

NATIONAL INSURANCE CONTRIBUTIONS ACT 2014

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Section 4: How does a person who qualifies for an employment allowance receive it?

60. *Subsection (1)* provides that HMRC must make arrangements to ensure that persons who qualify for the allowance receive it by making deductions from qualifying payments.
61. *Subsection (2)* defines "qualifying payment" as a payment in respect of any of the person's secondary Class 1 liabilities which are not excluded liabilities under section 2.
62. *Subsection (3)* provides that where subsection (1) applies the person must deduct the employment allowance before any other deduction which they are permitted to make from the payment under any other legislation (e.g. deductions for statutory payments such as Statutory Maternity Pay).
63. *Subsection (4)* provides examples of what HMRC's administrative arrangements may cover. In particular they may require the deduction to be made at the earliest opportunity in a tax year, provide that deductions may not be made in specified cases, place limits on the amount of deductions and provide that deductions may not be made unless the person has given notice to HMRC.
64. *Subsection (5)* introduces subsections (6) to (8) which, together, make provision for repayments by HMRC where, in a tax year, a person has not deducted the full amount of the employment allowance to which they are entitled, by the end of April in which the tax year ends. For example, this may occur if an employer forgets to make a claim for an employment allowance or is unaware of the availability of the employment allowance until after the relevant tax year.
65. *Subsection (6)* provides that in such cases, a person may apply to HMRC for a repayment, up to the outstanding amount of employment allowance, and HMRC must make the repayment.
66. *Subsection (7)* provides that the person's application for a repayment must be made in accordance with HMRC's requirements.
67. *Subsection (8)* provides that the application must be made before the end of the 4th tax year after the tax year in which the employment allowance was due.
68. *Subsection (9)* provides that the start date for repayment interest is the date on which HMRC receives the application for a repayment.
69. *Subsection (10)* provides for payments made under this section to be made out of the National Insurance Fund or the Northern Ireland National Insurance Fund.

*These notes refer to the National Insurance Contributions Act
2014 (c.7) which received Royal Assent on 13 March 2014*

70. *Subsection (11)* makes clear that a person may not receive the employment allowance for a tax year other than through a deduction or a repayment under this section.