

How to process Furloughed workers on Sage Payroll

It is important to note that you can only furlough employees that were on the payroll as at 29 February 2020.

The best way to deal with furloughed workers is to set up a new pay element as follows:

SETTING UP NEW PAY ELEMENT:

- Click Company, then click Pay Elements
- Click the Payments tab, then click New
- In the Status drop-down list, select Variable
- In Description enter Furlough
- In the This Payment is subject to section, select the PAYE and National Insurance check boxes and others as applicable
- Select all other applicable check boxes then click ok

ADD THE PAY ELEMENT TO EMPLOYEES:

- On the Employee list, click the relevant employees
- On the menu bar, click Tasks then click Global Changes
- Click Payments, then Add Payment
- Select the Furlough payment then click ok
- Click Yes then click ok

PAYING THE EMPLOYEE

You will need to calculate the employees pay, which is the lower of either 80% of their gross salary as at 28 February 2020 or £2,500 per month. If the employees pay varies from period to period you can claim the higher of either the same months earnings for the previous year or the average monthly earnings for the 2019/20 tax year. If you are paying weekly you will need to calculate the figures on a weekly basis, the maximum weekly amount equivalent to the £2,500 will be £576.92. Then you prepare the payroll in the usual way selecting the furlough pay element for those employees affected and manually putting the amount they are being paid

- On the toolbar, click Payroll then click Enter payments
- On the furloughed employee Click add payment, on the drop down menu select Furlough
- Enter Hours, if salaried enter the hours as 0.8 then tab to Rate and keep this at the usual rate. However, if they are variable enter 1 as the Hours and put in the amount you have manually calculated
- If you are making the employees pay up to 100% then you will need to enter 0.20 in their normal pay element, if not making their pay up please put nil
- Ensure all other amounts are nil and then Click Save
- The employees pay should now show as Furlough on their payslip and if you are making their pay up it will show 20% of their usual pay.

Please ensure you keep all your workings to support the figures.