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From: Armstrong & Co

Subject: COVID-19 update 5 at 20 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 - technical process

The claim portal is now open and we have successfully submitted the first claims on behalf of some of our clients.

If you want us to submit the claims on your behalf (where we can) you need to follow the following instructions:

Process guide:

- Select which employees are to be included in the scheme.
 - These must have been employed by you at 19 March 2020
 - Have been submitted on an RTI on or before 19 March 2020
 - For most employees this means being included in the February payroll month
- Discuss and agree with each employee that they are to be chosen and the date from which furloughing will start.
 - You may already have done this.
 - Furloughing starts from the date they cease to work for you.
- If their pay is to be reduced, they must agree to this.
 - So, if you are only going to pay the 80% government grant amount or capped amount, they must be notified and agree.
 - The alternative of course is that they are made redundant. This has to be done according to the redundancy legislation.
- My understanding is, if you are going to continue to pay them their usual pay you do not need to get their agreement to furlough. You only need to inform them that they are being furloughed. However, it may be sensible to do so, just in case.
- You must write (email/letter) to each employee to confirm and explain that they are to be furloughed.

Action to take:

If we process your payroll and you want us to prepare and submit your claim you **must** notify us:

- which staff are to be furloughed.
- whether they are to be paid full or 80% of salary.
- the date each employee is to be furloughed from.
- the date furloughing will cease (if known). Must be at least 3 weeks (21 calendar days).
- details of the UK business bank account into which you wish the grant to be paid.
 - Name of bank

- o Address of bank
- o Sort code
- o Account number

Letter to employees/directors

Once you have selected your employees and agreed with them that they will be furloughed you need to formalise it by writing to them and, if appropriate, get their formal approval.

You need to choose whether you will pay 80% or 100% of "normal" pay. Remember, you can only claim back 80% from the government.

I have been advised that if you are going to pay 100% you do not need your employees agreement and I have included a new letter (see below) that takes this into account.

If a director is to be furloughed, the company's board of directors must:

- pass a resolution to that effect
- the director must be sent a letter explaining the situation
- the director must reply indicating their agreement

I have also included a copy of each of these documents for you to use. You could combine the letter and agreement response in one document if you wish.

The letters to employees need to be kept for 5 years. The minutes of the board should be retained with the usual statutory records.

Links to supporting documents

The attached documents must be amended according to your particular circumstances. Please download to your system, review and amend as appropriate. If you want us to keep copies, please forward copies of the completed documents. In all cases please send us copies of the minutes.

Employees

Letter to employee

<https://www.dropbox.com/s/6l9th4o2mem4jmx/Employees%20-%20Letter%20to%20furloughing%20employees.docx?dl=0>

Directors

Minute of directors meeting

<https://www.dropbox.com/s/v6nnpwlch28b57e/Directors%20-%20Directors%20minutes%20to%20furlough%20directors.docx?dl=0>

Letter to director

<https://www.dropbox.com/s/na674azaghtwpfd/Directors%20-%20Letter%20to%20furloughing%20directors.docx?dl=0>

Response from director

<https://www.dropbox.com/s/etnvq2ffzin4q0q/Directors%20-%20Director%20agreement%20to%20furloughing.docx?dl=0>

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

Remember to email me at armcoat4a@yahoo.co.uk if you have any specific questions.

Best wishes

Tony Armstrong FCA

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