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## From: Armstrong & Co

### Subject: COVID-19 update 14 April 2020

#### Greetings!

I am sending this email to all clients. For many of you, much of it will not apply, but a non-targeted email is the quickest way to get this out to those who can benefit from it. If you know of anyone who you think may be helped by reading it, please feel free to forward it to them.

This update addresses one of the most important areas of government assistance:

#### Furloughing employees

If you have any specific queries, please email me at [armcoat4a@yahoo.co.uk](mailto:armcoat4a@yahoo.co.uk) and I will do my best to respond as soon as possible.

I also strongly recommend that you follow the link below to the MoneySavingExpert website, which has a dedicated section relating to help and guidance relating to the COVID-19, is updated daily and as well as business advice, covers more general help topics, particularly on State Benefits, which are beyond my expertise.

<https://www.moneysavingexpert.com/latesttip/>

#### What it is:

- Coronavirus Employment Retention Scheme.
- Purpose is to encourage employers to retain staff on the payroll rather than making them redundant, laying them off or, where allowed by the contract, simply not providing any work.
- Applied for by the employer not the employee.
- Payment is made to the employer but must be passed on to the employee.
- It is a taxable payment and will be included in your business income for the period.
- Initially it is available between 1 March to 31 May 2020.
- Minimum furlough time is 3 weeks, but this can be extended in blocks of at least 3 weeks.
- Applies from the date that the employee stops working. Part months are pro-rated.

#### What can be claimed:

- The government will pay 80% of a furloughed employee's normal gross pay, up to a maximum of £2,500 a month.
- The employer is not required to pay the remaining 20% but can if they wish.
- Employers national insurance and minimum auto-enrollment pension costs will also be covered but are also capped.
- The minimum wages rules do not apply to furloughed pay, unless the employee is required to undertake training.

#### Applies to:

- All employees, including directors.

- Full-time, part-time, zero hours, casual, etc.
- Employees on your payroll on or before 28 February 2020.
- If started on 29 February or later, cannot be furloughed.
- If selected, they cannot continue to work for the business.
- Can be involved in training.

### **Process:**

- Select which employees are to be included in the scheme.
- Discuss and agree with each employee that they are to be chosen.
- If their pay is to be reduced, they must agree to this. However, if the alternative is redundancy, they are likely to be agreeable.
- You must write (email/letter) to each employee to confirm and explain that they are to be furloughed (a link to an example letter is below).
- A copy of this document must be retained for 5 years.
- Once the scheme is over you will need to make a decision whether your furloughed employees can return to work, if not you will need to consider making them redundant.

**Furloughed employer example letter/email** - you should amend as appropriate  
<https://www.dropbox.com/s/ccnbwqmv0t9n472/Furloughed%20worker%20letter.docx?dl=0>

### **What to claim:**

- If your employee is salaried; you can claim 80% of their normal gross salary as at 28 February 2020.
- If their pay varies and they have been employed for more than 12 months, you claim 80% of the higher of the same month in the previous year and the average of the 2019/20 monthly earnings.
- If their pay varies but they have been employed for less than 12 months, you claim 80% of their average monthly earnings since they began working for you.

### **How to claim:**

- The mechanism has not been published yet but is expected to be by 20 April.
- Furloughed employees will be paid via your payroll in the usual way.
- If you are only going to pay the 80% then that is the amount you pay in your payroll.
- The usual tax and national insurance calculations and deductions will be applied and paid to HMRC.
- You will need to calculate the amount of wages to pay based on HMRC guidance.
- I expect that a single claim will need to be made each month, probably via an online HMRC portal.
- HMRC will check, and if eligible, will make a payment directly to your (UK) bank account.
- If we are your Agent for payroll purposes, we will be able to make the claim on your behalf.
- If we are not your payroll agent but prepare your payroll for you, we will be able to help you calculate the claim.

### **Information required by HMRC:**

- your employer PAYE reference number.
- the number of employees being furloughed.
- National Insurance Numbers for the employees you want to furlough.
- Names of the employees you want to furlough.
- Payroll/works number for the employees you want to furlough.

- your Self-Assessment Unique Taxpayer Reference or Corporation Tax Unique Taxpayer Reference or Company Registration Number (depending on your business type).
- 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.

If you've got this far, **thank you**. Now you need to try and apply the above to your particular circumstances.

For businesses with employees who are considering or have already laid off some staff, the CJRS provides valuable incentives to keep them on and get reimbursed by the government.

If you have tax payment problems, depending on the tax, you can either automatically defer payment or apply to HMRC for time to pay.

However, if you are the director/owner of a small limited company business, there is little direct monetary assistance available for maintaining your income.

Remember to email me at [armcoat4a@yahoo.co.uk](mailto:armcoat4a@yahoo.co.uk) if you have any specific questions.

Best wishes

**Tony Armstrong FCA**

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