

---

STATUTORY INSTRUMENTS

---

**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<sup>(1)</sup>.

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.”.

---

**Status:** This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

---

10th March 2016

*George Hollingbery*  
*Mel Stride*  
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>.