



## PAYROLL NEWSLETTER

30 March 2020



Julie Perrin

Payroll Manager

Well how the world of payroll, and everything else, has changed so much in just a matter of days. We will try and interpret the rules of SSP and furloughing to make this as easy as we can.

### SSP

From 13 March, if an employee is absent from work, because of the coronavirus, they can receive SSP for a maximum of two weeks. This is payable from day one of absence, rather than having to wait the usual three waiting days. The current rate for SSP is £94.25 per week. This increases to £95.85 from 6 April. The reasons for absence are: -

- if they have coronavirus
- they have coronavirus symptoms, for example a high temperature or new continuous cough
- someone in their household has coronavirus symptoms
- they've been told to self-isolate by a doctor or NHS 111

Employers will be able to reclaim this amount from HMRC. It is not yet clear how this reclaim is made, but we will let you know once we have more detail.

We should mention that if an employee is off with a non-coronavirus related illness, then the original 3 waiting days apply and the employer cannot reclaim SSP for this.

### Job Retention Scheme/Furloughed Workers

Most of our clients have seen a significant downturn in trade due to the coronavirus. To help you through these tough times, the government has introduced the Coronavirus Job Retention Scheme. To qualify you must have had a PAYE scheme in place on 28 February 2020, with relevant staff employed on that date. If employees are placed on temporary leave of absence (furloughing) the employer will be able to reclaim up to

80% of their usual wage costs, up to a monthly maximum of £2500. On top of the gross salary, you can also claim the employers NIC and all/some employer pension costs. The amount of pension you can reclaim is limited to 3% of qualifying earnings. If you have elected for another form of pensionable pay, then you must agree this with the pension provider and your employee and change the rules of the scheme. The minimum period that you can furlough your employees is three weeks. If you choose to furlough your workers, then you must write to them and obtain their agreement to this. Employment law requires consideration. We are not able to give specific advice on this but the Partner who deals with your affairs will be able to give you general guidance. Once employees have been furloughed, they must not carry out any work for the employer.

The scheme covers all types of employees including:

- full-time employees
- part-time employees
- employees on agency contracts
- employees on flexible or zero-hour contracts

The scheme will not apply to certain public sector businesses that already receive government funding to assist with their wage costs.

Employees need to be on your payroll on 28 February to qualify. You can top up their pay beyond the 80% if you wish but there is no recovery of this additional amount under the scheme.

Directors can also be furloughed, the 80% will be calculated based on salary drawn via the PAYE scheme but does not include any payment of dividends. If directors carry out work that generates an income for the Company they cannot claim under the scheme. If they are performing statutory duties or bookkeeping etc which are not income generating they will still be eligible.

### Calculating 80% of salary

If an employee is on a set gross salary each month, then you would pay either 80% of this or £2500, whichever is the lower figure.

If you think this information might be useful to a friend or colleague, please pass it on.

Cont'd...



# Edmund Carr

Chartered Accountants

If an employee receives a varied salary, for example is paid by the hour, then you need to choose how you calculate the 80%. This can be based on either: -

- the same month's earning from the previous year
- average monthly earnings from the 2019-20 tax year

### Procedure for Furloughing your employees

Once you have made the difficult decision to furlough your employees you will need to write to them with the required letter. When they have agreed to the procedure & you are happy that they qualify can you please email us (your usual payroll contact) with their names and the date from which they were furloughed. If you ask Edmund Carr to process your application to request funding we will also need the information listed under the Making a Claim Section below.

### Making a Claim from HMRC

The process of requesting monies back from the government is not in place at present but should be available by the end of April. The information required to register on the government portal for this process is: -

- your PAYE reference number (*where we deal with your payroll we have this*)
- the number of employees being furloughed
- the claim period (start and end date)
- amount claimed (per the minimum length of furloughing of 3 weeks)
- your bank account number and sort code
- your contact name (*if we do your payroll this will be Edmund Carr*)
- your phone number (*if we do your payroll this will be Edmund Carr*)

Edmund Carr will be able to assist you with this. Due to the number of claims, and the short time scale in place, please bear with us. We will as always do our best to help you. Where we handle your payroll we presume you are happy for us to be set up as your contact on the HMRC portal.

With no exact date for when the portal will be in place, we know from speaking with some of our payroll clients that cashflow may be an issue. If this is the case businesses can apply for a Coronavirus Business Interruption Loan. Full details of this can be found at

<https://www.gov.uk/government/publications/guidance-to-employers-and-businesses-about-covid-19/covid-19-support-for-businesses#support-for-businesses-through-the-coronavirus-business-interruption-loan-scheme>

This is still a fast moving, ever changing situation, but we will do our best to keep you up to date with the help that is available. We know that this is going to have a long-term effect on many of our clients, but we are in this together, and we are here to help you as much as we can.

### EDMUND CARR PAYROLL CLIENTS

#### Payroll Processing

If Edmund Carr process your payroll, this will be a particularly busy time and our team are all working from their homes. We are not therefore able to send payslips, reports and P60's by post. We would actively encourage you to use our portal to receive your reports going forward. We can also upload your individual employees payslips and P60's via this method. All we will need to set this up, is an email address for each employee. If you would like to go down this route, please contact us. Also, if you have already advised us of any changes to April salaries, please can we ask that these are resent when any further amendments are emailed. Going forward please can we ask that all changes are sent in one email.

#### BACS Payments

If we make payments by BACS on your behalf, we will continue to do these to credit on the usual due date, unless advised to the contrary. Currently, we are not aware that any flexibility has been given by HMRC and pension providers for when they expect payment of PAYE and pension liabilities to be made. If you are going to have a cashflow problem in settling, especially the PAYE liability for March, then please can you let us know as soon as possible. It may be possible to take advantage of HMRC's time to pay arrangement & if you require further details please ask for the Partner who deals with your affairs.



### National Minimum Wages Increases

At present, we have not been advised that these increases have been placed on hold. Therefore, if we currently process your hourly paid employees and pay them the National Minimum Wage we will automatically increase these. The old and new rates are:-

Year	25 & over	21-24	18-20	Under 18	Apprentice
April 2019 (current rate)	£8.21	£7.70	£6.15	£4.35	£3.90
April 2020	£8.72	£8.20	£6.45	£4.55	£4.15

These do not apply to employees that have been furloughed.

### Director Salaries

If for the current tax year, we processed a salary of £719 per month we will automatically, increase this to £732 for the new tax year. This being the maximum amount you can be paid without being subject to employee national insurance. If you would prefer to leave your salary at the lower level, please contact the payroll team. Again, this increase does not apply to furloughed directors.

### 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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