



Coronavirus Job Retention Scheme with Pegasus Opera 3

*Document covering the processing of
80% of their usual monthly wage costs,
up to £2,500 a month*

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Pegasus Software

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Coronavirus Job Retention Scheme

The Coronavirus Job Retention Scheme is a temporary scheme open to all UK employers for at least three months starting from 1 March 2020. It is designed to support employers whose operations have been severely affected by coronavirus (COVID-19). Further information may be found at <https://www.gov.uk/guidance/claim-for-wage-costs-through-the-coronavirus-job-retention-scheme>

The online service you'll use to claim is not available yet. HMRC expect it to be available by the end of April 2020. Further details concerning the Portal and claim procedures are expected to be published by HMRC towards the end of April 2020.

What you'll need to make a claim

Employers should discuss with their staff and make any changes to the employment contract by agreement. Employers may need to seek legal advice on the process. To claim, you will need:

- your ePAYE reference number
- 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
- your phone number

NB: *You will need to calculate the amount you are claiming. HMRC will retain the right to retrospectively audit all aspects of your claim.*

Watch a video to learn more about the support available to help you deal with the economic impacts of coronavirus published by HMRC at the following link [Help and support if your business is affected by coronavirus \(COVID-19\)](#).

Processing in Opera 3

This document offers suggestions to process furloughed employees with a payment of 80% of their salary, or £2,500 whichever is less, based on the interpretation of the legislation issued by HMRC. This document does not cover pro-rata or top up scenarios.

NB: *Please note that more information and legislation is constantly released and updated by HMRC.*

Things to consider

- Setting up a new Group(s) if a portion of the workforce is to be furloughed (to separate out furloughed employees to help with processing and reporting).
- Setting up new nominal account codes for furlough payments (to help with auditing and separating out the furloughed payment and deduction elements).
- Setting up a new payment profile for the furlough payment (to help with auditing and separating out the furloughed payment).
- Setting up a new pension scheme(s) for the furloughed calculation if the ER contribution is not 3% (to help cater for the calculation of the ER's pension contribution that can be claimed back).
- Reports to help extracting the values for calculating out how much to claim for.

Payroll Group

If only a portion of the workforce is to be furloughed and you wish to separate out these employees for ease of processing, reporting and auditing, it may be worth creating a new "Furloughed" group(s) with identical settings & calendars and transferring them.

Note: This suggestion is only applicable if you require separating out furloughed employees from your main Group(s).

New Nominal Codes for Furloughed Payments (& ER Pension)

It may be worth creating a separate NL account to help with auditing and maintaining the furloughed values. This presumes you have the NL on your activation and is linked with the Payroll module. You may wish to create a NL code for the furloughed payment profile and one for the ERs pension contribution.

Note: This suggestion is only applicable if you require separating out Furloughed values in the Nominal Ledger (NL).

Payment Profiles

You can use existing payment profiles and just update the relevant value to represent 80% of pay value (up to £2,500) but to help separate out the furloughed 80% pay value, it is suggested that a new payment profile is created so that the values may be separated, processed and reported on independently.

***NB:** The 80% Pay Value must be calculated out manually by the Employer. For further guidance on how this should be done, please contact HMRC or refer to <https://www.gov.uk/guidance/claim-for-wage-costs-through-the-coronavirus-job-retention-scheme#how-much-you-can-claim> for additional information.*

Pension Contributions

There are various methods to calculating the portion of pension contributions that can be claimed under the scheme rules and can depend on current set-up.

NB: These are only examples, please ensure you process the best method applicable to your business that aligns with the legislation issued by HMRC and The Pension Regulator (TPR).

HMRC state that you cannot claim any automatic enrolment contributions above the minimum mandatory employer contribution of 3% of income (above the lower limit of qualifying earnings which is £512 per month until 5th April and £520 per month from 6th April 2020 onwards but below the maximum of £2,500). There are a number of unclear points from the HMRC statement, including what happens to pension schemes that are a percentage of full salary and are not based on qualifying earnings above the lower limit. If you require further clarification please contact HMRC & TPR.

Creating a specific Pension Scheme record for Furloughed Pension calculations

Note: *The following suggestion assumes Advanced Pension Processing is in use and a separate Furloughed Payment Profile is being used.*

With the use of *Advanced Pensions*, you could create a new scheme that will help calculate out the appropriate value and keep a history of the records without affecting the existing set-up and calculations.

NB: *If you already calculate pension contributions between Automatic Enrolment (AE) LEL and UEL, and no EEs are paid more than £2,500 per month, then there's no need to perform this step i.e. no additional scheme will be needed. Where furlough pay is being paid non-monthly, the LEL and UEL will need to be adjusted to suit the pay frequency applicable.*

When creating the pension scheme, remember to enter and select the options as required as per the existing pension scheme. However enter the following specifically for the contribution, limits and pensionable setting;

- Enter 3% for the ERs contribution and 0% for the EEs contribution.
- Enter a custom set of levels using the Automatic Enrolment lower threshold value as the custom LEL (£512 per month until 5th April and will need changing to £520 per month from 6th April 2020 onwards) and 2,500 as the custom UEL (the current limit of the Coronavirus Job Retention Scheme).

Note: *Where furlough pay is being paid non-monthly, the LEL and UEL will need to be adjusted to suit the pay frequency applicable.*

- Ensure the *Apply ERs & EEs % to pensionable payments* is switched off and add the Furloughed Payment Profile when saving the record.

Note: *If you are using existing payment profiles, please add all appropriate profiles as necessary. You must ensure the correct payment values which are to be included for the contribution calculation are included.*

If you have employees on different payment frequencies, you could create a pension scheme for each type and set the “levels” as required.

NB: This is only a temporary scheme, and that no EE or ER contribution deductions will be taken or sent to a pension provider from this scheme. It is purely for assistance in calculating the ER contributions you are entitled to claim back from HMRC. Remember that the ER contribution still applies with the existing pension scheme in Opera i.e. in order to make deductions and to pay the EE and ER contributions to the pension provider.

Deduction Profile

Once you have created the new pension scheme, you must create the corresponding deduction Profile i.e. Create a new ERs (X type) deduction code and link it to this pension scheme.

NB: This deduction profile is purely for obtaining the claim amount; contributions for this scheme are not to be sent to the pension provider. A “P” type EE pension deduction code is not required.

Link Pension to Employee

Once you have created the pension deduction profile, you can now link the pension scheme to the employee(s).

Note: You may be able to use the Global Changes – Auto Enrolment Updates routine to apply the pension scheme where applicable.

Manual Pension Calculation

The following suggestion assumes Advanced Pension Processing is not in use and a separate Furloughed Payment Profile is being used.

There are a number of considerations that affect the way the manual calculation of the pension contribution is calculated out.

- Must consider where the LEL and UEL is set for the contribution
- Must consider whether an AE Scheme is in use
- Must consider whether a mix of schemes are in use
- Must consider whether all appropriate payment profiles are set to pensionable
- Must consider existing contribution settings

If the employer has maintained an AE approach and set all EEs to 3%, then the only other element to consider is the LEL and UEL for pension setting (i.e. at employee or Set Options level). Once set, no other settings will be required and the correct values will be calculated out as appropriate with a maintained history.

If any of the considerations fall into question, please refer to HMRC and TPR for further assistance in the best method to apply the pension calculation for a reclaim.

Reporting

Employers can claim 80% of your employees' wages (even for employee's on National Minimum Wage) - up to a maximum of £2,500, minimum automatic enrolment employer pension contributions and the Employer National Insurance on the subsidised wage. The following reports may help in providing the necessary data for calculating out the value the employer may reclaim.

- **This-period Summary (or To-date Summary)**
The TP summary report produces an audit trail for every employee for the current pay period. It will be useful to list the ERs NI calculated out on the subsidised wage as well as potentially the subsidised wage (i.e. if the subsidised wage is the only payment made to the EE).
- **Advanced Payment & Deduction List**
The Advanced Payment & Deduction List report produces an analysis of multiple payments and deductions for a range of employees over one or more pay periods. This will be useful to single out the Furlough payment profile and potentially the relevant pension deduction.
- **Pension Scheme Contribution Report**
Use this report to produce either a summary or detailed listing of the employee and employer contributions that are due to be paid to the pension provider up to the selected date. This will potentially be useful to report on the minimum automatic enrolment employer pension contributions.

NB: Remember these reports can be exported to Excel which will help in calculating the total claim value. Infor Q&A is also an ideal reporting mechanism to collate all the information required to calculate out the amount an employer may claim.

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