

Garbutt + Elliott

Chartered Accountants + Business Advisors

EMPLOYMENT ALLOWANCE

Check if you're eligible

You can claim Employment Allowance if you're a business or charity (including community amateur sports clubs) and your employers' Class 1 National Insurance liabilities were less than £100,000 in the previous tax year. You can also claim if you employ a care or support worker.

Director Payrolls

From 6 April 2016, limited companies where the director is the only employee paid earnings above the Secondary Threshold (ST) for Class 1 National Insurance contributions will no longer be able to claim Employment Allowance.

There is the additional employee test, in which if your company has more than one director earning above the ST, you will be eligible for Employment Allowance. Single Director paid over the ST - No entitlement to EA. Multiple Directors paid over the ST - Eligible for EA

If you're part of a group

If you're part of a group of charities or companies (also known as connected companies), the total employers' Class 1 National Insurance liabilities for the group must be less than £100,000.

Only one company in the group can claim the allowance.

If you have more than one payroll

If you have or had more than one employer PAYE reference, the total employers' Class 1 National Insurance liabilities for your combined

payrolls must be less than £100,000 in the previous tax year. You can only claim Employment Allowance against one of the payrolls.

Off-payroll salary payments

Do not include employers' Class 1 National Insurance liabilities on payments you make to off-payroll workers in your calculations. These are known as deemed payments. They do not count towards the £100,000 threshold.

Check if de minimis state aid rules apply to you

If you make or sell goods or services, Employment Allowance counts as 'de minimis state aid'. There's a limit to how much de minimis state aid you can get.

You must:

- check that you're within the de minimis state aid threshold.
- work out how much de minimis state aid you've received.

You must do this even if you do not make a profit.

You do not have to do this if you do not make or sell goods or services, for example you're a charity, an amateur sports club or if you employ a care worker.

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Check you're within the de minimis state aid threshold

Employment Allowance counts towards the total de minimis state aid you're allowed to get over a 3 year period.

You must make sure you will not exceed the de minimis state aid threshold for your sector.

De minimis state aid and the relevant thresholds are worked out in euros.

Sector	De minimis state aid threshold over 3 years
Agriculture products sector	€20,000
Fisheries and aquaculture sector	€30,000
Road freight transport sector	€100,000
Industrial sector / other	€200,000

Work out how much de minimis state aid you've received

1. Check if you've received any de minimis state aid - if so, you should have been told in writing.
2. Add the total amount of de minimis state aid that you've received or been allocated for the current and past 2 tax years.
3. Add this to the full amount of Employment Allowance for the year you're claiming for. You'll need to convert this into euros using the exchange rate for the end of the previous tax year.
4. If the total is below the threshold for your sector, you're eligible to make a claim.

If you're a connected company, the total de minimis state aid for all of the companies in the group must be below the de minimis state aid threshold for your sector.

The rules are different if your business covers more than one sector.

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straight talking, never without heart...



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