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## Coronavirus Job Retention Scheme (CJRS) – Flexible Furlough Starts Today

The second version of the Coronavirus Job Retention Scheme (CJRS V2) has started today, including the ability for furloughed employees to work part time. The first version of the Scheme (CJRS V1), whereby employees had to be furloughed full time, ends on Tuesday 30 June 2020 and the deadline for claims is 31 July 2020.

Before HMRC published its full guidance there were suggestions that employers would have to make a [CJRS V1 claim](#) by 30 June 2020 to qualify to receive CJRS V2 grants. This is **not** the case, and all businesses have until 31 July to claim their final CJRS V1 grants.

The [key changes for CJRS V2](#) are:

- CJRS V2 is only available to employers that have made claims for grants under CJRS V1.
- CJRS V2 is only available for employees that were furloughed under CJRS V1 (with some exceptions for employees returning to work after parental leave and military reservists)
- For CJRS V2 there is a new limit to the number of employees who can be included in a single claim. This is set at the maximum number ever claimed for in a single claim for that payroll in CJRS V1.
- Employees can be flexibly furloughed, enabling part-time working. Please

- Employees can be flexibly furloughed, sharing part time working. Please see our briefing from 16 June 2020 for more details.
- **There is no minimum furlough period.**
- **Furlough claims must contain details of ‘usual hours’ and actual hours worked. Furloughed hours is the difference between these.**  
Unfortunately HMRC has not yet responded to requests from the ICAEW for [clarification of how ‘usual hours’ should be calculated.](#)
- **Each claim made by an employer must be for a week or more unless the claims for an ‘orphan period’ at the beginning or end of a month.**
- **No claim period can extend across a calendar month end** which in some cases will mean that pay periods will have to be split with separate claims for different parts of the pay period.
- CJRS V2 ends on 31 October 2020 and the final date for submitting claims is expected to be 30 November 2020.

On 25 June, the Chancellor made a [further Treasury Direction under Sections 71 and 76 of the Coronavirus Act 2020](#) to give effect to the extension to the scheme to 31 October and the changes to the terms of the scheme.

#### How Do I Calculate ‘usual hours’ for Flexible Furlough Claims?

There are two different calculations that employers can use to work out their employees’ usual hours, depending on whether they work fixed or variable hours.

**Where the employee’s working hours are fixed, or their pay does not vary with the number of hours worked, the reference period for calculating their hours is the hours they were contracted for at the end of the last pay period ending on or before 19 March 2020.**

Where an employee works variable hours, employers will use the higher of:

1. the average number of hours worked in the tax year 2019 to 2020; and
2. the corresponding calendar period in the tax year 2019 to 2020.

HMRC has produced a number of worked examples, which unfortunately are not as simple as any of us would like.

<https://www.gov.uk/government/publications/find-examples-to-help-you-work-out-80-of-your-employees-wages/examples-of-how-to-work-out-80-of-your-employees-wages-national-insurance-contributions-and-pension-contributions#variable-hours>

The Allens Team



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