

LATEST GUIDANCE ON HOW TO HANDLE FURLOUGHED EMPLOYEES IN TOTAL PAYROLL SOFTWARE

Updated 04/12/2020

Updated 4th Dec NB: You now need to be running program version **11.5.001** or higher before you re-claim for November. You will **not** be prompted to download this new version of Total, therefore please manually pull-down the update: From the front screen of Total, choose:

Maintenance / Update Program / Download from Internet / Proceed

The main change in this update is to correct the handling of employees who are being furloughed, under JRS, for the first time in November/December. These instructions also give advice regarding HMRC now bringing the deadline date, for making a re-claim, forward by 15 days (*see page 11*).

The Job Retention Scheme has now been extended until 31 March 2021. Under new guidance set out by the government, employers can claim a grant of up to 80% of their employees' usual wages, up to a maximum of £2500 per month per employee, for the time the employee spends on furlough.

Employers will still need to pay National Insurance and Pension contributions for the period that their employees spend on furlough.

The current terms of JRS are set to continue until 31 January 2021, when the scheme will be reviewed.

Please check on the Government website for HMRC rules and guidance. It is your responsibility, as the employer, to verify the facts, check your eligibility and the surrounding regulations. Two useful links are:

<https://www.gov.uk/guidance/claim-for-wage-costs-through-the-coronavirus-job-retention-scheme>

<https://www.gov.uk/guidance/work-out-80-of-your-employees-wages-to-claim-through-the-coronavirus-job-retention-scheme>

***We are constantly updating this document as we receive new guidance from HMRC
– please refer to it regularly and before calling the Support Line
with any questions regarding the CV19 Furlough Report in Total.***

Information on JRS in Total Payroll:

Running Payroll

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IMPORTANT

If an employee takes time off **SICK** or intends to claim a **statutory benefit such as SMP, SPP or SAP** while on JRS, this may affect the amount to be paid and reclaimed. Please contact the Sum-It Support Team for advice.

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Running Payroll:

You will need to agree with each employee how much time they will work/be on furlough. You will also need to agree the rates of pay for each proportion of time. This agreement should be confirmed in writing.

NB It is your responsibility to ensure that you are furloughing eligible employees.

'Hourly' Paid Employees on Furlough

1. Ensure that their **Recording Type** (*Pay Detail* tab) is set to **Hourly**.
2. It is essential that the normal work hours (*Hour Profile* tab) are displayed correctly to reflect the hours the employee would normally work, according to their original contract. On days when your employee **does not** work, check that the number of hours is set to '0'.

| Hour Profile | Std. Pay Adjust | Pensions | Address / Cont | |
|--------------|-----------------------|----------------------|---------------------|--------------------|
| | Qualifies as Sick Day | Normally Works (Hrs) | Max Hrs @ Std. Rate | Max Hrs @ OT1 Rate |
| Mon | ✓ | 8.00 | 8.00 | 8.00 |
| Tue | ✓ | 8.00 | 8.00 | 8.00 |
| Wed | ✓ | 8.00 | 8.00 | 8.00 |
| Thu | ✓ | 8.00 | 8.00 | 8.00 |
| Fri | ✓ | 8.00 | 8.00 | 8.00 |
| Sat | | 0.00 | 0.00 | 16.00 |
| Sun | | 0.00 | 0.00 | 16.00 |

3. Ensure that their **Std Rate £/Hour** is set to the amount they will be paid for the hours they are working.

| | |
|-----------------|-------|
| Std Rate £/Hour | 10.00 |
|-----------------|-------|

4. Now create a **Standard Adjustment** in the *Std. Pay Adjust* tab.
 This will become the furlough top-up pay, which is in addition to the pay earned for hours actually worked.
 It must be Pre-Tax
 Value = 0 (will be automatically calculated later)
 Comment = **JRS-FT £nn.nn/hr** (enter the £ value as minimum 80% of the Standard Rate)

Adjustment Detail

Type: **Pre Tax**

Gross Value £: 0.00 (Outside of VAT)

Nominal A/c: E30 - Wages & Salaries

Cost A/c: M10 - Overheads

Comment: JRS-FT £8.00/hr

Buttons: Commit, Abandon, Delete, F1 Help

- Now that the adjustment is in place, you can go through Input Hours as normal. You will need to record the hours in the calendar that your furloughed employee is actually working, ensuring that you enter at least one **F** somewhere in the calendar to trigger the adjustment. In the example below a 2Weekly paid employee has a Total Wage reflecting 32 hours of paid work at £10/hr and 48 hours of furlough at £8/hr. As you can see, some days he works shorter hours and some days (**Furlough**) he does not work at all.

| Date | Hours | Rate | Value | Cost |
|--------------|----------|-------|-------|------|
| 01 Nov (Sun) | | | | |
| 02 Nov (Mon) | 4.00 | 10.00 | 4.00 | 0.00 |
| 03 Nov (Tue) | 4.00 | 10.00 | 4.00 | 0.00 |
| 04 Nov (Wed) | Furlough | | | |
| 05 Nov (Thu) | Furlough | | | |
| 06 Nov (Fri) | 8.00 | 10.00 | 8.00 | 0.00 |
| 07 Nov (Sat) | | | | |
| 08 Nov (Sun) | | | | |
| 09 Nov (Mon) | 4.00 | 10.00 | 4.00 | 0.00 |
| 10 Nov (Tue) | 4.00 | 10.00 | 4.00 | 0.00 |
| 11 Nov (Wed) | Furlough | | | |
| 12 Nov (Thu) | Furlough | | | |
| 13 Nov (Fri) | 8.00 | 10.00 | 8.00 | 0.00 |

| | | | | |
|--------------|------------------------------|-------|--------|------|
| Enter: | Totals | 32.00 | 0.00 | 0.00 |
| Holiday | 32.00 Standard Hrs @ 10/Hr | £ | 320.00 | |
| Sick or CV19 | 0.00 Hrs Overtime @ 12.50/Hr | £ | 0.00 | |
| Adoption | 0.00 Hrs Overtime @ 0.00/Hr | £ | 0.00 | |
| Parental | | | | |
| Unpaid Other | | | | |

| Type | Direction | Value £ | Nom | Cost | Comment |
|---------|-----------|---------|-----|------|---------------------------------------|
| Pre-Tax | Addition | 384.00 | E30 | M10 | JRS-FT 48 furlough hours paid @ £8.00 |

Inc Statutory Pay for:

Days Sick (SSP)

Weeks Paternity (SPP)

Weeks Bereavement (SPBP)

Weeks Shared Parental (ShPP)

Days Shared Parental (ShPP)

Last Sick:

Last Holiday:

Last Parenting:

Paid 2 Weekly Tax: 1250L NI: A

Earnings Period: 31/10/20 - 13/11/20

Tax Week: 32

Pay Details

Total Wage £ **320.00**

Sick Pay £ 0.00

Paternity Pay £ 0.00

Pre-Tax Adjust £ **384.00**

P.Pen. Deduct £ 0.00

Total Taxable Pay **704.00**

W.Pen. Deduct £ 18.56

Tax £ 44.60

Employee's NI £ 40.56

Net Pay for Period £ **600.28**

After-Tax Adjust £ 0.00

Student Loan Repay £ 0.00

Amount in Pay Packet £ **600.28**

Notes:

- If your employee does not work at all during the pay period, enter **F** for every day in calendar.

Due to the complexity of the JRS process, it is essential that you check your payslips carefully before updating to ensure that you understand the breakdown of payments and that it all looks correct.

Entering Holiday for Hourly Paid Employees

Whilst on furlough, your employees should be paid for holiday at their normal working rate. You will be able to claim from HMRC for those hours at the furlough rate. This means that the extra to make up the pay to the normal working rate must be paid by the employer.

In this example the Weekly employee has 2 days of holiday:

| Date | Hours | Rate | Amount | Notes |
|--------------|----------|---------|--------|-------|
| 05 Nov (Thu) | 8.00 | 8.00 | 0.00 | 0.00 |
| 06 Nov (Fri) | Furlough | | | |
| 07 Nov (Sat) | | | | |
| 08 Nov (Sun) | | | | |
| 09 Nov (Mon) | Holiday | 8hr JRS | | |
| 10 Nov (Tue) | Holiday | 8hr JRS | | |
| 11 Nov (Wed) | 8.00 | 8.00 | 0.00 | 0.00 |

| Inc Statutory Pay for: | |
|--------------------------|------------------------------|
| <input type="checkbox"/> | Days Sick (SSP) |
| <input type="checkbox"/> | Weeks Mat. High Rate (SMP) |
| <input type="checkbox"/> | Weeks Mat. Low Rate (SMP) |
| <input type="checkbox"/> | Weeks Shared Parental (ShPP) |
| <input type="checkbox"/> | Days Shared Parental (ShPP) |

| Paid Weekly | | Tax: 1250L | NI: A |
|--------------------------------------|---------------|------------|-------|
| Earnings Period: 05/11/20 - 11/11/20 | | | |
| Tax Week: 32 | | | |
| Pay Details | | | |
| Total Wage £ | 160.00 | | |
| Sick Pay £ | 0.00 | | |
| Maternity Pay £ | 0.00 | | |
| Pre-Tax Adjust £ | 192.00 | | |
| P.Pen. Deduct £ | 0.00 | | |
| Total Taxable Pay | 352.00 | | |

| | |
|---|---------|
| Work – 16 hours @ £10.00 | £160.00 |
| Furlough – 8 hours @£8.00 | £ 64.00 |
| Holiday – 16 hours @£8.00 to be reclaimed | £128.00 |

You must also add another Standard Adjustment to top-up the 16 holiday hours to full pay:

Sum-It Total - Standard Adjustment Details (User No: 00011) X

| Adjustment Detail | |
|-------------------|------------------------|
| Type | Pre Tax |
| Gross Value £ | 32.00 (Outside of VAT) |
| Nominal A/c | E30 - Wages & Salaries |
| Cost A/c | M10 - Overheads |
| Comment | Holiday Adjustment |

Commit Abandon Delete F1 Help

| | | | | | |
|---------|----------|-------|-----|-----|--------------------|
| Pre-Tax | Addition | 32.00 | E30 | M10 | Holiday Adjustment |
|---------|----------|-------|-----|-----|--------------------|

Holiday top-up – 16 hours @£2.00 £32.00 (holiday pay now £160.00)

NB: If the employee is on holiday for the whole week, enter H for all working days, and enter an F on a non-working day, such as a Saturday or Sunday, to trigger the JRS adjustment.

'Period' Paid Employees on Furlough

1. Ensure that their **Recording Type** (*Pay Detail* tab) is set to **Period**.
2. Set their **Std Rate £/Period** (can be *Weekly/2Weekly/4Weekly/Monthly*) to the amount they will be paid for the hours/time they work during the whole of the 'Period'.

Std Rate £/Week (originally £500 a week, now working 20/40 hrs)

NB: Make sure that this amount has been calculated correctly for the appropriate pay frequency (Weekly/2Weekly/4Weekly/Monthly)

3. Now create a **Standard Adjustment** in the *Std. Pay Adjust* tab.
 This will become the furlough top-up pay, which is in addition to the pay earned for hours actually worked (value in 2. Above)
 It must be Pre-Tax
 Value = (the amount you are paying for furlough hours – at least 80% of normal rate)
 Comment = **JRS-FT xx/yy hrs**
xx =furloughed hours
yy = total of normal hours worked in original contract

Adjustment Detail

Type

Gross Value £ (Outside of VAT)

Nominal A/c

Cost A/c

Comment

NB: Remember to create your adjustment to reflect the correct number of hours for your Pay Frequency (ie 2Weekly typically 80 hours, Monthly typically 160 hours)

4. Now that the adjustment is in place you can go through Input Hours as normal. You will also need to tick the *Sick/Parenting/Hols* box and enter an **F** in the calendar for every day when your employee is on furlough. You must have at least one **F** in the calendar to trigger the adjustment.

NB: try to enter the Fs accurately into the calendar, bearing in mind it may not always be possible to reflect the exact split if an employee is working shorter days etc.

In the example below a weekly employee is paid 20 hours at the normal rate of £250 and 20 hours at £200, which is 80% of the normal rate.

| | | | | | |
|--------------|----------|--|--|--|--|
| 07 Nov (Sat) | | | | | |
| 08 Nov (Sun) | | | | | |
| 09 Nov (Mon) | Furlough | | | | |
| 10 Nov (Tue) | Furlough | | | | |
| 11 Nov (Wed) | Furlough | | | | |
| 12 Nov (Thu) | | | | | |
| 13 Nov (Fri) | | | | | |

Inc Statutory Pay for:

Days Sick (SSP)

Weeks Mat. High Rate (SMP)

Weeks Mat. Low Rate (SMP)

Weeks Shared Parental (ShPP)

Days Shared Parental (ShPP)

Last Sick:

Last Holiday:

Last Parenting:

| | | |
|--------------------------------------|------------|-------|
| Paid Weekly | Tax: 1250L | NI: A |
| Earnings Period: 07/11/20 - 13/11/20 | | |
| Tax Week: 32 | | |

Pay Details

| | |
|-------------------------------|---------------|
| Total Wage £ | 250.00 |
| Sick Pay £ | 0.00 |
| Maternity Pay £ | 0.00 |
| Pre-Tax Adjust £ | 200.00 |
| P.Pen. Deduct £ | 0.00 |
| Total Taxable Pay | 450.00 |
| W.Pen. Deduct £ | 13.20 |
| Tax £ | 42.00 |
| Employee's NI £ | 32.04 |
| Net Pay for Period £ | 362.76 |
| After-Tax Adjust £ | 0.00 |
| Student Loan Repay £ | 0.00 |
| Amount in Pay Packet £ | 362.76 |

| | | | |
|------------------------------|------------------------------|-----------------------------------|-----------------------------------|
| Enter: H oliday | Totals | <input type="text" value="0.00"/> | <input type="text" value="0.00"/> |
| S ick or CV19 | Standard Pay - Weekly | £ | 250.00 |
| M aternity | 0.00 Hrs Overtime @ 12.50/Hr | £ | 0.00 |
| A doption | 0.00 Hrs Overtime @ 0.00/Hr | £ | 0.00 |
| P arental | | | |
| U npaid O ther | | | |

| Type | Direction | Value £ | Nom | Cost | Comment |
|---------|-----------|---------|-----|------|------------------|
| Pre-Tax | Addition | 200.00 | E30 | M10 | JRS-FT 20/40 hrs |

Notes:

Due to the complexity of the JRS process, it is essential that you check your payslips carefully before updating to ensure that you understand the breakdown of payments and that it all looks correct.

Entering Holiday for Period Paid Employees

Whilst on furlough, your employees should be paid for holiday at their normal working rate. You will be able to claim from HMRC for those hours at the furlough rate. This means that the extra to make up the pay to the normal working rate must be paid by the employer.

In this example a Weekly employee has 1 day of holiday:

| | | | | | | | | | |
|--------------|----------|--|--|--|--|---|--------------------------------------|---------------|-------|
| 07 Nov (Sat) | | | | | | Inc Statutory Pay for: <input type="checkbox"/> Days Sick (SSP) <input type="checkbox"/> Weeks Mat. High Rate (SMP) <input type="checkbox"/> Weeks Mat. Low Rate (SMP) <input type="checkbox"/> Weeks Shared Parental (ShPP) <input type="checkbox"/> Days Shared Parental (ShPP) | Paid Weekly | Tax: 1250L | NI: A |
| 08 Nov (Sun) | | | | | | | Earnings Period: 07/11/20 - 13/11/20 | | |
| 09 Nov (Mon) | Furlough | | | | | | Tax Week: 32 | | |
| 10 Nov (Tue) | Furlough | | | | | | Pay Details | | |
| 11 Nov (Wed) | Holiday | | | | | | Total Wage £ | 200.00 | |
| 12 Nov (Thu) | | | | | | | Sick Pay £ | 0.00 | |
| 13 Nov (Fri) | | | | | | | Maternity Pay £ | 0.00 | |
| | | | | | | Last Sick | 16/03/2020 | | |
| | | | | | | | Pre-Tax Adjust £ | 240.00 | |
| | | | | | | | P.Pen. Deduct £ | 0.00 | |
| | | | | | | | Total Taxable Pay | 440.00 | |

Pre-Tax | Addition | 240.00 | E30 | M10 | JRS-FT 24/40 hrs

| | |
|---|---------|
| Work – 2 days (16 hours @£12.50) | £200.00 |
| Furlough – 2 days (16 hours @£10.00) | £160.00 |
| Holiday – 1 day (8 hours @£10.00 to be reclaimed) | £ 80.00 |

You must also add another Standard Adjustment to top-up the 8 holiday hours to full pay:

Sum-It Total - Standard Adjustment Details (User No: 00011) X

Adjustment Detail

Type: Pre Tax

Gross Value £: 20.00 (Outside of VAT)

Nominal A/c: E30 - Wages & Salaries

Cost A/c: M10 - Overheads

Comment: Holiday Adjustment

Commit | Abandon | Delete | F1 Help

Pre-Tax | Addition | 20.00 | E30 | M10 | Holiday Adjustment

Holiday top-up – 8 hours @£2.50 £20.00 (holiday pay now £100.00)

NB: If the employee is on holiday for the whole week, enter H for all working days, and enter an F on a non-working day, such as a Saturday or Sunday, to trigger the JRS adjustment.

CV19 Furlough Report:

This report will only work properly if you follow the instructions on pages 3-8 when running your pay.

Claim periods must now be contained within a calendar month. You need to specify the date-range for this report (these are Earnings-Period dates)

It is critical that you select the correct date range, to ensure that you do not claim monies twice for the same period.

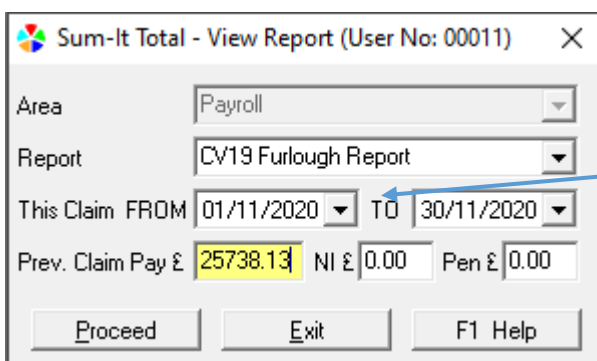
For the second and any subsequent claim, you must ensure the **This Claim FROM** date is set to be the day after your most recent claim for Furlough Pay.

Each report will include the relevant days, even when one *earnings-period* (for example 30th November to 6th December) is split between the 2 reports/claims.

For Monthly employees, where the earnings-period is 27th of the month to 26th of the next month for example, you will not be able to **complete** the claim for the first month until you have run the pay for the second month, because that monthly run will include earnings for 27th to 31st etc.

You will also need to enter the total value in *Prev. Claim Pay* (the amount you have previously claimed through JRS).

This value is **cumulative**. In this example, where the current report starts on 1st November, you need to enter the **total value** claimed so far, up to 31st October.



NB HMRC have brought forward the deadline claim-date, which may create the situation (if you have 4-Weekly or Monthly periods) where the **To** date will not automatically report to Month-End. You cannot amend the **To** date. In these circumstances, please see page 11 for instructions on what value to re-claim from HMRC.

NB: Although the NI (national insurance) and Pen (pension) fields are still displayed, they are no longer used as you cannot claim NI and pension contributions under the current JRS rules.

The suggested **Claim Values** on this report are the figures we have calculated based on our interpretation of HMRC guidelines and the information available from within your data. If you decide to use other values you will need to keep a separate full record of the values you claimed.

We have split this report between previous claims and the current claim:

Previous Claims: we show the detail of those claims, and report any difference between what we believe you *can* claim and the value you entered into the Previous Pay Claim field when you triggered the report. We use any difference to adjust the current claim.

Current Claim: we show the detail and totals of what we calculate can now be claimed for the current period.

What the Furlough Report contains:

Please note that we have developed this report to both assist in completing the claim form and providing you with an audit trail of the what/why/when/calculations etc. and therefore we are including more information than is actually required for the CJRS claim form.

This report only includes updated pay periods – therefore, if you wish to claim in advance you will need to run and commit the required pay periods early.

The report columns:

Average Pay £ Feb'20: This is the average Period Pay in Feb'20, including any pre-tax pension deductions.

NB: our calculations exclude bonuses. If the bonuses should be included within standard pay, then please contact Sum-It.

Average Pay £ 19/20: This is the average Period Pay for the 12 months April'19 to March'20, excluding periods of Furlough, SSP, SMP, unpaid leave etc, including pre-tax pension deductions, but excluding bonuses.

Period Pay £: This is the Gross amount you paid the employee for this period.

80% Ref Pay: This is 80% of the highest value of either **Average Pay £ Feb'20** or **Average Pay £ 19/20**. It is used to cap the *claimable* furlough pay. (it does not constrain what you actually pay the employee)

NB: Occasionally our calculated 80% value is not a true reflection of 80% normal pay. If you believe that the 80% value should be higher please phone the Support Team for guidance.

Furlough Pay Claim: This is the value of pay that we calculate can be legitimately claimed. It corresponds to the number of furlough days within the pay period, and is limited to the maximum value allowed. We provide an overall total of this value.

If you have any questions regarding the report please call our Support Team for clarification.

Reclaiming from HMRC:

To reclaim furlough wages, you will need to use the usual HMRC website (www.GOV.uk), signing in with your Government Gateway **PAYE** credentials. HMRC have provided a step-by-step guide at:

<https://www.gov.uk/government/publications/coronavirus-job-retention-scheme-step-by-step-guide-for-employers>

You will need to manually complete HMRC's claim form with the information required. All the information needed is contained within our **CV19 Furlough Report** (see page 8).

From November, HMRC have changed the deadline for re-claim: November's claim must be made by 14th Dec. (moved from 31st Dec!!). The **CV19 Furlough Report** only shows values for updated earnings-periods. You may find the report, for November, does not cover the full month if produced in early December:

Example:

| Details | Claim Days | 80% Ref Pay £ | Furlough Pay Claim | ER NI Claim | ER Pen. Contribs Claim |
|--|------------|---------------|--------------------|-------------|------------------------|
| Top Up £974.97 for 90hrs (Norm 127hrs) | 24 | 1,489.14 | 817.00 | N/A | N/A |
| Worked 37hrs out of Normal 127hrs | | 1,489.14 | 817.00 | 0.00 | 0.00 |
| Top Up £725.00 for 45hrs (Norm 50hrs) | 24 | 584.63 | 407.36 | N/A | N/A |
| Worked 5hrs out of Normal 50hrs | | 584.63 | 407.36 | 0.00 | 0.00 |
| Top Up £970.11 for 90hrs (Norm 127hrs) | 24 | 1,469.62 | 806.30 | N/A | N/A |
| Worked 37hrs out of Normal 127hrs | | 1,469.62 | 806.30 | 0.00 | 0.00 |
| Total for 3 Employees: | | | 2,030.66 | 0.00 | 0.00 |
| Claimable Totals for 01/11/2020 to 24/11/2020: | | | 2,030.66 | 0.00 | 0.00 |

We have brought this problem to HMRC's attention, but to-date they have not changed the deadline!

You are within your rights to 'guesstimate' a value for the missing days! Our suggestion would be to adjust the value of the claim proportionate to the days 'missing'. Eg: in the example opposite, the claim is for £2,030.66

for the first 24 days of Nov. Therefore the value to claim for **all** 30 days of Nov. could be calculated: £ 2030.66 x 30 / 24 (=£2538.33). **[NB This report is produced on a cumulative basis, and therefore December's re-claim value will be automatically adjusted by any value under/over-claimed in November!]**

However, our recommendation is for you to re-claim only the value we are reporting! [Again, being a cumulative report, December's reclaim value will be automatically adjusted by any value under-claimed in November!]

Accounting for the JRS claim:

Even if your payroll is linked to your accounts system, there is no link for this claim. Therefore you will need to manually enter the claim values into your accounts software. This revenue is VAT rate 'VO'. Use the same **Sales Revenue** nominal as you use to record the revenue from Employer Allowance.

We are constantly updating this document as we receive new guidance from HMRC

– please refer to it regularly and before calling the Support Line with any questions regarding the CV19 Furlough Report in Total.