pay period

Maximum grant an employer can receive

The maximum grant an employer can receive for a furloughed employee is £2,500 per month, or 80% of normal pay, whichever is the lowest.

Daily Max Pay

Daily max pay will vary each calendar month. For example:

Month	Calculation	Daily Max Pay
March	£2,500/31	£80.65
April	£2,500/30	£83.33
May	£2,500/31	£80.65

Daily Reference Period

Daily reference period is the greater of either:

- The total pay for 2019/2020, divided by 366, for example, total £48,000 / 366 = £131.15
- or
- The pay for the same pay period in the previous calendar year, divided by number of days in that period. For example, £4,000 / 30 = £133.33. In this instance the daily reference pay = £133.33

Step 4A

- An employee receives £4,000 monthly pay
- They are furloughed between 1st April and 21st April
- Pay period 1st April – 30th April

Max daily allowance for April	£2,500 / 30	£83.33
Qualifying days	21	
Furlough pay	£83.33 * 21	£1,749.93

Step 4B

- An employee receives £4,000 monthly pay
- They are furloughed between 1st April and 21st April
- Pay period 1st April – 30th April

Daily reference pay	£4,000 / 30	£133.33
80% of normal daily pay	£133.33 * 0.80	£106.66
Qualifying days	21	
Furlough pay	£106.66 * 21	£2239.86

In this example you would be using calculation method A with the furlough pay due being £1,749.93.

Step 5: Calculate the Employer's NICs grant per employee

You will need to calculate the employer's NIC due for each employee's furlough pay. The calculation will differ depending on if you have topped up the grant to make up 100% of the employee's wage.

You will have to calculate the values based on each tax year and use the relevant NI Thresholds:

Tax Year	Payments date	Monthly Secondary Threshold	Weekly Secondary Threshold
2019/2020	Payments made up to and including 5 th April	£719	£166
2020/2021	Payments made from 6 th April onwards	£732	£169

If there is no employer's NIC due for the employee, the amount is zero (i.e. those under the threshold or on Category H, M or Z)

You cannot reclaim more than the NIC's due, i.e. if you are claiming £4,000 Employment Allowance and the Employer's NIC due is less than £4,000, your NIC claim will be nil.

If an employee is furloughed part way through a pay period, only a portion of the employer's NI and employer's pension will apply to the furlough payment.

Step 5A Calculating the claim – no top up

- Pay period 1st April – 30th April
- They are furloughed between 1st April and 21st April
- NI category A
- £1,750 of Furlough Pay
- £1,292.31 of pay outside the Furlough Period

Total Pay	£3,042.31	
NI Threshold	£732	
NI'able Pay Total Pay – NI Threshold	£3,042.31 - £732	£2310.31
Employer's NI Due NI'able Pay * Employers NI rate 13.8%	£2,310.31 * 0.138	£318.82
Number of Furlough Days	21	
Number of days in the pay period	30	
NI due on Furlough Pay (Employer's NI Due/Number of days in the pay period) * Number of Furlough Days	(£318.82/30) * 21	£223.17

Step 5B – Calculating the claim when you have topped up employee pay

If you are topping up an employee's pay to 100%, the following calculation needs to be conducted:

$$\frac{\text{Employer NICs due in the claim period part of the pay} * \text{gross pay grant for the claim period part of the pay}}{\text{Total gross pay in the claim period part of the pay period}}$$

- Pay period 1st April – 30th April
- They are furloughed between 1st April and 21st April
- NI category A
- £1,750 of Furlough Pay
- £957.69 Top up pay during Furlough Period
- £1,292.31 of pay outside the Furlough Period

Total Pay in Furlough Period	$£1,750 + £957.69$	£2,707.69
Total Pay	$£4,000$	
NI Threshold	$£732$	
NI'able Pay Total Pay – NI Threshold	$£4,000 - £732$	£3,268
Employer's NI Due NI'able Pay * Employers NI rate 13.8%	$£3,268 * 0.138$	£450.98
Number of Furlough Days	21	
Number of days in the pay period	30	
NI Daily rate	$£450.98 / 30$	£15.03
Employer NICs due in the claim period part of the pay	$£15.03 * 21$	£315.63
NI Reclaim due Furlough pay (Gross pay grant for the claim period part of the pay): £1,750 Total pay in Furlough Period (Total gross pay in the claim period part of the pay period): £2,707.69	$(£315.63 * £1,750) / £2707.69$	£203.99

Step 6: Calculate the employer's mandatory automatic enrolment pension contributions, per employee

For each employee you need to calculate the minimum amount of auto enrolment pension contributions, based on the employee's furlough pay. You cannot claim anything above the minimum contribution level, therefore, if you have an Auto Enrolment scheme which pays above this minimum level, you cannot claim the additional contributions.

Tax Year	Qualifying Earnings per month	Qualifying Earnings per week	Minimum Employer Pension Contributions
2019/2020	£512	£118	3%
2020/2021	£520	£120	3%

Step 6A

- They will be furloughed between 1st April and 21st April
- £1,750 of Furlough Pay
- All earnings are qualifying

Furlough pay	£1,750	
Number of Furlough days	21	
Lower Level Qualifying Earnings	£520	
Lower Level Qualifying Earnings Daily Allowance	£520/30	£17.33
Allowance during the Furlough period (Daily allowance * Number of Furlough days)	£17.33 * 21	£363.93
Pensionable pay	£1,750 - £363.93	£1,386.07
Minimum contribution	£1,386.07 * 0.03	£41.58

NOTE: If the employer's pension contribution is usually above this amount, you will still only be able to claim the minimum auto enrolment value

Step 7: Sum the grants in respect of gross pay, Employer's NICs and AE contributions

Add up all the values due in steps 4 to 6. Using our example:

Furlough pay	£1,750.00
Employer's NIC to be claimed	£223.17
Pension to be reclaimed	£41.58
Total Due	£2,014.75

Benefits whilst on Furlough

Employees are still entitled to their normal benefits package. They should not be disadvantaged in terms of benefits, during periods of Furlough.

Approach A – Variable pay, single monthly pay date for all employees

Step 1: Calculate the furlough period and Qualifying Days

Choose the claim period start and end dates, then calculate the number of qualifying days.

Furlough Period

The period of furlough must take place between 1st March 2020 and 30th June 2020 (inclusive). The Government may extend the CJRS, if required.

Qualifying Days

Qualifying days are any days where the employee has been furloughed. These are consecutive days and include weekends, along with days which would not normally be worked. For a day to be qualifying, the employee must not have conducted any working activities.

Example

- If an employee is furloughed between 1st April and 30th April, they would be furloughed for 30 days in total
- If an employee is furloughed between 1st April and 21st April, they would be furloughed for 21 days in total

Step 2: Identify furloughed employees who have been or will be paid in the period

You need to list the employees who you have furloughed or are planning to furlough. For each of these employees you will need to calculate the gross grant due.

Step 3: Calculate the gross grant per employee

The employer is entitled to claim the lowest of the following:

Steps	Calculation
a.	$\frac{\pounds 2,500 \times \text{number of qualifying furlough days in month}}{\text{Number of days in month}}$
c.	$\frac{80\% \times \text{monthly reference pay} \times \text{number of qualifying furlough days in pay period}}{\text{Number of days in month}}$

Maximum grant an employer can receive

The maximum grant an employer can receive for a furloughed employee is £2,500 per month, or 80% of normal pay, whichever is the lowest.

Monthly Reference pay

Monthly reference pay is the greater of either:

- Total pay for 2019/2020 divided by 12. For example, total £48,000 / 12 = £4,000
or
- The same pay for the same month in the previous calendar year. For example, £4,000 per month
- In this instance the monthly reference pay = £4,000

NOTE: If the employee started after the 6th April 2019, monthly reference pay is the greater of the total pay for 2019/2020 divided by the number of months in your employment. For example, the employee worked 11 months and earned £43,500. This is be $£43,500 / 11 = £3954.55$ **or** the same pay for the same month in the previous calendar year. For example, £4,000 per month. In this instance the monthly reference pay = £4000.

Step 3A

- An employee receives £4,000 per month
- They are furloughed between 1st April and 21st April
- Pay period 1st April – 30th April

Max Allowance for April	£2,500	
Qualifying days	21	
Number of days in the month	30	
Furlough pay	$(£2,500 * 21) / 30$	£1,750

Step 3B

- An employee receives £4,000 per month
- They are furloughed between 1st April and 21st April
- Pay period 1st April – 30th April

Monthly reference pay	£4,000	
80% of monthly reference pay	$£4,000 * 0.80$	£3,200
Qualifying days in period	21	
Number of days in month	30	
Furlough pay	$(£3,200 * 21) / 30$	£2,240

In this example you would be using calculation method A and the furlough pay due would be £1,750

Step 4: Calculate the Employer's NICs grant per employee

You need to calculate the employer's NIC due for each employee.

You need to calculate the values based on each tax year, and use the relevant NI Thresholds:

Tax Year	Payments date	Monthly Secondary Threshold	Weekly Secondary Threshold
2019/2020	Payments made up to and including 5 th April	£719	£166
2020/2021	Payments made from 6 th April onwards	£732	£169

If there is no employer's NIC due for the employee, the amount is zero (i.e. those under the threshold, or on Category H, M or Z).

You cannot reclaim more than the NIC's due. i.e. if you are claiming £4,000 Employment Allowance and the Employer's NIC due is less than £4,000, your NIC claim will be nil.

If an employee is furloughed part way through a pay period, only a portion of the employer's NI and employer's pension will apply to the furlough payment.

Step 4A - Calculating the claim - no top up

- Pay period 1st April – 30th April
- They are furloughed between 1st April and 21st April
- NI category A
- £1,750 of Furlough Pay
- £1,292.31 of pay outside the Furlough Period (using your pro rata calculation)

Total Pay	£3,042.31	
NI Threshold	£732	
NI'able Pay Total Pay – NI Threshold	£3,042.31 - £732	£2310.31
Employer's NI Due NI'able Pay * Employers NI rate 13.8%	£2,310.31 * 0.138	£318.82
Number of Furlough Days	21	
Number of days in the pay period	30	
NI due on Furlough Pay (Employer's NI Due/ Number of days in the pay period) * Number of Furlough Days	(£318.82/30) * 21	£223.17

Step 4B – Calculating the claim when you have topped up employee’s pay

If you are topping up an employee’s pay to 100%, the following calculation needs to be conducted:

$$\frac{\text{Employer NICs due in the claim period part of the pay} * \text{gross pay grant for the claim period part of the pay}}{\text{Total gross pay in the claim period part of the pay period}}$$

- Pay period 1st April – 30th April
- They are furloughed between 1st April and 21st April
- NI category A
- £1,750 of Furlough Pay
- £957.69 Top up pay during Furlough Period
- £1,292.31 of pay outside the Furlough Period

Total Pay in Furlough Period	£1,750 + £957.69	£2,707.69
Total Pay	£4,000	
NI Threshold	£732	
NI’able Pay	£4,000 - £732	£3,268
Total Pay – NI Threshold		
Employer’s NI Due	£3,268 * 0.138	£450.98
NI’able Pay * Employers NI rate 13.8%		
Number of Furlough Days	21	
Number of days in the pay period	30	
NI Daily rate	£450.98 / 30	£15.03
Employer NICs due in the claim period part of the pay	£15.03 * 21	£315.63
NI Reclaim due	(£315.63 * £1,750)/ £2707.69	£203.99
Furlough pay (Gross pay grant for the claim period part of the pay): £1,750		
Total pay in Furlough Period (Total gross pay in the claim period part of the pay period): £2,707.69		

Step 5: Calculate the employer's mandatory automatic enrolment pension contributions, per employee

For each employee you need to calculate the minimum amount of auto enrolment pension contributions, based on the employee's furlough pay. You cannot claim anything above the minimum contribution level, therefore, if you have an Auto Enrolment scheme which pays above this minimum level, you cannot claim the additional contributions.

Tax Year	Qualifying Earnings per month	Qualifying Earnings per week	Minimum Employer Pension Contributions
2019/2020	£512	£118	3%
2020/2021	£520	£120	3%

Step 5A

- An employee receives £4,000 monthly pay
- They will be furloughed between 1st April and 21st April
- £1,750 of Furlough Pay
- All earnings are qualifying

Furlough pay	£1,750	
Number of Furlough days	21	
Lower Level Qualifying Earnings	£520	
Lower Level Qualifying Earnings Daily Allowance	£520 / 30	£17.33
Allowance during the Furlough period (Daily allowance * Number of Furlough days)	£17.33 * 21	£363.93
Pensionable pay	£1,750 - £363.93	£1,386.07
Minimum contribution	£1,386.07 * 0.03	£41.58

NOTE: If the employer's pension contribution is usually above this amount, you will still only be able to claim the minimum auto enrolment value

Step 6: Sum the grants in respect of gross pay, Employer’s NICs and AE contributions

Add up all the values due in steps 4 to 6. Using our example:

Furlough pay	£1,750
NI to be claimed	£223.17
Pension to be reclaimed	£41.58
Total Due	£2,014.75

Benefits whilst on Furlough

Employees are still entitled to their normal benefits package. They should not be disadvantaged in terms of benefits, during periods of Furlough.

Approach A – Variable pay, single weekly pay date for all employees

Step 1: Calculate the furlough period and Qualifying Days

Choose the claim period start and end dates, then calculate the number of qualifying days.

Furlough Period

The period of furlough must take place between 1st March 2020 and 30th June 2020 (inclusive). The Government may extend the CJRS, if required.

Qualifying Days

Qualifying days are any days when the employee has been furloughed. These are consecutive days and include weekends, along with any days which would not normally be worked. For a day to be qualifying, the employee must not have conducted any working activities.

Example

- If an employee is furloughed between 6th April and 12th April, they would be furloughed for 7 days in total

Step 2: Identify furloughed employees who have been or will be paid in the period

You need to list the employees who you have furloughed or are planning to furlough. For each of these employees you will need to calculate the gross grant due.

Step 3: Calculate the gross grant per employee

The employer is entitled to claim the lowest of the following:

Steps	Calculation
a.	$\frac{\text{£576} \times \text{number of qualifying furlough days in week}}{7}$
b.	$\frac{80\% \times \text{weekly reference pay} \times \text{number of qualifying furlough days in week}}{7}$

HMRC detailed guidance use £576 to calculate weekly furlough payments.

Maximum grant an employer can receive

The maximum grant an employer can receive for a furloughed employee is £576 per week, or 80% of normal pay, whichever is the lowest.

Weekly Reference pay

Weekly reference pay is the greater of either:

- Total pay for 2019/2020 divided by 52. For example, total £48,000 / 52 = £923.08
or
- The same pay for the same week number in the previous tax year for the pay period. For example, £918 per week for the same period in the previous tax year
- In this instance the weekly reference pay = £923.08

NOTE: If the employee started after the 6th April 2019, weekly reference pay is the greater of total pay for 2019/2020 divided by the number of weeks in your employment. For example, the employee worked 50 weeks and earned £43,500, which is £43,500 / 50 = £870 **or** the same pay for the same week in the previous tax year. For example, £923.08 per week. In this instance the weekly reference pay = £923.08.

Step 3A

- An employee receives £923.08 per week
- They are furloughed between 6th April and 12th April
- Pay period 6th April and 12th April

Max Allowance per week	£576	
Qualifying days	7	
Furlough pay	$(\text{£576} \times 7) / 7$	£576

Step 3B

- An employee receives £923.08 per week
- They are furloughed between 6th April and 12th April
- Pay period 6th April and 12th April

Weekly reference pay	£923.08	
80% of monthly reference pay	£923.08 * 0.80	£738.46
Qualifying days in period	7	
Furlough pay	(£738.46 * 7) / 7	£738.46

In this example you would be using calculation method A, the furlough pay due would be £576.

Step 4: Calculate the Employer's NICs grant per employee

You need to calculate the employer's NIC due for each employee.

You will have to calculate the values based on each tax year and use the relevant NI Thresholds:

Tax Year	Payments date	Monthly Secondary Threshold	Weekly Secondary Threshold
2019/2020	Payments made up to and including 5 th April	£719	£166
2020/2021	Payments made from 6 th April onwards	£732	£169

If there is no employer's NIC due for the employee, the amount is zero (i.e. those under the threshold, or on Category H, M or Z).

You cannot reclaim more than the NIC's due, i.e. if you are claiming £4,000 Employment Allowance and the Employer's NIC due is less than £4,000 your NIC claim will be nil.

If an employee is furloughed part way through a pay period, only a portion of the employer's NI and employer's pension will apply to the furlough payment.

Step 4A - Calculating the claim - no top up

- Furlough Pay £576
- They are furloughed between 6th April and 12th April
- Pay period 6th April and 12th April
- NI category A

Total Pay	£576	
NI Threshold	£169	
NI'able Pay Total Pay – NI Threshold	£576 - £169	£407
Employer's NI Due NI'able Pay * Employers NI rate 13.8%	£407 * 0.138	£56.17
Number of Furlough Days	7	
Number of days in the pay period	7	
NI due on Furlough Pay (Employer's NI Due/Number of days in the pay period) * Number of Furlough Days	(£56.17 / 7) * 7	£56.17

Step 4B – Calculating the claim when you have topped up employee pay

If you are topping up an employee’s pay to 100%, the following calculation needs to be conducted:

$$\frac{\text{Employer NICs due in the claim period part of the pay} * \text{gross pay grant for the claim period part of the pay}}{\text{Total gross pay in the claim period part of the pay period}}$$

- An employee receives £923.08 per week
- They are furloughed between 6th April and 12th April
- Pay period 6th April and 12th April
- NI category A
- Furlough Pay £576
- Top up Pay £347.08

Total Pay in Furlough Period	£576 + £347.08	£923.08
Total Pay	£923.08	
NI Threshold	£169	
NI’able Pay Total Pay – NI Threshold	£923.08 - £169	£754.08
Employer’s NI Due NI’able Pay * Employers NI rate 13.8%	£754.08 * 0.138	£104.06
Number of Furlough Days	7	
Number of days in the pay period	7	
NI Daily rate	£104.06 / 7	£14.86
Employer NICs due in the claim period part of the pay	£14.86 * 7	£104.02
NI Reclaim due Furlough pay (Gross pay grant for the claim period part of the pay): £104.02 Total pay in Furlough Period (Total gross pay in the claim period part of the pay period): £923.08	(£104.02 * £576) / £923.08	£64.90

Step 5: Calculate the employer's mandatory automatic enrolment pension contributions per employee

For each employee you will need to calculate the minimum amount of auto enrolment pension contributions based on the employee's furlough pay. You will not be able to claim anything above the minimum contribution level, therefore, if you have an Auto Enrolment scheme which pays above this minimum level, you will not be able to claim the additional contributions.

Tax Year	Qualifying Earnings per month	Qualifying Earnings per week	Minimum Employer Pension Contributions
2019/2020	£512	£118	3%
2020/2021	£520	£120	3%

Step 5A – Full Period Calculation

- An employee receives £923.08 per week
- They are furloughed between 6th April and 12th April
- Pay period 6th April and 12th April
- Furlough Pay £576
- All earnings are qualifying

Furlough pay	£576	
Number of furlough days	7	
Lower Level Qualifying Earnings	£120	
Pensionable pay	£576 - £120	£456
Minimum contribution	£456 * 0.03	£13.68

Step 5B – Part Period Calculation

- They are furloughed between 8th April and 12th April
- Furloughed for 5 days
- Furlough Pay £164.57
- All earnings are qualifying

Furlough pay	£164.57	
Number of furlough days	5	
Lower Level Qualifying Earnings	£120	
Lower Level Qualifying Earnings Daily Allowance	£120/ 7	£17.14
Allowance during the Furlough period	£17.14 * 5	£85.70
Pensionable pay	£164.57 - £85.70	£78.87
Minimum contribution	£78.87 * 0.03	£2.37

Note: If the employer pension contribution was usually above this amount you would still only be able to claim the minimum auto enrolment value

Step 6: Sum the grants in respect of gross pay, Employer’s NICs and AE contributions

Add up all the values due in steps 4 to 6. Using our example:

Furlough pay	£576
NI to be claimed	£56.17
Pension to be reclaimed	£13.68
Total Due	£645.85

Benefits whilst on Furlough

Employees are still entitled to their normal benefits package. They should not be disadvantaged in terms of benefits during periods of Furlough.

Approach B – Regular monthly pay period

Step 1: Calculate the furlough period and Qualifying Days

Choose the claim period start and end dates, then calculate the number of qualifying days.

Furlough Period

The period of furlough must take place between 1st March 2020 and 30th June 2020 (inclusive). The Government may extend the CJRS, if required.

Qualifying Days

Qualifying days are any days when the employee has been furloughed. These are consecutive days and include weekends, along with days which would not normally be worked. For a day to be qualifying, the employee must not have conducted any working activities.

Example

- If an employee is furloughed between 1st April and 30th April, they are furloughed for 30 days in total
- If an employee is furloughed between 1st April and 21st April, they are furloughed for 21 days in total

Step 2: Identify furloughed employees who have been or will be paid in the period

You need to list the employees who you have furloughed or are planning to furlough. For each of these employees you will need to calculate the gross grant due.

Step 3: Calculate the gross grant per employee

The employer is entitled to claim the lowest of the following:

Steps	Calculation
a.	$\frac{\pounds 2,500 \times \text{number of qualifying furlough days in month}}{\text{Number of days in month}}$
b.	$\frac{80\% \times \text{monthly reference pay} \times \text{number of qualifying furlough days in pay period}}{\text{Number of days in month}}$

Maximum grant an employer can receive

The maximum grant an employer can receive for a furloughed employee is £2,500 per month, or 80% of normal pay, whichever is the lowest.

Monthly Reference Pay

Monthly reference pay is the pay for the last full monthly pay period up to 19th March 2020 inclusive. For example, February's full monthly pay was £4,000, monthly reference pay = £4,000.

NOTE: If the employee does not have a full monthly pay period anytime up to 19th March 2020 inclusive, then the last partial pay period should be grossed up. This is calculated by the total pay for the partial period, divided by the number of days the partial pay covers, multiplied by the number of days in the month. For example, £2,000 partial period earnings for 15 days in the period in April 2020 would be $(£2,000 / 15) * 30 = £4,000$.

Step 3A

- An employee receives on average £4,000 per month
- They are furloughed between 1st April and 21st April
- Pay period 1st April – 30th April

Max Allowance for April	£2,500	
Qualifying days	21	
Number of days in the month	30	
Furlough pay	$(£2,500 * 21) / 30$	£1,750

Step 3B

- An employee receives on average £4,000 per month
- They are furloughed between 1st April and 21st April
- Pay period 1st April – 30th April

Monthly reference pay	£4,000	
80% of monthly reference pay	$£4,000 * 0.80$	£3,200
Qualifying days in period	21	
Number of days in month	30	
Furlough pay	$(£3,200 * 21) / 30$	£2,240

In this example you would be using calculation method A and the furlough pay due would be £1,750

Step 4: Calculate the Employer’s NICs grant per employee

You need to calculate the employer’s NIC due for each employee.

You need to calculate the values based on each tax year and use the relevant NI Thresholds:

Tax Year	Payments date	Monthly Secondary Threshold	Weekly Secondary Threshold
2019/2020	Payments made up to and including 5 th April	£719	£166
2020/2021	Payments made from 6 th April onwards	£732	£169

If there is no employer’s NIC due for the employee, the amount is zero (i.e. those under the threshold, or on Category H, M or Z)

You cannot reclaim more than the NIC’s due. i.e. if you are claiming £4,000 Employment Allowance and the Employer’s NIC due is less than £4,000, your NIC claim will be nil.

If an employee is furloughed part way through a pay period, only a portion of the employer’s NI and employer’s pension will apply to the furlough payment.

Step 4A

- An employee receives on average £4,000 per month
- Pay period 1st April – 30th April
- They are furloughed between 1st April and 21st April
- NI category A
- £1,750 of Furlough Pay and £1,330 normal pay

Step 4B - Calculating the claim - no top up

- An employee receives £4,000 monthly pay
- Pay period 1st April – 30th April
- They are furloughed between 1st April and 21st April
- NI category A
- £1,750 of Furlough Pay
- £1,330 of pay outside the Furlough Period

Total Pay	£3,080	
NI Threshold	£732	
NI'able Pay Total Pay – NI Threshold	£3,080 - £732	£2,348
Employer's NI Due NI'able Pay * Employers NI rate 13.8%	£2,248 * 0.138	£324.02
Number of Furlough Days	21	
Number of days in the pay period	30	
NI due on Furlough Pay (Employer's NI Due/ Number of days in the pay period) * Number of Furlough Days	(£324.02/30) * 21	£226.81

Step 4C – Calculating the claim when you have topped up employee pay

If you are topping up the employees pay to 100% the following calculation needs to be conducted:

Employer NICs due in the claim period part of the pay * gross pay grant for the claim period part of the pay
Total gross pay in the claim period part of the pay period

- An employee receives £4,000 monthly pay
- Pay period 1st April – 30th April
- They are furloughed between 1st April and 21st April
- NI category A
- £1,750 of Furlough Pay
- £920 Top up pay during Furlough Period
- £1,330 of pay outside the Furlough Period

Total Pay in Furlough Period	$£1,750 + £920$	£2670
Total Pay	$£4,000$	
NI Threshold	$£732$	
NI'able Pay Total Pay – NI Threshold	$£4,000 - £732$	£3,268
Employer's NI Due NI'able Pay * Employers NI rate 13.8%	$£3,268 * 0.138$	£450.98
Number of Furlough Days	21	
Number of days in the pay period	30	
NI Daily rate	$£450.98 / 30$	£15.03
Employer NICs due in the claim period part of the pay	$£15.03 * 21$	£315.63
NI Reclaim due Furlough pay (Gross pay grant for the claim period part of the pay): £1,750 Total pay in Furlough Period (Total gross pay in the claim period part of the pay period): £2,670	$(£315.63 * £1,750) / £2670$	£206.87

Step 5: Calculate the employer's mandatory automatic enrolment pension contributions, per employee

For each employee you need to calculate the minimum amount of auto enrolment pension contributions, based on the employee's furlough pay. You cannot claim anything above the minimum contribution level, therefore, if you have an Auto Enrolment scheme which pays above this minimum level, you cannot claim the additional contributions.

Tax Year	Qualifying Earnings per month	Qualifying Earnings per week	Minimum Employer Pension Contributions
2019/2020	£512	£118	3%
2020/2021	£520	£120	3%

Step 5A

- An employee receives £4,000 monthly pay
- They will be furloughed between 1st April and 21st April
- £1,750 of Furlough Pay
- All earnings are qualifying

Furlough pay	£1,750	
Number of Furlough days	21	
Lower Level Qualifying Earnings	£520	
Lower Level Qualifying Earnings Daily Allowance	£520 / 30	£17.33
Allowance during the Furlough period (Daily allowance * Number of Furlough days)	£17.33 * 21	£363.93
Pensionable pay	£1,750 - £363.93	£1,386.07
Minimum contribution	£1,386.07 * 0.03	£41.58

NOTE: If the employer's pension contribution is usually above this amount, you will still only be able to claim the minimum auto enrolment value

Step 6: Sum the grants in respect of gross pay, Employer's NICs and AE contributions

Add up all the values due in steps 4 to 6. Using our example:

Furlough pay	£1,750
NI to be claimed	£226.81
Pension to be reclaimed	£41.58
Total Due	£2,018.39

Benefits whilst on Furlough

Employees are still entitled to their normal benefits package. They should not be disadvantaged in terms of benefits during periods of Furlough.

Approach B – Weekly regular pay period

Step 1: Calculate the furlough period and Qualifying Days

Choose the claim period start and end date, then calculate the number of qualifying days.

Furlough Period

The period of furlough must take place between 1st March 2020 and 30th June 2020 (inclusive). The Government may extend the CJRS, if required.

Qualifying Days

Qualifying days are any days when the employee has been furloughed. These are consecutive days and include weekends, along with days which would not normally be worked. For a day to be qualifying, the employee must not have conducted any working activities.

Example

- If an employee is furloughed between 6th April and 12th April, they would be furloughed for 7 days in total

Step 2: Identify furloughed employees who have been or will be paid in the period

You need to list the employees who you have furloughed or are planning to furlough. For each of these employees you will need to calculate the gross grant due.

Step 3: Calculate the gross grant per employee

The employer is entitled to claim the lowest of the following:

Steps	Calculation
a.	$\frac{[\pounds 576] \times \text{number of qualifying furlough days in week}}{7}$
b.	$\frac{80\% \times \text{weekly reference pay} \times \text{number of qualifying furlough days in week}}{7}$

Maximum grant an employer can receive

The maximum grant an employer can receive for a furloughed employee is £576 per week, or 80% of normal pay, whichever is the lowest.

Weekly Reference Pay

Weekly reference pay is the pay for the last full weekly pay period up to 19th March 2020 inclusive. For example, last full weekly pay was £923.08. Weekly reference pay = £923.08

NOTE: If the employee does not have a full weekly pay period anytime up to 19th March 2020 inclusive, then the last partial pay period should be grossed up. This is calculated by the total pay for the partial period, divided by the number of days the partial pay covers, multiplied by 7. For example, £395.60 partial period earnings for 3 days in the period would be $(\pounds 395.60 / 3) * 7 = \pounds 923.07$

Step 3A

- An employee receives £923.08 per week
- They are furloughed between 6th April and 12th April
- Pay period 6th April and 12th April

Max Allowance per week	£576	
Qualifying days	7	
Furlough pay	$(£576 * 7) / 7$	£576

Step 3B

- An employee receives £923.08 per week
- They are furloughed between 6th April and 12th April
- Pay period 6th April and 12th April

Weekly reference pay	£923.08	
80% of monthly reference pay	$£923.08 * 0.80$	£738.46
Qualifying days in period	7	
Furlough pay	$(£738.46 * 7) / 7$	£738.46

In this example you would be using calculation method A and the furlough pay due would be **£576**.

Step 4: Calculate the Employer's NICs grant per employee

You need to calculate the employer's NIC due for each employee.

You will have to calculate the values based on each tax year and use the relevant NI Thresholds:

Tax Year	Payments date	Monthly Secondary Threshold	Weekly Secondary Threshold
2019/2020	Payments made up to and including 5 th April	£719	£166
2020/2021	Payments made from 6 th April onwards	£732	£169

If there is no employer's NIC due for the employee, the amount is zero (i.e. those under the threshold, or on Category H, M or Z).

You cannot reclaim more than the NIC's due. i.e. if you are claiming £4,000 Employment Allowance and the Employer's NIC due is less than £4,000 your NIC claim will be nil.

If an employee is furloughed part way through a pay period, only a portion of the employer’s NI and employer’s pension will apply to the furlough payment.

Step 4A - Calculating the claim – no top up

- Furlough Pay £576
- They are furloughed between 6th April and 12th April
- Pay period 6th April and 12th April
- NI category A

Total Pay	£576	
NI Threshold	£169	
NI’able Pay	£576 - £169	£407
Total Pay – NI Threshold		
Employer’s NI Due	£407 * 0.138	£56.17
NI’able Pay * Employers NI rate 13.8%		
Number of Furlough Days	7	
Number of days in the pay period	7	
NI due on Furlough Pay	(£56.17 / 7) * 7	£56.17
(Employer’s NI Due/ Number of days in the pay period) * Number of Furlough Days		

Step 4B – Calculating the claim when you have topped up employee pay

If you are topping up the employees pay to 100% the following calculation needs to be conducted:

$$\frac{\text{Employer NICs due in the claim period part of the pay} * \text{gross pay grant for the claim period part of the pay}}{\text{Total gross pay in the claim period part of the pay period}}$$

- An employee receives £923.08 per week
- They are furloughed between 6th April and 12th April
- Pay period 6th April and 12th April
- NI category A
- Furlough Pay £576
- Top up Pay £347.08

Total Pay in Furlough Period	£576 + £347.08	£923.08
Total Pay	£923.08	
NI Threshold	£169	
NI'able Pay	£923.08 - £169	£754.08
Total Pay - NI Threshold		
Employer's NI Due NI'able Pay * Employers NI rate 13.8%	£754.08 * 0.138	£104.06
Number of Furlough Days	7	
Number of days in the pay period	7	
NI Daily rate	£104.06 / 7	£14.86
Employer NICs due in the claim period part of the pay	£14.86 * 7	£104.02
NI Reclaim due Furlough pay (Gross pay grant for the claim period part of the pay): £104.02 Total pay in Furlough Period (Total gross pay in the claim period part of the pay period): £923.08	(£104.02 * £576) / £923.08	£64.90

Step 5: Calculate the employer's mandatory automatic enrolment pension contributions per employee

For each employee you will need to calculate the minimum amount of auto enrolment pension contributions based on the employee's furlough pay. You will not be able to claim anything above the minimum contribution level, therefore, if you have an Auto Enrolment scheme which pays above this minimum level, you will not be able to claim the additional contributions.

Tax Year	Qualifying Earnings per month	Qualifying Earnings per week	Minimum Employer Pension Contributions
2019/2020	£512	£118	3%
2020/2021	£520	£120	3%

Step 5A – Full Period Calculation

- An employee receives £923.08 per week
- They are furloughed between 6th April and 12th April
- Pay period 6th April and 12th April
- Furlough Pay £576
- All earnings are qualifying

Furlough pay	£576	
Number of furlough days	7	
Lower Level Qualifying Earnings	£120	
Pensionable pay	£576 - £120	£456
Minimum contribution	£456 * 0.03	£13.68

Step 5B – Part Period Calculation

- They are furloughed between 8th April and 12th April
- Furloughed for 5 days
- Furlough Pay £164.57
- All earnings are qualifying

Furlough pay	£164.57	
Number of furlough days	5	
Lower Level Qualifying Earnings	£120	
Lower Level Qualifying Earnings Daily Allowance	£120/ 7	£17.14
Allowance during the Furlough period	£17.14 * 5	£85.7
Pensionable pay	£164.57 - £85.70	£78.87
Minimum contribution	£78.87 * 0.03	£2.37

Note: If the employer pension contribution was usually above this amount you would still only be able to claim the minimum auto enrolment value

Step 6: Sum the grants in respect of gross pay, Employer’s NICs and AE contributions

Add up all the values due in steps 4 to 6. Using our example:

Furlough pay	£576
NI to be claimed	£56.17
Pension to be reclaimed	£13.68
Total Due	£645.85

Benefits whilst on Furlough

Employees are still entitled to their normal benefits package. They should not be disadvantaged in terms of benefits during periods of Furlough.

What information do I need to make a claim?

To claim for furloughed individuals, you will need the following:

To claim, you will need:

- Your employer PAYE scheme reference number
- The number of employees being furloughed
- National Insurance Numbers for the furloughed employees
- Names of the furloughed employees
- Payroll/employee number for the furloughed employees (optional)
- Dates each employee was furloughed
- The claim value per employee
- Your Self-Assessment Unique Taxpayer Reference, Corporation Tax Unique Taxpayer Reference, Company Registration Number or Employer Name (as appropriate)
- The claim period (start and end date)
- Amount claimed (per the minimum length of furloughing of 3 consecutive weeks)
- Your bank account number and sort code
- Your contact name
- Your phone number

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.

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 (which is listed above).

Useful Links

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](#)