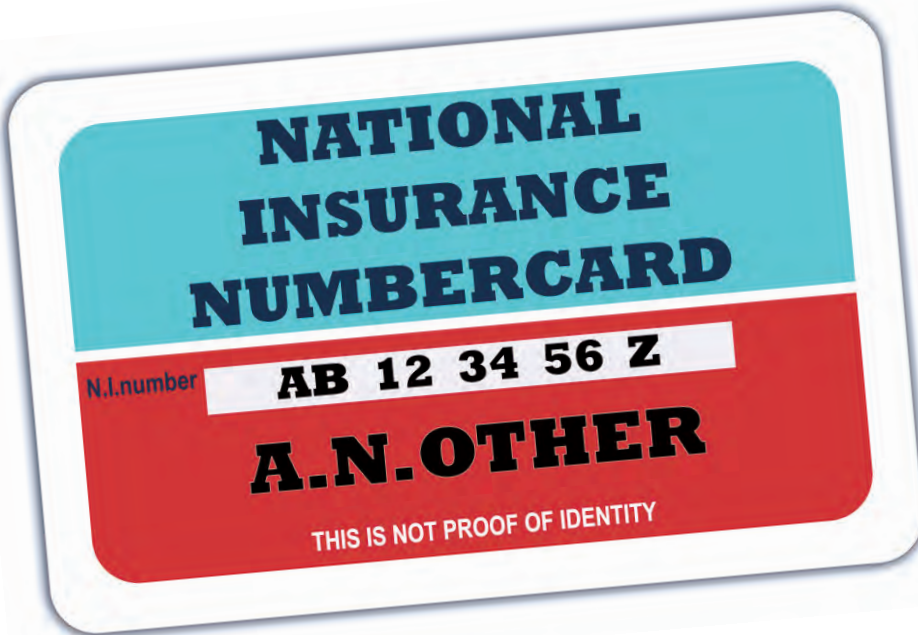




Technical Briefing



watson  associates
ACCOUNTANTS • BUSINESS ADVISERS

NATIONAL INSURANCE

Claiming Your £2,000 Employment Allowance

FROM 6 APRIL 2014 EMPLOYERS CAN CLAIM EMPLOYMENT ALLOWANCE AND REDUCE THEIR EMPLOYER CLASS 1 NATIONAL INSURANCE CONTRIBUTIONS (NICs).

What is the Employment Allowance?

The Employment Allowance is a reduction in Employer's National Insurance Contributions of up to £2,000 per year. It applies to all qualifying businesses who employ staff.

The Employment Allowance does not apply to Employee's National Insurance.

When is the Employment Allowance being introduced?

From 6 April 2014 qualifying employers will be able to reduce their Employers Class 1 National Insurance Contributions by up to £2,000 per tax year. This new

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Employment Allowance is available to both existing and new businesses and can be offset against the businesses Employers National Insurance Contributions as soon as a liability arises in the tax year.

How do I claim it?

Claims are to be made as part of your Real Time Information (RTI) submission to HMRC by paying less Employers National Insurance than you would otherwise. You will need to tell HMRC you intend to claim the Employment Allowance in your RTI submissions within your payroll software. However, do not worry if Watson Associates handle your payroll – we will work with you to make sure you do not miss out.

Where businesses are connected or part of a group and have multiple PAYE schemes then one business needs to be nominated to claim the allowance.

It is the employer's responsibility to ensure that the Employment Allowance eligibility criteria is met.

Businesses which are specifically excluded are:

- Those who employ someone for personal, household or domestic work, such as a nanny, chauffeur or gardener etc
- Public authorities
- Those who carry out functions either wholly or mainly of a public nature (unless they have charitable status or are a community amateur sports club)
- Any business operating under IR35

THIS IS A £2,000 INCENTIVE FOR EMPLOYERS. IF YOU WOULD LIKE FURTHER INFORMATION ON HOW TO CLAIM YOUR EMPLOYMENT ALLOWANCE PLEASE CONTACT US ON 01323 842119.

