



ALLENACCOUNTS

Coronavirus Job Retention Scheme (CJRS V2)

HMRC have today confirmed how 'usual hours' should be calculated when making claims for partially furloughed employees under the second iteration of the CJRS. The answer is not the logical one but it aligns with their published guidance.

When using HMRC's furlough grant claim calculator, the only way for an employer to get the answer HMRC expect (and will not challenge) is to input the correct hours.

https://www.tax.service.gov.uk/job-retention-scheme-calculator/?_ga=2.237910664.925103205.1593593693-1229750300.1592212418

For the period of the claim the employer must enter:

- a. usual working hours; and
- b. actual working hours.

The difference between these is the furloughed hours on which the grant claim is based.

[HMRC's published guidance](#) gives instructions for working out usual hours for an employee who is contracted for a fixed number of hours and whose pay does not vary according to the number of hours they work.

Their guidance, and how this applies in the example of Bob who works 35 hours a week (and is paid on the last working day of each month), is as follows:

USUAL HOURS Instruction	As applied to Bob FOR JULY 2020
1. Start with the hours your employee was contracted for at the end of the last pay period ending on or before 19 March 2020.	35
2. Divide by the number of calendar days in the repeating working pattern, including non-working days.	$35/7=5$
3. Multiply by the number of calendar days in the pay period (or partial pay period) you are claiming for.	$5 \times 31 = 155$
4. Round up to the next whole number if the outcome isn't a whole number.	155

The answer, confirmed by HMRC, is **155** usual hours in July for Bob.

HMRC has confirmed that the guidance to software developers which gave alternative answers is out of date.

The common sense answer, which you would get if you look at a calendar and count the hours, is **161** hours for July (23 working days Monday to Friday days x 7 hours). However HMRC has confirmed that this is **wrong**.

By following HMRC's guidance many employers will receive slightly less than they may have expected if they were simply working on an employee returning to work for a percentage of their usual working week.

However, the legislation covering the implementation of the CJRS has been published and, as with earlier debates about working versus calendar day calculations, HMRC is sticking to its position.

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