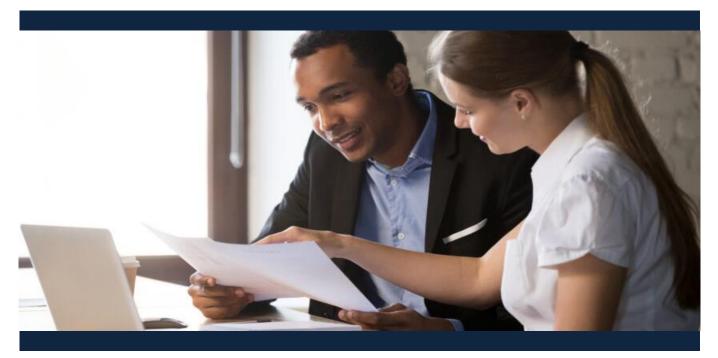
Broadcast



FACTSHEET: SMALL EMPLOYERS' RELIEF

SPECIAL ISSUE

01753 888211 www.nhllp.com



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. We would be happy to help.