

Employment Allowance for Employers of Care and Support Workers: further employer guidance

What is the change to the Employment Allowance?

From 6 April 2015, employers of care and support workers can claim the Employment Allowance. This means they can reduce their Employer NICs bill by up to £2000 a year, depending on how much Employer NICs they pay. The Employment Allowance is not a grant: it works by reducing the amount of employer NICs you need to pay.

I employ a care and support worker. Can I claim the Employment Allowance?

You can claim the Employment Allowance if

- You are an employer and you pay employer NICs,
- You employ a care and support worker, either for yourself or another person. If you employ a carer for someone else, you do not need to be related to them or live with them, and
- The person you are employing the care and support worker for needs care because of their:

- (a) old age
- (b) mental or physical disability,
- (c) past or present dependence on alcohol or drugs,
- (d) past or present illness,
- (e) past or present mental disorder.

In addition, **all** of the duties of the care and support worker have to be in relation to the individual(s) who needs care. So the care and support worker can't help out with others in the home who don't *need* care.

What this all means

If you are employing a care and support worker for someone who needs care because of one or more of the reasons set out above, and all the duties of the care and support worker are in relation to the person needing care, then **you can claim** the Employment Allowance for as long as they need care.

You can claim the Employment Allowance:

- if you receive a direct payment for care from the NHS or your local authority and you use this to employ care and support worker. This type of care worker is also sometimes known as a Personal Assistant.
- if you employ a care and support worker and pay for this yourself, from your own funds.
- if you employ a care and support worker for yourself, a family member, or someone completely unrelated to you.

Duties of the Care and Support Worker

The care and support worker can do anything that you need help with. This could be anything from personal care to general assistance round the house with cleaning, cooking and laundry, or help with financial administration such as tax credits.

The care can be provided anywhere, so you can employ a carer to support family or friends who do not live with you and claim the Employment Allowance. The care does not need to be provided in the home, so you can employ a carer to help at work, accompany you to day care or appointments and claim the Employment Allowance.

You cannot claim the Employment Allowance if you are employing a nanny unless the nanny is employed for an individual who needs care because of one of the reasons set out above.

How to claim the Employment Allowance

I file my HMRC returns on-line

Claiming the Employment Allowance is simple. You will need to tick the box to confirm you are eligible on your payroll software. Your payroll software will automatically apply the Employment Allowance and reduce your Employer NICs bill. More information on how to claim is set out below.

To claim through your payroll software, put 'Yes' in the 'Employment Allowance indicator' field next time you send an Employment Payment Summary (EPS) to HM Revenue and Customs (HMRC).

If you use HMRC's Basic PAYE Tools:

- Select the correct name in the 'Employer' menu on the home page.
- Select 'Change employer details'.
- Select 'Yes' in the 'Employment Allowance indicator' field.

- Send your EPS as normal.

You only need to claim Employment Allowance once. If you stop being eligible, select 'No' in the 'Employment Allowance indicator' field in your payroll records.

Not all payroll software can send EPS reports. If yours can't, you can use HMRC's [Basic PAYE Tools](#).

I file my HMRC returns on paper

If you complete your HMRC returns on paper rather than online, it is just as straightforward to claim the Employment Allowance. Simply tick the box on form RT5 (Employment Payment Summary) where it asks whether you wish to claim the Employment Allowance. You will need to tick this box every time you send in an RT5. You will also need to subtract the value of the allowance from your Employer NICs liability before you make a payment. You can either spread the allowance over the year or deduct it all in one go, if you have sufficient Employer NICs liability.

Frequently Asked Questions:

	Question	Answer
1	I need to employ a carer because of a long term health condition. Can I claim the Employment Allowance?	Yes.
2	I receive direct payments to help with my care due to disability. I need to employ a personal assistant to support me. Can I claim the Employment Allowance?	Yes.
3	I was injured in a car crash and will need to employ a carer whilst I recover. Can I claim the Employment Allowance?	Yes, for as long as you are in need of care.
4	I want to employ a carer for my friend, who has fallen and broken her hip. She lives in another part of the country. Would my friend need to live with me to enable me to claim the employment allowance?	No - the person who needs care doesn't have to live with you. You can claim the Employment Allowance.
5	I want to employ a carer for my adult son, who has serious health issues and needs full time care. He does not live with me. Can I claim the employment allowance?	Yes.

6	I am a parent and employ a nanny/au pair to look after my children. Am I entitled to the Employment Allowance?	<p>No.</p> <p>To qualify for the allowance, you must be employing a care and support worker to support someone who 'needs' care because of</p> <ul style="list-style-type: none"> (a) old age, (b) mental or physical disability, (c) past or present dependence on alcohol or drugs, (d) past or present illness, or (e) past or present mental disorder. <p>An employer employing a nanny/au pair to care for children would not qualify.</p>
7	I am a parent. I employ a carer to look after my disabled child. Can I claim the Employment Allowance?	Yes, if your child needs care due to their disability
8	I am a disabled parent. I employ a nanny to look after my children. Can I claim the Employment Allowance?	If your disability means that you need support so that you can care for your children, you can claim the Employment Allowance.
9.	I employ two carers. Can I have two Employment Allowances?	No. The Employment Allowance is per Employer, not per staff member. Each Employer can reduce their Employer NICs bill by up to £2000, irrespective of how many staff they employ.
10	I employ a part-time carer. I pay £1000 Employer NICs a year. I have only used £1000 of the Employment Allowance but I know the Employment Allowance is for £2000. Can I have the other £1000 of the allowance that I haven't used?	<p>No.</p> <p>The Employment Allowance is not a cash grant, but an offset against your Employer NICs bill of up to £2000 a year. If you pay less than £2000 a year in Employer NICs then your claim is capped at the total amount of Employer NICs you pay. You will not receive a refund for any unused allowance.</p>
11.	I employ a carer to look after my elderly parents. Can I claim the Employment Allowance?	<p>Yes. As long as <i>both</i> your parents need care because of</p> <ul style="list-style-type: none"> (a) old age, (b) mental or physical disability,

		<p>(c) past or present dependence on alcohol or drugs, (d) past or present illness, or (e) past or present mental disorder</p> <p>Then you can claim the allowance.</p>
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