

# SMALL EMPLOYER STATUTORY PAY RISES THIS APRIL HOW WILL IT AFFECT YOUR BUSINESS?

Although far less generous than last year's increase, the rate of compensation paid to smaller employers for administering statutory payments will go up from 8.5% to 9% from 6 April 2026.

While employers may welcome extra funding, the small increase will not compensate for higher rates of minimum wage or for the cost of the new 'day one' rights for all employees, both coming into effect from 6 April 2026.

## RECOVERY

Employers can usually reclaim 92% of statutory payments, but smaller employers can recover 100% of the cost, along with the 9% compensation. The total rate of recovery will therefore be 109% from 6 April 2026.

For example, if statutory maternity pay of £1,000 is paid, the normal recovery is £920. However, a smaller employer will recover £1,090.

Statutory payments for maternity, paternity, adoption, shared parental, parental bereavement and neonatal care pay are recoverable; but not statutory sick pay.

## SMALLER EMPLOYERS

An employer is classed as small for statutory payments purposes if their total class 1 national insurance contribution (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 £10,500 employment allowance is not deducted in establishing whether the £45,000 threshold is met. For example, class 1 NIC payments might be £40,000, but if this is after deducting the full employment allowance, then the relevant figure is £50,500. Therefore, it is too high to qualify.
- The qualifying week varies depending on the type of leave. For example, for statutory adoption pay, the relevant week is the week that the employee is informed they will be matched with a child by the adoption agency.

Relief is claimed on a monthly basis through payroll software using the employer payment summary.

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

## WE CAN HELP

For more information on any issues raised in this article, call us on **01753 888 211** or email [info@nhllp.com](mailto:info@nhllp.com), we are here to help.