



## FURLOUGH & PAYROLL NEWSLETTER

16 April 2020



Julie Perrin  
Payroll Manager

### Furlough Claims

We would like to advise all clients who have their payroll handled by us that we are working on our systems in order to be ready for the HMRC portal launch on 20 April. The timing of furlough repayments is, however, uncertain as HMRC will be inundated with claims. We have been asked by a number of clients for an indication of our costs for handling these. At the present time, based on our estimate of the time needed to make changes to the processing of the payroll, then calculate & submit each claim, we feel that a reasonable fee would be £15 to £20 per employee. Therefore for 5 employees in furlough our charge would be £75 to £100 for each monthly claim plus VAT. This fee would be added to our quarterly bill. Whilst it is very difficult at the moment for us to accurately assess the processing time we felt clients would appreciate some guidance on costs now.

The following information is required by HMRC in order to deal with the claim.

1. The bank account number and sort code for HMRC to use when they pay the claim

2. The name and phone number of the person in your business for HMRC to call with any questions (**this will be Edmund Carr unless we are instructed otherwise**)
3. Your Self-Assessment UTR (Unique Tax Reference), Company UTR or CRN (Company Registration Number) (**we already have this information**)
4. The name, employee number and National Insurance number for each of your furloughed employees (**we already have this information**)
5. The total amount being claimed for all employees and the total furlough period (**we will calculate this**)

We already hold bank details for some clients but for those where it is still required or we need other information you will receive an email from Christine Child who is setting up the client HMRC portal. If you wish to contact Christine her email is [cchild@edmundcarr.com](mailto:cchild@edmundcarr.com).

For clients who handle their own payroll you need to have an HMRC PAYE online services account in place in order to submit your claims. Significant delays are expected where organisations are not already registered for HMRC's PAYE online services. If you require assistance then please contact Christine Child, email as

above or Malvin Fuller  
[mfuller@edmundcarr.com](mailto:mfuller@edmundcarr.com)

### Holiday Pay

There has been much comment on the calculation of holiday pay within the furlough claim. Our guidance is as follows:-

1. If employee pay has been reduced to 80% & holiday pay is included in this figure then this will also be paid at the same rate of 80%. In other words the calculation of gross pay for the employee will simply be 80% of normal gross & the furlough claim will be prepared accordingly (subject to the £2500 limit)
2. If the furloughed employee receives 100% by way of the employer topping up pay then the furlough claim will be 80% of that figure (subject to the £2500 limit)
3. Some clients may wish to treat holiday pay differently e.g. by paying 100%. If this is the case then we will need client instructions and preferably their calculations.

In all cases clients need to decide on how much holiday will be used up month by month during furlough. Many business owners will ask their staff to take holidays pro rata. In other words if there is a 3 month furlough period in the holiday year then upon return to work staff will have 9/12 of their

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holidays left to take; alternatively holidays can be accumulated for the return to work. Some clients have advised us that they will opt for 1 above & then deal with employee holidays on their return but it may be sensible to agree the position with staff from the start.

If clients are in any way unsure of their position it would be wise to seek advice from an employment lawyer or HR specialist.

## Employment Allowance (Max £4000 for this tax year)

This can be claimed by many clients, although larger businesses do not qualify. Unfortunately there is a possible reduction in the allowance due to "State Aid" which was originally an EU matter. State Aid incorporates certain Government grants & possibly R & D tax credits. We do not believe many clients will be affected by this & are therefore claiming the Employment Allowance in full for all those that qualify. It is extremely difficult at the moment for us to determine whether a client will face a clawback but, bearing in mind the current circumstances, we have taken this pragmatic view & hope clients understand that approach.

## Other Points

### Direct Earning Attachments (DEA)

The DWP have advised that all debt management collection in relation to overpayments of benefits, tax credits and social funds have been suspended for a temporary period. Our payroll department will therefore suspend DEAs issued by the DWP and then restart them later.

### Change of cut-off date to 19 March

New guidance published yesterday has confirmed the eligibility date has been extended to 19 March 2020 – the day before the scheme was announced. Employers can claim for furloughed employees that were employed & on their payroll on or before 19 March 2020. This means that the employee must have been notified to HMRC through an RTI submission notifying payment in respect of that employee on or before 19 March 2020.

### Pace of change

There are changes taking place on the furloughing issue daily, almost hourly. By the time you receive this newsletter there will have been further updates from the Government. We will try to keep you all informed on matters of significance.



Hayley Prince



Claire Cullum



Kerry Powell

### Disclaimer

This newsletter is intended to give general guidance only and no liability can be accepted for any action taken based on the information given.

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