



National Insurance contributions: Employment Allowance extension to personal carers

Who is likely to be affected?

Individuals who employ a personal carer.

General description of the measure

The measure will extend the “employment allowance” relief to individuals who employ care and support workers. Employers will be entitled to deduct up to £2,000 per annum from their liability to pay secondary Class 1 (‘employer’) National Insurance contributions (NICs).

Policy objective

Employers who employ staff for purposes connected with their personal, family or household affairs are currently excluded from claiming the employment allowance, which would reduce their NICs liability by up to £2,000 a year. Removing this exclusion from care and support workers will support individuals who need to purchase care for themselves or others.

Background to the measure

This measure was announced at Autumn Statement 2014. The employment allowance was introduced in April 2014 to support businesses and charities with the costs of employment.

Detailed proposal

Operative date

It is proposed that this measure will have effect on and after 6 April 2015.

Current law

Section 2(3) of the National Insurance Contributions Act 2014 excludes individuals employing staff for purposes connected to their personal, family or household affairs from claiming the NICs employment allowance. Section 5(1)(b) of the National Insurance Contributions Act 2014 gives the power to make regulations that amend the cases where a person cannot qualify for the employment allowance.

Proposed revisions

Section 2(3) of the National Insurance Contributions Act 2014 will be amended through secondary legislation. Affirmative regulations will be laid before Parliament in early 2015 setting out the detail of these provisions.

Summary of impacts

Exchequer impact (£m)	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
	-	-10	-10	-10	-10	-10
	These figures are set out in Table 2.1 of Autumn Statement 2014 and have been certified by the Office for Budget Responsibility. More details can be found in the policy costings document published alongside Autumn Statement 2014.					
Economic impact	The measure is not expected to have any significant economic impacts.					
Impact on individuals, households and families	<p>The measure is expected to have a positive impact on individuals who employ care and support workers by cutting employment costs by up to £2,000 a year.</p> <p>The measure will support families who employ care and support staff to care for their relatives by relieving employment costs.</p>					
Equalities impacts	<p>An extension of the employment allowance to personal carers is likely to benefit more women than men. Women are more likely to be primary carers, and as a result prevented from working themselves. In 2011 57.7 per cent of unpaid carers were female and 42.3 per cent were male in England and Wales (Office of National Statistics, 2013). By relieving the cost of employing a care and support worker this measure could decrease the demands made on unpaid carers.</p> <p>For demographic and social reasons, women are also more likely than men to employ carers for themselves, and so accordingly will benefit more from this measure.</p>					
Impact on business including civil society organisations	<p>The measure is not expected to increase administration or general costs. The allowance is simple to claim as it is delivered through standard payroll software and HM Revenue and Customs' (HMRC) Real Time Information system. Employers will be able to claim their eligibility through their regular payroll process.</p> <p>This measure is expected to have no impact on civil society organisations.</p>					
Operational impact (£m) (HMRC or other)	HMRC will incur some costs implementing this change but these are expected to be negligible.					
Other impacts	Other impacts have been considered and none have been identified.					

Monitoring and evaluation

This measure may be kept under review through communication with affected taxpayer groups.

Further advice

If you have any questions about this change, please contact Emma Barker on 03000 586788 (email: emma.robinson3@hmrc.gsi.gov.uk).