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# CORONAVIRUS JOB RETENTION SCHEME (CJRS) – MARK II

PHIL MORRICE – JULY 2020

# OVERVIEW



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# 1. SUMMARY OF CJRS MARK I AND MARK II

- ❖ CJRS Mark I (1 March to 30 June)
  - ❖ Employees Unable to Work
  - ❖ 'Full' government support (80% of usual wages)
  - ❖ Minimum of 3 week furlough period
- ❖ CJRS Mark II (1 July to 31 October)
  - ❖ Employees can be flexibly furloughed and work part-time (furloughed previously, subject to exception)
  - ❖ Tapering of Government support
  - ❖ No minimum furlough period
  - ❖ Claims period at least monthly (still one claim per period)



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## 2. KEY DATES OF CJRS MARK II

- 1 July 2020 (Start of CJRS Mark II and Flexible Furlough)
- 31 July 2020 (Last day to claim for CJRS Mark I grant)
- 1 August 2020 (Employers now pay E'er NIC and E'er Pens)
- 1 September 2020 (70% government support)
- 1 October 2020 (60% government support)
- 31 October 2020 (Scheme Ends)



# 3. MARK II – TAPERING OF GOVERNMENT SUPPORT

MONTH	FURLOUGH PAY CLAIM	E'ER NIC and PENS
July 2020	80% - up to max of £2,500 pm (as in CJRS Mark I)	YES (stat minimum as in CJRS Mark I and if EA exhausted)
August 2020	80% - up to max of £2,500 pm	NO
September 2020	70% - up to max of £2,187.50 pm	NO
October 2020	60% - up to max of £1,875 pm	NO

- Employee entitled to 100% of wages for Hours Worked whilst Flexibly Furloughed
- Employee remains eligible for lower of £2,500 pm or 80% of usual wage. In September, employer contributes 10% of usual wage (or £312.50). In October, employer contributes 20% of usual wage (or £625).



# 4. CJRS MARK II – KEY CONCEPTS (PART 1)

## 1. Flexible Furloughing

- a) Part-time work allowed from 1 July. Employees must have been furloughed previously for minimum period.
- b) Agreed between Employer/Employee in writing (email)
- c) Note that other key concepts of 'Working Pattern' and 'Usual Hours' not relevant if not flexi-furloughing

## 2. Working Pattern

- a) E.g. Salaried Employees – Period of work including days off. E.g. 35 hours over five working days, two days off = Working Pattern = 7 days.
- b) Most people will have a working pattern of 7 days



# 4. CJRS MARK II – KEY CONCEPTS (PART 2)

## 3. Usual Hours - Salaried Employees

- Starting Point in Claim for Flexi-Furlough: Establish Employee's Usual Hours
- Contracted Hours / Days in Working Pattern X Days in Claim Period (rounded up).

*EXAMPLE - Kate is contracted to work 37.5 hours a week. The pay period is 1 July to 31 July, claim for July.*

*THEREFORE: 37.5 (contracted hours) / 7 (days in working pattern) X 31 (Days in Claim) = 166.07. Rounded up =*  
**167 USUAL HOURS**

- It is not relevant how many working days in the month.

*EXAMPLE – Simon contracted to 21 hours a week (works Wed-Fri). Might expect there is 105 hours in July (5 Weds, Thurs, Fri) – 5 times 21*

*BUT CJRS RULES: 21 (contracted hours) / 7 (days in working pattern) x 31 (days in July claim) =*  
**93 usual hours**



# 4. CJRS MARK II – KEY CONCEPTS (PART 3)

## 4. Usual Hours - Variable Hours Employees

### a) Average Hours in 2019/20 Tax year

- All hours worked from 6/4/2019 (or start of employment if later) to 5/4/2020 (or date of furlough if earlier)
- Divide by Calendar days in employment during tax year
- Multiplied by Days in Claim Period
- Under existing legislation, payrolls for variable hour staff *should* contain this info already

**EXAMPLE** - Jess started work on 1 May 2019 and, from payroll records, identified that she worked 840 hours until 31 March 2020 and she was furloughed on 1 April 2020.

For a Claim for July 2020:  $840 \text{ (Hours)} / 336 \text{ (Days Worked)} \times 31 \text{ (Days in Claim)} = 71.15$ . Rounded Up = **72 Usual Hours**

### b) Corresponding Period in 2019/20 Tax year (if Higher than Average: choose instead)

- HMRC notes – corresponding calendar period.

**EXAMPLE** - Jess (above) worked 90 hours in August 2019. For a claim for August 2020:

Usual Hours = **90 Usual Hours**





# 5. CJRS MARK II – CALCULATIONS (PART 1)

For Calculations – useful to split employees into ‘Salaried’ employees and ‘Variable Hours’ employees. Treatment is different for ‘Usual Wages’, ‘Usual Hours’.

## SALARIED EMPLOYEES

**Fixed Salary for Contracted Hours. May be Full-time or Part-time, will have set number of hours paid for each Working Pattern. Typically paid same/similar amounts each month, but may be paid overtime**

## VARIABLE HOURS EMPLOYEES

**Staff are on contract but will work different hours each month depending on needs of business or availability. Typically paid different amounts each month.**



# 5. CJRS MARK II – CALCULATIONS (PART 2)

## SALARIED EMPLOYEES EXAMPLE:

John is contracted for 37.5 hours per week. His salary is £24,000 (£2,000 pm).

John was furloughed from 1 May and the employer is topping up his salary up to 100%, so being paid £2,000 per month.

John was flexi-furloughed on 1 July and paid 100% for furloughed hours and 100% for hours worked. John agreed to work 5 hours a day (Monday-Friday), total of 25 hours a week. He worked 115 hours July, 105 hours August.

John's hours were increased to 30 hours p.w (6 hours a day) from 1 September. John ended furloughed on 12 October. John worked 132 hours September, 42 hours in October before his return.

## What are the Furlough Pay claims?

**USUAL WAGES** = £2,000

**USUAL HOURS** =  $37.5 / 7 * 30$  or  $31 = (161$  in September and  $167$  in July, August, October).

MAY:  $£2,000 * 80\% = £1,600.00$ .

JUNE:  $£2,000 * 80\% = £1,600.00$  can be claimed. As above.

JULY:  $£2,000 * 80\% / 31 * 31 / 167 * (167-115) = £498.20$  can be claimed.

AUGUST:  $£2,000 * 80\% / 31 * 31 / 167 * (167-105) = £594.01$  can be claimed.

SEPTEMBER:  $£2,000 * 70\% / 30 * 30 / 161 * (161-132) = £252.18$  can be claimed.

OCTOBER:  $£2,000 * 60\% / 31 * 12 / 65 * (65-42) = £164.36$  can be claimed. (65 calculated as being 167 usual hours / 31 calendar days \* 12 days furloughed, rounded up)

# BUSINESS DECISION MAKING

- Taking the same scenario as before
- What is the cost of bringing John back an extra hour a day?
- How much extra grant to we get if he comes one hour less?
- Assuming top up



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# COST OF ONE DAY MORE

	Per Example	One Day More	Extra cost per hour worked
July	£498.20	£277.84	£9.58
August	£594.01	£392.78	£9.58
Sept	£252.18	£60.87	£8.70
October	£164.36	£114.34	£7.14

July – John works 138 hours – so  $£2,000 * 80\% / 31 * 31 / 167 * (167-138) = £277.84$

August - John works 126 hours -  $£2000 * 80\% / 167 * (167-126) = £392.78$

September – John works 154 hours -  $£2000 * 70\% / 161 * (161-154) = £60.87$

October – John works 49 hours -  $£2,000 * 60\% / 31 * 12 / 65 * (65-49) = £114.34$

# HOW MUCH MORE GRANT – ONE DAY LESS

	Per Example	One Day Less	Extra grant per hour not worked
July	£498.20	£718.50	£9.58
August	£594.01	£795.14	£9.58
Sept	£252.18	£443.70	£8.70
October	£164.36	£214.39	£7.14

July – John works 92 hours – so  $£2,000 * 80\% / 31 * 31 / 167 * (167-92) = £718.50$

August - John works 84 hours -  $£2000 * 80\% / 167 * (167-84) = £392.78$

September – John works 110 hours -  $£2000 * 70\% / 161 * (161-110) = £60.87$

October – John works 35 hours -  $£2,000 * 60\% / 31 * 12 / 65 * (65-35) = £214.39$

## 6. SPREADSHEETS (PART 1)

- Keeping record of calculations underlying CJRS claims essential. Internal Reporting, Management, Auditors, HMRC.
- Running calculations for employees with different scenarios complicated – spreadsheets help
- Alexander Sloan produced excel sheet to assist claims on behalf of payroll clients. Earlier versions beta, now updated including Mark II spreadsheet.
- Incorporating changes from Mark II into existing s/sheet? Increases risk of mis-formatting cells – use as separate and new 'Mark II' spreadsheet from July onwards?



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# 7. BONUS SCHEME

- £1000 per employee that has been furloughed payable from February 2021
- Conditions:
  - Employee still with the employer at end of January 2021
  - Must continuously employed
  - Detail still to come....



## 8. HMRC PORTAL

- ❑ To contact HMRC

<https://www.gov.uk/government/organisations/hm-revenue-customs/contact/get-help-with-the-coronavirus-job-retention-scheme>

- ❑ From June 26, details published on method of repaying overclaim (if no further claims made). Unique Reference Number needed. Contact HMRC – via Webchat – through above link. If further claims expected, amend overclaims in next claim.

- ❑ Details on Calculations and Rules from HMRC website:

<https://www.gov.uk/guidance/calculate-how-much-you-can-claim-using-the-coronavirus-job-retention-scheme>



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ANY QUESTIONS

