



Budget 2020

Impact on employers

In his first Budget speech, the Chancellor, Rishi Sunak announced and confirmed a number of measures which may have an impact on employers. Here we have outlined the key messages in this years Budget announcement.

Temporary Coronavirus measures

Due to the COVID-19 outbreak, workers will be able to claim Statutory Sick Pay (SSP) from day one instead of the current day four. SSP will also be accessible to individuals who have been advised to self-isolate and people caring for household members who have been told to self-isolate.

There will be some flexibility with the requirement for a GP's fit note with notifications to 'self-isolate' available from NHS111 online and providing employers discretion as to whether a GP fit note is required.

Employer's with under 250 staff are able to claim a full refund of the first fourteen days of SSP.

Off payroll working in the private sector

Following a consultation review in February, the previously announced changes relating to off payroll workers in the private sector will proceed from April 2020 however, the Chancellor has suggested that HM Revenue and Customs (HMRC) take a light touch approach initially and implement a twelve-month soft landing period. HMRC have advised that their focus will be primarily on education/communication and that financial penalties will not be issued unless there is tax evasion.

Personal allowances and thresholds

The personal allowance will remain frozen at £12,500 and there are no changes to personal income tax rates or bands. In line with the government's commitment to align the level at which both Income Tax and National Insurance Contributions (NIC) are paid, the NIC threshold will increase from £8,632 to £9,500 from 6 April 2020.

Employment Allowance

The employment allowance which is able to be deducted from qualifying Employer's Class 1 NIC's liability each year will increase to £4,000. Conversely, the allowance is restricted from 6 April 2020 to those employers with an Employer's Class 1 NICs liability under £100,000 in the previous year.

There will also be a new Employer's NIC holiday where staff have been employed from the Armed Forces for the first year of employment.

National minimum wage

From 6 April 2020, the national living wage will increase to £8.72 (currently £8.21) which applies to employees over 25 years old. This rate will be aligned with the national minimum wage for employees over 21 years old (from April 2020 £8.20) over the next three years.

In addition, the Government has set a new target to increase the national living wage to two thirds of the median wage by 2024.

Enterprise Management Incentive

The government will undertake a review of how it can better support businesses recruit and retain talent, which will specifically consider whether they can roll out the enterprise management incentive scheme to more companies.

Tackling avoidance and non Compliance

HMRC will legislate to prevent businesses that are not tax compliant from using Construction Industry Scheme (CIS) to claim tax refunds.

It is likely that one or more of these measures will impact on you as an employer.

Please let us know if you have any questions or would like to discuss any of the above with our tax specialists.

Contacts



Peter Legge
Partner, Tax
T +44 (0)28 9587 1081
E peter.legge@ie.gt.com



Jane Lee
Head of Employer Solutions
T +44 (0)28 9587 2314
E jane.lee@ie.gt.com



Alan Gourley
Director, Private Client Tax
T +44 (0)28 9587 1146
E alan.gourley@ie.gt.com



Sam Beattie
Associate Director, Payroll
T +44 (0)28 9587 1124
E sam.beattie@ie.gt.com

 grantthorntoni.com

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