

# Changes to the Employment Allowance for 2020-21

**In the Budget 2020 it was announced that the Employment Allowance will increase from £3,000 to £4,000 from 6th April 2020. This will help to reduce the employers' (secondary) Class 1 National Insurance Contribution Liabilities.**

**From 6th April 2020, the eligibility rules for an employer claiming the Employment Allowance will change. Employers should check to see if they meet the criteria to claim the allowance.**



**1** An employer can only claim the Employment Allowance for the tax year if their total (Secondary) Class 1 National Insurance Contributions is below the threshold of £100,000 in the previous tax year.

**2** An employer cannot claim the allowance for deemed payments of employment income, as they are not included in the total cost of up to £100,000 for employers (secondary) Class 1 National Insurance Contributions.

**3** If in the tax year before you claim, if there is more than one payroll or connected companies the employer will need to add the total liabilities for employers (secondary) Class 1 National Insurance Contributions for all payrolls or companies and only if the total liability is under £100,000 can one payroll or company claim the allowance.

**4** An employer will have to check they will not exceed the de minimis state aid threshold, if applicable, as the Employment Allowance will be included as this type of aid. De minimis state aid rules apply to an employer if their business engages in providing goods or services to the market.

**Talk to an advisor today**

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