

NATIONAL INSURANCE BREAK FOR EMPLOYERS

It was announced in the autumn statement that employers can offset up to £2,000 per tax year of secondary Class 1 NICs – what is being offered is an ‘employer allowance’.

WHO CAN CLAIM?

The allowance may be claimed by businesses (company, partnership or sole trader), charities and community amateur sports clubs with employees whose earnings result in a secondary Class 1 NICs liability arising.

WHO CANNOT CLAIM?

The allowance is not available to domestic employers (e.g. anyone who directly employs someone as a nanny, au pair, gardener etc) and public authorities (unless a charity).

WHAT CAN BE CLAIMED?

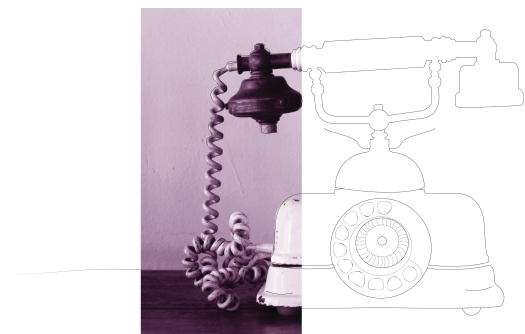
Up to £2,000 of secondary Class 1 NICs may be offset. This may be claimed, in full or in part, as soon as a secondary Class 1 NICs liability arises in the tax year.

WHAT CANNOT BE CLAIMED?

You cannot offset the allowance against primary Class 1, Class 1A or Class 1B NICs liabilities.

HOW DO YOU CLAIM?

It is intended that the allowance will be claimed in-year through Real Time reporting either through third-party software or by using HMRC’s Basic PAYE Tools for employers. The claim will be made within the software, with the allowance being offset against secondary Class 1 NICs due, reducing the amounts due to be paid to HMRC until the full £2,000 has been claimed.



It will be possible to claim the allowance part way through a tax year for the current tax year or after a tax year has ended (but claims cannot be made for tax years before 2014/15). Where a qualifying retrospective claim is made the amount due will either be offset against existing or future employer liabilities or repaid.

ARE THERE ANY ANTI-AVOIDANCE PROVISIONS?

Yes, the Bill includes provisions such that the employment allowance will not be available if entitlement is as a result of entering in avoidance ‘arrangements’.