

## Leaflet F06: Employment Allowance

The Employment Allowance was introduced in April 2014 and it serves as a contribution towards an employer's Class 1A National Insurance contributions (NICs). Where employers are 'connected' with one another there is only one annual allowance for the 'group' of employers, but because each Baptist church is an independent body each church is entitled to the allowance.

The allowance of up to a maximum of £5,000 per tax year for 2022/23 onwards (previously it was £4000) is set against employer NICs and is not available to cover employee contributions or employer Class 1A contributions.

The allowance is made through the monthly PAYE reporting mechanism, ie HMRC's Basic PAYE Tools facility or any other payroll software which might be in use. The allowance will reduce the employer Class 1 NICs each month until the maximum yearly allowance has been fully utilised. The amount of the allowance which has been used will show up in "View Liabilities and Payments" in HMRC's online service.

It is necessary to make a claim for the allowance through the online PAYE reporting mechanism and HMRC's Basic PAYE tools requires a statement to be made as to whether a claim is being made. Further guidance is available on the HMRC web site at: <https://www.gov.uk/employment-allowance>

The foregoing notes are offered by way of general information to Baptist churches but neither the contributor nor the Baptist Union of Great Britain can accept responsibility for any loss arising from any action, or failure to take action, in consequence of material contained therein. If in doubt independent professional advice should be sought. Reference should also be made to the Taxation Guidance Notes for Churches and Ministers ([www.baptist.org.uk/resources/X03](http://www.baptist.org.uk/resources/X03))

Finance Team, Baptist Union of Great Britain, Baptist House, PO Box 44, 129 Broadway, Didcot OX11 8RT

Tel: 01235 517700 Email: [financeoffice@baptist.org.uk](mailto:financeoffice@baptist.org.uk) Website: [www.baptist.org.uk](http://www.baptist.org.uk)

BUGB operates as a charitable incorporated organisation (CIO) with registered Charity Number: 1181392

Updated 13 May 2022