



Statutory payments can be problematic to administer for smaller employers, but in a rare instance of generosity HMRC compensates for this. Also, from 6 April 2025, the rate of compensation will almost triple from the current 3% to 8.5%.

Employers can usually reclaim 92% of statutory payments for maternity, paternity, adoption, shared parental and parental bereavement (statutory sick pay is no longer recoverable). However, smaller employers can recover 100% of the cost as well as the compensation. So, the total rate of recovery will be 108.5% from 6 April 2025.

Statutory neonatal care pay is being introduced from 6 April 2025, which will be recoverable on the same basis. It will be paid to a parent when their newborn is sick in hospital.

### **Smaller employers**

You are a smaller employer if your total class 1 NIC payments were £45,000 or less for the tax year before the employee's qualifying week:

- Both employee and employer contributions are included, but not class 1A or 1B NICs.
- The employment allowance reduction is ignored.
- The qualifying week will vary depending on the type of leave. For example, for maternity pay, the qualifying week is the fifteenth week before the baby's due date.

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The main rate of employee class 1 NIC is lower for 2024/25 than it was for 2023/24, so an employer who was previously just outside of the £45,000 threshold might qualify from 6 April 2025.

An employer can apply to HMRC to be paid in advance if they cannot afford to make statutory payments.

## **Recovery**

Relief, whether at the normal rate or at the smaller employer rate, is claimed on a monthly basis through payroll software using the employer payment summary. Payroll software should do everything automatically, although you may need to select that you are a small employer.

HMRC's guide to getting financial help with statutory pay can be found [here](#).

## **We can help**

If you would like further information, please call us on **01753 888 211** or email [info@nhllp.com](mailto:info@nhllp.com). We would be happy to help.