

2016 No. 344

SOCIAL SECURITY

**The Employment Allowance (Excluded Companies) Regulations
2016**

Made - - - - *10th March 2016*
Coming into force - - *6th April 2016*

These Regulations are made by the Treasury in exercise of the power conferred by section 5(1)(b) of the National Insurance Contributions Act 2014^(a).

A draft of this instrument was laid before Parliament in accordance with section 5(5) of the National Insurance Contributions Act 2014 and approved by a resolution of each House of Parliament.

Citation and commencement

1. These Regulations may be cited as the Employment Allowance (Excluded Companies) Regulations 2016 and come into force on 6th April 2016.

Amendment to the National Insurance Contributions Act 2014

2. In section 2 of the National Insurance Contributions Act 2014 (exceptions), after subsection (4) insert—

“Excluded companies

(4A) A body corporate (“C”) cannot qualify for an employment allowance for a tax year if—

- (a) all the payments of earnings in relation to which C is the secondary contributor in that year are paid to, or for the benefit of, the same employed earner, and
- (b) when each of those payments is made, that employed earner is a director of C.”.

George Hollingbery
Mel Stride

10th March 2016

Two of the Lords Commissioners of Her Majesty’s Treasury

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the National Insurance Contributions Act 2014 (c. 7) (“the Act”). Section 1 of the Act allows a secondary contributor to claim an employment allowance towards their liability to pay secondary Class 1 National Insurance Contributions. Section 2 of the Act contains exceptions and in particular provides that certain persons are not able to qualify for an employment allowance.

Regulation 2 inserts new subsection (4A) into section 2 of the Act. The new subsection provides that a company cannot qualify for an employment allowance where all the payments of earnings it pays in a tax year are paid to or for the benefit of one employed earner only who is also a director of the company at the time the payments are made.

A Tax Information and Impact Note covering this instrument will be published on the HMRC website at <http://www.gov.uk/government/collections/tax-information-and-impact-notes-tiins>.