Calculating grant for CJRS

This sets out two approaches that can be used to calculate the grant amount.

Approach A is more appropriate for use in relation employees whose pay varies.

Approach B is more appropriate for use in relation to employees whose pay is fixed.

Within each approach, alternative calculation approaches can be used dependent on the employees' pay period characteristics.

Approach A

The calculation is shown below in Section 1.

Section 2 contains two simplified alternative calculations which can be used by:

- employers whose employees all have the same monthly pay period with only a single payment date and who choose a claim period equivalent to a pay period that is entirely within the period 1 March and 31 May 2020, or,
- Simplified calculation guidance for employers whose employees all have the same weekly pay period with only a single payment date and who choose a claim period equivalent to a pay period that is entirely within the period 1 March and 31 May 2020

Section 1

Highlighted terms are shown in the Glossary at the end of this Section.

Step 0 – Identify qualifying furlough days

Identify all qualifying furlough days for all employees based on:

(a) who has already been furloughed, and
(b) for which employees there are firm plans for furloughing.

Step 1 – Choose claim period

Choose your claim period start date and claim period end date.

Both dates must be between 1 March 2020 and 31 May 2020 (inclusive).

Step 2 – Identify payments made or to be made in claim period

Identify all payments to employees through payroll made or expected to be made between claim period start date and claim period end date and the pay periods associated with them.

Step 3 – Identify furloughed employees who have been paid in the period

For each payment identified at Step 2, identify all employees who have been or will be paid who have at least one qualifying furlough day in the pay period that relates to that payment (even if that qualifying furlough day is not between the claim period start and end date).

[Although note that an employee isn't furloughed in terms that qualify for a grant unless they are going to be furloughed for 21 days or more].

Step 4 – Calculate gross pay grant per employee

For each employee identified at Step 3, the amount of grant entitlement is the lowest of (1) to (3):

(1) <u>Pay for the employee for the pay period x number of qualifying furlough days in pay period</u>
   Number of days in pay period

(2) Daily max gross pay amount x number of qualifying furlough days in pay period

(3) 80% x daily reference pay x number of qualifying furlough days in pay period

Step 5A – Calculate Employer's NICs grant per employee

For each employee identified at step 3, calculate the amount of employer NICs that would have been due on the outcome of step 4.

The calculation is:

If there is no employer's NIC due on the employee the amount is zero (i.e. apprentices under 25, category H, employees under 21, category M, and employees under 21 who can defer NI because they're already paying it in another job, category Z).

Where NICs are due and where the pay period is monthly, the secondary threshold is £719 per month for payments up to 5 April 2020 and £732 per month for payments from 6 April 2020.

Where NICs are due and where the pay period is weekly or shorter, the secondary threshold is £166 per week for payments up to 5 April 2020 and £169 per week for payments from 6 April 2020.

Step 5B – Restrict overall Employer's NIC grant to the amount due for the payment

Sum all of the amounts calculated at Step 5A for a particular payment and, if the total is greater than the total employer's NICs for the payment (after employment allowance), then restrict the amount of grant to the amount of employer's NICs relating to the payment.

Step 6 – Calculate Employer's mandatory automatic enrolment pension contributions per employee

For each employee identified at step 3, calculate the minimum amount of auto enrolment pension contributions that would have been due to be made on the above amounts of gross pay eligible for grant.

The calculation is:

(step 4 grant entitlement minus Lower Level of Qualifying Earnings) x 3%.

The Lower Level of Qualifying Earnings was £511 per month in 2019/20 and £520 in 2020/21 for monthly pay periods.

The Lower Level of Qualifying Earnings was £118 per week in 2019/20 and £120 per week in 2020/21.

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

Sum all of the amounts at Step 4 and Step 6 (for each employee and each payment made between claim period start date and claim period end date) and Step 5B for each payment.

Glossary

A qualifying furlough day is any day for which an employee is furloughed in accordance with the guidance (no work for furloughing employer etc) including weekends and days that would normally be non-working days for the employee. A qualifying furlough day must be part of a consecutive run of at least 21 such days (or, at the point of claim, it must be intended that this will be the case).

Pay period for a particular payment is the period of work by the employee for the employer that earns

Pay includes regular payments that the employer is obliged to pay to the employee. includes wages, past overtime, fees and compulsory commission payments. However, discretionary bonus (including tips) and commission payments and non-cash payments should be excluded.

Daily max gross pay amount is [£80.65 in March, £83.34 in April, £80.65 in May][or][£81.52 per day][or][something more complex depending on pay period]

Daily reference pay is the greater of (1) total pay for 2019/20 divided by [366] and (2) the pay for the same pay period in the previous calendar year, 2019, divided by the number of days in that pay period. If the employee had commenced employment with the employer after 6 April 2019 then (1) should be total pay for 2019/20 for the employment divided by number of days between commencement and 5 April 2020. For those furloughed on or after 1 March 2020, with the employer claiming a job retention grant, the total pay and number of days should be similarly excluded to omit this period from the reference pay.

The same pay period in the previous calendar year is, for a monthly pay period, the corresponding calendar month, for a weekly pay period, or series thereof the same week number in the previous tax year to the pay period. If the pay period is a single day then this is the corresponding day in 2019, or the next working day thereafter if the same day in 2019 was a non-working day for the employee.

Section 2

Highlighted terms are shown at the end of each series of steps.

Simplified calculation guidance for employers whose employees all have the same monthly pay period with only a single payment date and who choose a claim period equivalent to a pay period that is entirely within the period 1 March and 31 May 2020

Step 0 – Identify qualifying furlough days

Identify all qualifying furlough days for all employees based on:

(a) who has already been furloughed, and
(b) for which employees there are firm plans for furloughing.

Step 1 – Identify furloughed employees who have been paid in the period

Identify all employees who have been or will be paid who have at least one qualifying furlough day in the pay period.

Step 2 – Calculate gross pay grant per employee

For each employee identified at Step 1, the amount of grant entitlement is the lowest of (1) to (3):

(1) $\dfrac{\text{Pay for the employee for the month x number of qualifying furlough days in month}}{\text{Number of days in pay period}}$

(2) $\dfrac{\text{£2,500 x number of qualifying furlough days in month}}{\text{Number of days in month}}$

(3) $\dfrac{\text{80\% x monthly reference pay x number of qualifying furlough days in pay period}}{\text{Number of days in month}}$

Step 3A – Calculate Employer's NICs grant per employee

For each employee identified at step 1, calculate the amount of employer NICs that would have been due on the outcome of step 2.

The calculation is:

(step 2 grant entitlement minus NIC secondary threshold) x 13.8%

If there is no employer's NIC due on the employee the amount is zero (i.e. apprentices under 25, category H, employees under 21, category M, and employees under 21 who can defer NI because they're already paying it in another job, category Z).

Where NICs are due the secondary threshold is £719 per month for payments up to 5 April 2020 and £732 per month for payments from 6 April 2020.

Step 3B – Restrict overall Employer's NIC grant to the amount due for the payment

Sum all of the amounts calculated at Step 3A for a particular payment and, if the total is greater than the total employer's NICs for the payment (after employment allowance), then restrict the amount of grant to the amount of employer's NICs relating to the payment.

Step 4 – Calculate Employer's mandatory automatic enrolment pension contributions per employee

For each employee identified at step 1, calculate the minimum amount of auto enrolment pension contributions that would have been due to be made on the above amounts of gross pay eligible for grant.

The calculation is:

(step 2 grant entitlement minus Lower Level of Qualifying Earnings) x 3%.

The Lower Level of Qualifying Earnings was £511 per month in 2019/20 and £520 in 2020/21 for monthly pay periods.

Step 5 – Sum the grants in respect of gross pay, Employer's NICs and AE contributions

Sum all of the amounts at Step 2 and Step 4 (for each employee and each payment made between claim period start date and claim period end date) and Step 3B for each payment.]

Glossary

Definitions as in Section 1 except:

Monthly reference pay is the greater of (1) total pay for 2019/20 divided by 12 and (2) the pay for the same month in the previous calendar year, 2019. If the employee had commenced employment with the employer after 6 April 2019 then (1) should be total pay for 2019/20 for the employment divided by number of months between commencement and 5 April 2020. For those furloughed on or after 1 March 2020, with the employer claiming a job retention grant, the total pay and number of weeks should be similarly excluded to omit this period from the reference pay.

Simplified calculation guidance for employers whose employees all have the same weekly pay period with only a single payment date and who choose a claim period equivalent to a pay period that is entirely within the period 1 March and 31 May 2020

Step 0 – Identify qualifying furlough days

Identify all qualifying furlough days for all employees based on:

    (a) who has already been furloughed, and
    (b) for which employees there are firm plans for furloughing.

Step 1 – Identify furloughed employees who have been paid in the period

Identify all employees who have been or will be paid who have at least one qualifying furlough day in the pay period.

Step 2 – Calculate gross pay grant per employee

For each employee identified at Step 1, the amount of grant entitlement is the lowest of (1) to (3):

(1) $\dfrac{\text{Pay for the employee for the week x number of qualifying furlough days in pay period}}{7}$

(2) $\dfrac{\text{[£576] x number of qualifying furlough days in week}}{7}$

(3) $\dfrac{\text{80\% x weekly reference pay x number of qualifying furlough days in week}}{7}$

Step 3A – Calculate Employer's NICs grant per employee

For each employee identified at step 1, calculate the amount of employer NICs that would have been due on the outcome of step 2.

The calculation is:

    (step 2 grant entitlement minus NIC secondary threshold) x 13.8%

If there is no employer's NIC due on the employee the amount is zero (i.e. apprentices under 25, category H, employees under 21, category M, and employees under 21 who can defer NI because they're already paying it in another job, category Z).

Where NICs are due and where the pay period is weekly or shorter, the secondary threshold is £166 per week for payments up to 5 April 2020 and £169 per week for payments from 6 April 2020.

Step 3B – Restrict overall Employer's NIC grant to the amount due for the payment

Sum all of the amounts calculated at Step 3A for a particular payment and, if the total is greater than the total employer's NICs for the payment (after employment allowance), then restrict the amount of grant to the amount of employer's NICs relating to the payment.

Step 4 – Calculate Employer's mandatory automatic enrolment pension contributions per employee

For each employee identified at step 1, calculate the minimum amount of auto enrolment pension contributions that would have been due to be made on the above amounts of gross pay eligible for grant.

The calculation is:

(step 2 grant entitlement minus Lower Level of Qualifying Earnings) x 3%.

The Lower Level of Qualifying Earnings was £118 per week in 2019/20 and £120 per week in 2020/21.

Step 5 – Sum the grants in respect of gross pay, Employer's NICs and AE contributions

Sum all of the amounts at Step 2 and Step 4 (for each employee and each payment made between claim period start date and claim period end date) and Step 3B for each payment.

Glossary

Definitions as in Section 1, except:

Weekly reference pay is the greater of (1) total pay for 2019/20 divided by [52][366/7] and (2) the pay for the same week number in the previous tax year to the pay period. If the employee had commenced employment with the employer after 6 April 2019 then (1) should be total pay for 2019/20 for the employment divided by number of weeks between commencement and 5 April 2020. For those furloughed on or after 1 March 2020, with the employer claiming a job retention grant, the total pay and number of weeks should be similarly excluded to omit this period from the reference pay.

Approach B

Calculations for employees with regular monthly and weekly pay periods are presented below.

Employees paid with a monthly regular pay period

Step 0 – Identify qualifying furlough days

Identify all qualifying furlough days for all employees based on:

  (c) who has already been furloughed, and
  (d) for which employees there are firm plans for furloughing.

Step 1 – Identify furloughed employees who have been paid in the period

Identify all employees who have been or will be paid who have at least one qualifying furlough day in the pay period.

Step 2 – Calculate gross pay grant per employee

For each employee identified at Step 1, the amount of grant entitlement is the lowest of (1) to (3):

  (4) $\dfrac{\text{Pay for the employee for the month x number of qualifying furlough days in month}}{\text{Number of days in pay period}}$

  (5) $\dfrac{£2,500 \text{ x number of qualifying furlough days in month}}{\text{Number of days in month}}$

  (6) $\dfrac{80\% \text{ x monthly reference pay x number of qualifying furlough days in pay period}}{\text{Number of days in month}}$

Step 3A – Calculate Employer's NICs grant per employee

For each employee identified at step 1, calculate the amount of employer NICs that would have been due on the outcome of step 2.

The calculation is:

  (step 2 grant entitlement minus NIC secondary threshold) x 13.8%

If there is no employer's NIC due on the employee the amount is zero (i.e. apprentices under 25, category H, employees under 21, category M, and employees under 21 who can defer NI because they're already paying it in another job, category Z).

Where NICs are due the secondary threshold is £719 per month for payments up to 5 April 2020 and £732 per month for payments from 6 April 2020.

Step 3B – Restrict overall Employer's NIC grant to the amount due for the payment

Sum all of the amounts calculated at Step 3A for a particular payment and, if the total is greater than the total employer's NICs for the payment (after employment allowance), then restrict the amount of grant to the amount of employer's NICs relating to the payment.

Step 4 – Calculate Employer's mandatory automatic enrolment pension contributions per employee

For each employee identified at step 1, calculate the minimum amount of auto enrolment pension contributions that would have been due to be made on the above amounts of gross pay eligible for grant.

The calculation is:

(step 2 grant entitlement minus Lower Level of Qualifying Earnings) x 3%.

The Lower Level of Qualifying Earnings was £511 per month in 2019/20 and £520 in 2020/21 for monthly pay periods.

Step 5 – Sum the grants in respect of gross pay, Employer's NICs and AE contributions

Sum all of the amounts at Step 2 and Step 4 (for each employee and each payment made between claim period start date and claim period end date) and Step 3B for each payment.]

Glossary

Definitions as in Section 1 except:

Monthly reference pay is the pay for the pay in last full monthly pay period for the employee up to 28 February (inclusive). If employee had not had a full monthly pay period with the employer up to 28 February, but rather a partial pay period, i.e. covering less than a month, this payment should be grossed up. In these cases weekly reference pay would be equal to the pay up to the 28 Feb (inclusive) divided by number of days covered by this pay, times the number of days in the month.

Employees paid with a weekly regular pay period

Step 0 – Identify qualifying furlough days

Identify all qualifying furlough days for all employees based on:

(a) who has already been furloughed, and
(b) for which employees there are firm plans for furloughing.

Step 1 – Identify furloughed employees who have been paid in the period

Identify all employees who have been or will be paid who have at least one qualifying furlough day in the pay period.

Step 2 – Calculate gross pay grant per employee

For each employee identified at Step 1, the amount of grant entitlement is the lowest of (1) to (3):

(4) $\dfrac{\text{Pay for the employee for the week x number of qualifying furlough days in pay period}}{7}$

(5) $\dfrac{[\pounds 576] \text{ x number of qualifying furlough days in week}}{7}$

(6) $\dfrac{80\% \text{ x weekly reference pay x number of qualifying furlough days in week}}{7}$

Step 3A – Calculate Employer's NICs grant per employee

For each employee identified at step 1, calculate the amount of employer NICs that would have been due on the outcome of step 2.

The calculation is:

(step 2 grant entitlement minus NIC secondary threshold) x 13.8%

If there is no employer's NIC due on the employee the amount is zero (i.e. apprentices under 25, category H, employees under 21, category M, and employees under 21 who can defer NI because they're already paying it in another job, category Z).

Where NICs are due and where the pay period is weekly or shorter, the secondary threshold is £166 per week for payments up to 5 April 2020 and £169 per week for payments from 6 April 2020.

Step 3B – Restrict overall Employer's NIC grant to the amount due for the payment

Sum all of the amounts calculated at Step 3A for a particular payment and, if the total is greater than the total employer's NICs for the payment (after employment allowance), then restrict the amount of grant to the amount of employer's NICs relating to the payment.

Step 4 – Calculate Employer's mandatory automatic enrolment pension contributions per employee

For each employee identified at step 1, calculate the minimum amount of auto enrolment pension contributions that would have been due to be made on the above amounts of gross pay eligible for grant.

The calculation is:

(step 2 grant entitlement minus Lower Level of Qualifying Earnings) x 3%.

The Lower Level of Qualifying Earnings was £118 per week in 2019/20 and £120 per week in 2020/21.

Step 5 – Sum the grants in respect of gross pay, Employer's NICs and AE contributions

Sum all of the amounts at Step 2 and Step 4 (for each employee and each payment made between claim period start date and claim period end date) and Step 3B for each payment.

Glossary

Definitions as in Section 1, except:

Weekly reference pay is the pay for the pay in last full weekly pay period for the employee up to 28 February (inclusive). If employee had not had a full weekly pay period with the employer up to 28 February, but rather a partial pay period, i.e. covering less than a week, this payment should be grossed up. In these cases weekly reference pay would be equal to the pay up to the 28 Feb (inclusive) divided by number of days covered by this pay, times 7.