



HM Revenue  
& Customs

# Supporting veterans transition to civilian life through employment

## Consultation

Publication date: 21 July 2020

Closing date for comments: 5 October 2020

<b>Subject of this consultation:</b>	To consult on how best to encourage employment of veterans through a National Insurance Contribution (NICs) relief for employers who hire veterans.
<b>Scope of this consultation:</b>	This consultation seeks views on policy design to ensure the relief is as effective as possible.
<b>Who should read this:</b>	The Government would like to hear from all types of employers, accountants, software developers, veterans and their representative groups.
<b>Duration:</b>	The consultation will run for 12 weeks starting 21 July 2020 and closing at 23:45 on 5 October 2020.
<b>Lead official:</b>	Leonardo Kellaway, National Insurance contributions Policy Team HMRC.  Robert Packer, National Insurance contributions Policy Team, HMT.
<b>How to respond or enquire about this consultation:</b>	Written responses should be submitted by 23:45 on 05 October 2020, via email to <a href="mailto:nics.correspondence@hmrc.gov.uk">nics.correspondence@hmrc.gov.uk</a>  Or in writing to:  HM Revenue and Customs National Insurance contributions Team Room G/48 100 Parliament Street London SW1A 2BQ  Please contact the team using the details above for enquiries about the consultation.  Due to the uncertainties around Coronavirus, we strongly advise responses are submitted by email where possible.
<b>Additional ways to be involved:</b>	Please email <a href="mailto:nics.correspondence@hmrc.gov.uk">nics.correspondence@hmrc.gov.uk</a> if you would like to be involved.
<b>After the consultation:</b>	Responses to the consultation will be used to finalise the eligibility criteria and means of claiming the relief. Following this, draft legislation will be published for a technical consultation. The relief will be available from April 2021.
<b>Getting to this stage:</b>	The Chancellor announced at Spring Budget 2020 that the Government would legislate to provide a relief for employers of veterans, available from April 2021 onwards.



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# Ministerial foreword

Veterans of our Armed Forces make a superb contribution to society not merely during their active service, but in many walks of life after they have left it. However, even today some veterans face serious challenges after they leave the service, and some can find themselves locked out of the jobs market altogether.

The Government is now acting to honour its manifesto commitment to back our veterans, by scrapping employer National Insurance contributions for a full year for every new employee who has left the Armed Forces.

This cut to National Insurance contributions will incentivise employers to take veterans on; it will boost the pay and opportunities of those who have already given so much to this country, and it will help to unleash the skills and huge potential of our service leavers.

We are seeking the views of businesses and other interested parties so that we can make sure that the design of this policy meets our ambitions. But we are also interested in hearing from employers, software providers and accountants on the practical implementation of this policy, and from civil society groups and others who may have ideas and knowledge relevant to this important initiative.



Rt HON Jesse Norman MP  
Financial Secretary to the Treasury



Johnny Mercer MP  
Minister for Veteran Affairs

# 1. Introduction

Stable and fulfilling employment is a vital part of a successful transition from the Armed Forces to civilian life. The Government provides an effective career transition package to service personnel leaving the Armed Forces which supports 86%<sup>1</sup> into employment. The training, experience and resources available to service personnel ensure that veterans have a valuable skill set to offer employers. However, 6% of veterans using this service remain unemployed up to a year after leaving the Armed Forces.

Ahead of the 2019 General Election, the Conservative Party made a manifesto commitment to support former service personnel into employment. At Spring Budget 2020, the Chancellor announced that this commitment would be fulfilled through the introduction of a National Insurance contribution holiday for employers of veterans in their first year of civilian employment.

This builds on the UK-wide “Strategy for our Veterans” launched November 2018 which includes specific commitments to support veterans to “enter appropriate employment”.

This relief will be available from April 2021. To claim back the Employer NICs paid on the salaries of eligible veterans employed between April 2021 and March 2022, employers will be able to make a claim to HMRC from April 2022. From this point onwards, employers will be able to claim the relief in real time through PAYE.

This consultation explores a range of issues that surround key elements of this policy which the Government would welcome views from all respondents on.

Chapter three looks at the conditions that would make a veteran’s employment eligible for this relief, in particular, which organisations within the Armed Forces should be included in the definition of eligibility, the length of time a veteran must have served and how recently the veteran should have left these organisations. The Government would welcome views on the best approach to removing barriers that may prevent those who have served in the Armed Forces from benefiting from this relief.

Chapter four focuses on which employments and which 12-month period should qualify for this relief. The Government welcomes views on the best approach to optimise the length and nature of the eligibility period so that it is enough of an incentive for employers to hire more veterans, whilst at the same time being fair to other taxpayers.

Chapter five explores the Government’s intended approach to implementing this relief. The Government wants to make this relief as straightforward and simple to claim, whilst at the same time, ensuring it is not subject to abuse. The Government would welcome views on the minimum requirements expected of employers that would not discourage take-up.

Chapter six summarises the consultation questions.

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<sup>1</sup>MoD, Career Transition Partnership ex-service personnel employment outcomes statistics, 27,02,2020.  
<https://www.gov.uk/government/collections/career-transition-partnership-ex-service-personnel-employment-outcomes-statistics-index>

Chapter seven covers the consultation process and how you can get involved.

## 2. Policy intent

The Government wants to support those who have served in the Armed Forces transition to civilian life and for businesses to utilise the valuable skillset veterans have to offer. A wide range of employers already realise the benefit of employing former members of HM Armed Forces, and the Government hopes to encourage more to do so.

The Government intends to achieve this by reducing the cost of employing veterans from April 2021 with a 12-month Employer NICs relief. This will provide an added incentive for employers to hire more veterans and to benefit from the exceptional, and often unique, experiences and skills that a veteran can bring to the workplace.

The Government believes that the guiding principle of this should be that as many veterans as possible should be eligible, and that these conditions should be as simple and straightforward as possible to reduce the administrative burden on employers.

1. Would a relief of this nature encourage you to employ your first or more veterans? Please explain.

## 3. Qualifying veterans

This section explores how the Government intends to meet its policy objective when defining a qualifying veteran so that employers are clear who is eligible. In establishing this definition, the Government is looking to ensure as many veterans as possible are included, whilst keeping it straightforward for employers to verify that a new employee is eligible for this relief.

### 3.1 Definition of ‘Armed Forces’

A veteran is someone who has previously served in the Armed Forces. To legislate for this relief, the Government needs to define the ‘Armed Forces’. For consistency, the Government plans to use definitions already established in NICs legislation. Schedule 6 of SI 2001/1004 was introduced to clarify which organisations are considered part of ‘Her Majesty’s forces’ as defined in section 116 of the Social Security Contributions and Benefits Act 1992 (SSCBA) and corresponding Northern Ireland legislation<sup>2</sup>. This definition includes all branches of HM Armed Forces and the Brigade of Gurkhas. Using an established definition will ensure that this relief is simple and straightforward to administer.

Schedule 6 of SI 2001/1004 includes ‘Reserve’ organisations within HM Armed Forces. However, many reservists already hold civilian employment. Therefore, the Government considers it appropriate to exclude reservists from the definition of a “qualifying veteran” for the purpose of this relief. The policy intent is to enable veterans to complete their transition to civilian life by taking up employment. Including reservists in the definition would increase the costs of the policy with little additional tangible benefit.

2. Do you agree that, for this relief, the Government should follow the definition of HM Armed Forces found in Schedule 6 of SI 2001/1004, as set out above? If not, which definition would be preferable?
3. Do you agree that the employment of Reservists should not qualify for this relief? If not, which approach would be preferable?

### 3.2 Period that a veteran is required to have ‘served’ to qualify

The Government intends to make this relief available to as many veterans as possible and is therefore considering the definition set out in the Armed Forces Covenant<sup>3</sup>. The Covenant defines a veteran as ‘anyone who has served at least one day in Her Majesty’s Armed Forces’. For the avoidance of doubt, this would include any veteran who has completed at least one day of basic training.

4. Do you agree that the Government should define the qualifying length of service to be considered a veteran as set out in the Armed Forces Covenant? If not, which approach would be preferable?

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<sup>2</sup> Social Security Contributions and Benefits (Northern Ireland) Act 1992

<sup>3</sup>Page 4, The Armed Forces Covenant. See document through link below

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/49469/the\\_armed\\_forces\\_covenant.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/49469/the_armed_forces_covenant.pdf)

### 3.3 Restrictions on when a veteran left the forces

One approach would be to make this relief only available to veterans who leave HM Armed Forces from the tax year in which the relief is introduced, for example 2021-22. However, this approach could go against the aims of the policy, as it would not help those who have not been able to find any work immediately after leaving the Forces. Furthermore, this approach could unfairly disadvantage those who leave HM Armed Forces just before the start of the tax year. The Government considers that such an approach is not appropriate and would not deliver the desired policy outcomes.

Therefore, the Government proposes that the relief should be made available to all veterans regardless of when they left HM Armed Forces, subject to qualifying conditions.

This approach simplifies the process for establishing who qualifies and supports those who are yet to transition to civilian employment. This maximises the opportunities available to veterans to ensure that this relief is successful in delivering its policy aims.

5. Do you agree that making this relief available for all veterans, regardless of when they left HM Armed Forces is the correct approach? If not, what approach would be preferable?

## 4. Qualifying civilian employment

This chapter sets out options for defining employments which would qualify for this relief, what caps should be placed on the value of the relief and determining the 12-month period for which employers would be able to claim this relief. The Government's preferred approach is to offer this relief on a veteran's earnings under the NICs Upper Secondary Threshold (UST), currently £50,000. This would apply to any civilian employment that occurs during a 12-month period beginning on the first day of the veteran's first civilian job after leaving HM Armed Forces. This approach ensures that the relief is targeted at veterans most in need of support, keeps the claims process simple, and does not unfairly exclude any veteran. The Government welcomes views on this approach.

### 4.1 Defining 'civilian employment'

'Employment' for NICs purposes is defined in section 122 of the SSCBA as including any trade, business, profession, office or vocation. An 'employed earner' is defined in section 2 SSCBA and is an individual who is gainfully employed in Great Britain and Northern Ireland either under a contract of service, or in an office, with earnings.

To minimise the burden on employers having to familiarise themselves with new definitions, the Government intends to follow the approach set out in SSCBA, outlined above. 'Civilian employment' will refer to any employment not part of HM Regular Armed Forces (as defined in section 3.1). This would include employments with organisations that have strong links to HM Armed Forces such as the MoD or NATO. The principle guiding this decision is the stated policy intent – to support veterans into civilian employment and to be simple to administer. This should encourage uptake and delivery of the policy intent of supporting veterans into employment.

#### Overseas employment

For the purposes of this relief only, the Government is considering amending the definition of employment so that it is not restricted to Great Britain and Northern Ireland. This would have the effect of starting the '12-month qualifying period' when the veteran enters their first civilian employment regardless of where that employment was based i.e. it could be anywhere in the world. The rationale for this is that the initial barrier of securing civilian employment, that this relief seeks to address, has been overcome.

#### Self-employment

This measure is a relief for Employer Class 1 NICs. Individuals who do self-employed work after leaving HM Armed Forces would therefore not benefit from this relief as there are no Employer Class 1 NICs to relieve. Self-employment would not be considered when calculating the '12-month qualifying period' (discussed in section 4.3). Therefore, if a veteran starts self-employed work after leaving HM Armed Forces their future employer will still be eligible for the full 12-month qualifying period when they enter their 'first civilian employment'.

6. Are the criteria of a qualifying 'civilian employment' clear? If not, what aspects require further clarification?
7. Do you agree with the Government's approach to defining 'civilian employment'? If not, which approach would be preferable?

#### 4.2 Relief up to the Upper Secondary Threshold

Where the Government currently utilises the National Insurance system to support employment outcomes for individuals, such as the relief available to employers of under 21-year olds, these reliefs are capped at the UST (currently £50,000 per annum). The rationale for this restriction is that those earning above £50,000 per annum need less support from the Government in finding stable employment.

Furthermore, restricting this relief to the UST provides value for money for the taxpayer by targeting resources to those most in need.

For these reasons, and to maintain a simple, consistent National Insurance contributions system, the Government intends to apply the same restriction to employers of veterans. Employments above the UST will still be eligible for Employer NICs relief on the part of the earnings below this threshold, amounting to a cost saving of £5,500 pa.

8. Do you agree that this relief should not apply to salaries above the UST? If not, what approach would be preferable?

#### 4.3 Employments that start before 6 April 21

This relief will be available from 6 April 2021. The Government would welcome your view on whether this relief should apply to employments that started;

- on or after 6 April 2021 only, or
- also those that started before 6 April 2021 for remaining qualifying periods.

The Government acknowledges that applying this relief exclusively to employments that started on or after 6 April 2021 is more straightforward. Nonetheless, there is a concern that this approach would disadvantage employers that have supported veterans' transition to civilian life, but their employment started before 6 April 2021. The Government's preferred option is to also apply this relief on employments that started before 6 April 2021 for remaining qualifying periods. This would mean that employers who, for example, hire a veteran on 1 January 2021 would be able to claim this relief from 6 April 2021 for 9 months. The Government would welcome views on whether this approach meets the policy intent and is simple to administer.

9. Do you agree that this relief should also apply to employments that start before 6 April 2021? If not, which approach would be preferable?

#### 4.4 Defining the '12-month qualifying period'

The Government has announced that this relief will be available for the first 12 months of a veteran's civilian employment.

Regardless of the qualifying period, the Government intends to apply the following conditions:

- A veteran would be required to have no other employment in the period between leaving HM Regular Armed Forces and the qualifying employment for it to be considered 'first'. This includes employments for which the employer did not claim this relief.
- The first day of employment will be the start date taken from the employment contract between the employer and the employee.

10. Do you agree that these conditions should apply? If not, what approach would be preferable?

There are three possible approaches to defining the 12-month period for which employers would benefit from the Employer NICs holiday. These are outlined below with accompanying examples.

The Government's preference is for option 1 as this will avoid excluding any veterans that take on temporary work immediately after leaving HM Armed Forces, whilst keeping the claims process as simple as possible.

Under option 2, all veterans would be eligible for the same amount of relief, regardless of whether they move into continuous employment, or intermittent employment upon leaving Service. However, it would add an additional administrative burden to employers.

Option 3 would be more straightforward to administer but has the potential to disadvantage veterans who take on intermittent temporary work before they move into sustained employment.

#### **4.4.1 Option 1 – The relief will be available for 12 months starting from the veterans first day of civilian employment**

In this option, the relief will be available for multiple, concurrent employments during the 12 months eligibility period.

The eligibility period will begin on the first day of the veteran's first civilian employment and end 12 months later – regardless of any breaks in employment. If the first employment lasts less than 12 months, subsequent employers will also be able to claim the relief for the remainder of the 12-month period. If the veteran has concurring employments in this period, those employers will also qualify for this relief up until 12 months after the first day of employment. Figure 1 below provides a visual representation.

This option strikes a balance between minimizing administrative burdens for employer, while not unduly disadvantaging those veterans who's first employment happens to be temporary and short-term in nature.

In addition to the record keeping requirements outlined in Chapter 5, employers will be required to self-assess the following:

- If it is a veteran's second or subsequent employment, the start date of the veteran's first civilian employment.

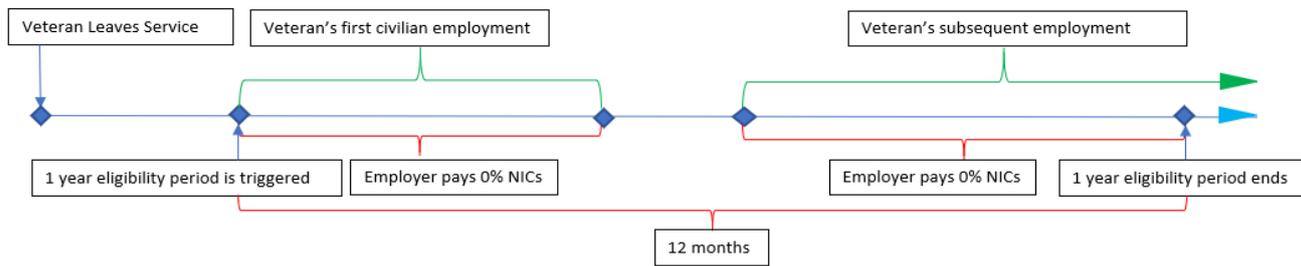


Figure 1

### Worked example

Brenda is a veteran and leaves HM Armed Forces on 12 December 2020. On 5 May 2021, Brenda enters her first civilian employment as a mechanic. Her employer is eligible to claim this relief. On 5 August 2021, Brenda first employment finishes. On the 5 October 2021, Brenda enters her second civilian employment as an engineer. This second employer will qualify for this relief from 5 October 2021 to 4 May 2022.

If Brenda also worked at a pub from 5 June 2021 to 5 September 2021, the pub would also be eligible for this relief.

### **4.4.2 Option 2 - The relief will be available for 12 months of civilian employment, subsequent breaks in employment do not 'use up' the relief**

In this option, the relief will be available for multiple, concurrent employments for 12-months of employment.

Similar to option 1, but instead of a continuous period of 12 months, option 2 will only consider the period which the veteran is employed. Periods where the veteran is unemployed or self-employed will not count towards the 12-month qualifying period. Figure 2 provides a visual representation of this.

For example, if a veteran's first civilian employment lasts for 3 months, then they are unemployed for 3 months before coming back into employment, they will still have 9 months 'qualifying period'.

This option allows veterans to find stable employment as they transition to civilian life without the risk that their first civilian job is a short-term contract, and they are unable to find subsequent employment within 12 months. It also means that whether a veteran goes into one continuous employment or a series of temporary employments with intermittent periods of employment, their employers will benefit from the same amount of relief. On the other hand, this approach would increase administrative burdens for employers that may limit take up. Subsequent employers would need to evidence the start and end dates of a veteran's previous employments and calculate remaining eligibility in circumstances where there is little incentive for the employee to provide accurate records.

In addition to the record keeping requirements outlined in Chapter 5, employers will be required to self-assess the following:

- If it is a veteran's second and subsequent employment, the start date and end date of the veteran's previous civilian employments.

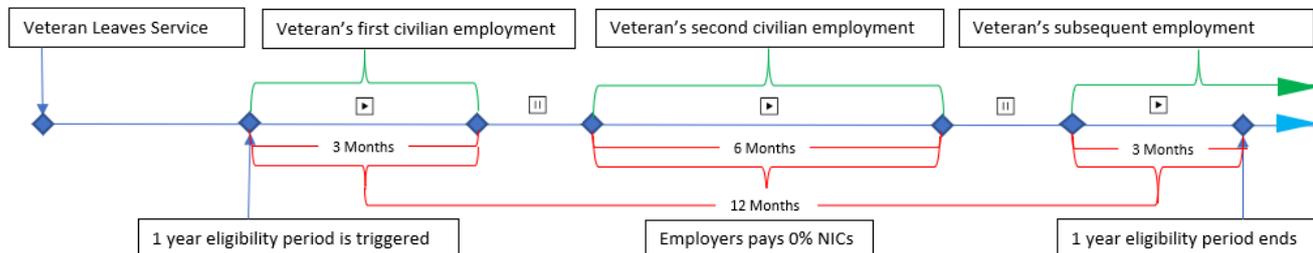


Figure 2

### Worked example

Mike is a veteran and leaves HM Armed Forces on 12 December 2020. On 5 May 2021, Mike enters his first civilian employment as a mechanic. On 5 August 2021, Mike's first employment ceases. His employer is eligible to claim this relief from 5 May 2021 to 5 August 2021 (3 months). On the 5 October 2021, Mike enters his second civilian employment as an engineer. This second employer will qualify for this relief from 5 October 2021 to 5 July 2021 (9 months).

If Mike also worked at a pub from 5 June 2021 to 5 September 2021, the pub would be eligible for this relief (3 months – 2 months as a concurring employment with the mechanic and 1 month as the sole employer), the mechanic's eligibility would not change but the engineering firm would now only be able to claim the relief until 5 June 2021 (8 months).

### **4.4.3 Option 3 – The relief will be available for a veteran's 'first civilian employment for 12-months'**

In this option, this relief will only be available for the first civilian employment after a veteran has left HM Regular Armed Forces for 12 months.

In cases where a veteran is not employed for 12 months in their 'first civilian employment', this relief will not be available to subsequent employers to 'make up the 12 months'. Figure 3 provides a visual presentation of this.

If a veteran has concurring employments, the employment that started first will qualify for the relief.

In cases where there is a transfer of business, the subsequent employer that carries on the business will still have access to the remainder of the 12 month qualifying period.

This approach is simple and straightforward for employers to administer. Employers would only be required to check that the individual is a qualifying veteran, and that their employment was their 'first' after leaving HM Armed Forces. However, this approach has the potential to disadvantage those that take up short-term temporary work after leaving HM Armed Forces,

but are subsequently unable to find further employment throughout the remainder of the 12-month qualifying period.

There are no additional record keeping requirements other than those set out in Chapter 5.

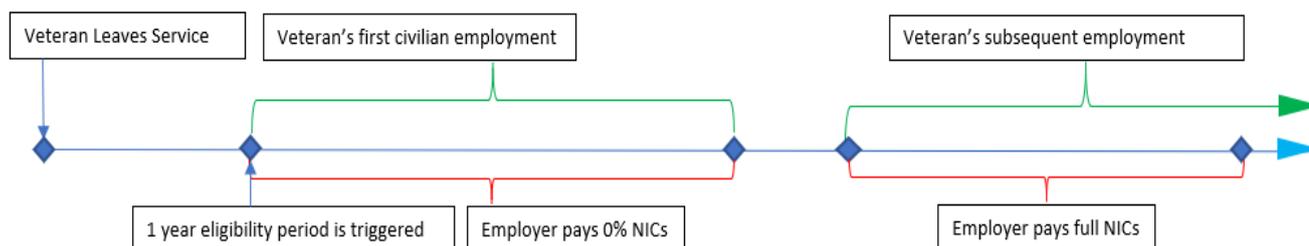


Figure 3

### Worked example

Jane is a veteran and leaves HM Armed Forces on 12 December 2020. On 5 May 2021, Jane enters her first civilian employment as a mechanic. On 5 August 2021, the first employment ends. Her employer is eligible to claim this relief from 5 May 2021 to 5 August 2021 (3 months). On the 5 October 2021, Jane enters her second civilian employment as an engineer. This second employer will not qualify for this relief.

If Jane also worked at a pub from 5 June 2021 to 5 September 2021, the pub would not be eligible for this relief.

11. Do you agree that option 1 will achieve the policy intent? If not, what approach would be more aligned with the policy intent?
12. Are there other approaches the Government should consider? Please explain

## 4.5 Multiple '12-month qualifying periods'

In the scenario where an individual leaves HM Armed Forces, and then, sometime later returns to HM Armed Forces before leaving a second time, the Government is considering whether a veteran can qualify for this relief more than once.

Restricting this relief to one '12-month qualifying period' over an individual's lifetime would mean that an employer would not be able to claim this relief on behalf of an individual who had already had a 'first civilian employment' when they left HM Armed Forces the first time.

The Government's preferred approach is that this relief can only be claimed on behalf of a veteran once in their lifetime because the policy intent is to support veterans into civilian employment, those that have already achieved that are less in need of additional support.

13. Do you agree that an individual should only be eligible for this relief once in their lifetime? If not, what approach would be preferable?

## 5. Implementation and record keeping requirements

The Government wants this relief to be available to employers as soon as possible. At the same time, it is important that the claims process is as straightforward as possible. A payroll solution, delivered in real time through PAYE, will be in place by April 2022, with transitional arrangements available between April 2021 and March 2022.

### 5.1. April 2021 to March 2022

From April 2021, employers of qualifying veterans will be eligible for relief on Secondary Class 1 Employer NICs for the first 12 months.

From April 2021 to March 2022, employers will need to pay the associated Class 1 Employer NICs and then claim the relief by submitting a Full Payment Submission via payroll software from April 2022 onwards. The amount of the relief will then be credited to their PAYE accounts.

Employers will be required to check a veteran's eligibility before claiming this relief.

### 5.2. April 2022 onwards

From April 2022, employers will be able to claim this relief in real time through PAYE.

Employers will be required to check a veteran's eligibility before claiming this relief, and ensure they are no longer claiming the relief once the veteran's 12-month qualifying period has expired.

We are interested in views on whether this two-phase solution permits timely delivery of this relief without unduly complicating the claims process.

14. Given that a payroll solution is not possible by April 2021, do you agree with this two-stage approach to claim this relief?
15. Do you agree that the process of claiming this relief is simple and straightforward? If not, what alternative approach would be preferable?

### 5.3. Record keeping

Employers will be responsible for checking a veteran's eligibility and applying the correct category record.

Depending on the final policy design, an employer may be required to check and maintain records that show the following:

- A. That an individual is a veteran, as defined in Chapter 3.
- B. The start date of the veteran's first civilian employment (depending on the policy choices at 4.4).
- C. The end date of the veteran's employment (depending on the policy choices at 4.4).

D. That the employment is the individual's 'first' since leaving HM Armed Forces.

To claim this relief, employers will need to have taken reasonable care to confirm a veteran's eligibility. Below is a list of existing documents that employers could request, as part of an employee's onboarding, to check eligibility.

For A

- Veteran's card
- Letter of employment or contract with HM Armed Forces
- A veteran's P45 from leaving HM Armed Forces
- Discharge papers from HM Armed Forces
- An individual's CV

For B

- For the start date, the employment contract of an individual's previous employment.
- An individual's CV

For C

- The P45 an individual receives when an employment is terminated.
- An individual's CV

For D

- An individual's CV

Employers will be required to maintain records that demonstrate the employee's eligibility for this scheme in line with standard record keeping requirements set out in paragraph 26 of schedule 4 of SI 2001/1004. This requires employers to maintain records for no less than three years after the end of the tax year to which they relate.

16. Are there any other documents an employer could obtain to demonstrate a veteran's eligibility?

17. Would the requirement to maintain records that demonstrate the employee's eligibility discourage you from claiming this relief? Please explain.

The Government is also considering amending the PAYE Starter Checklist<sup>4</sup>, that an individual would sign as part of their onboarding. This would confirm whether it was a veteran's first employment, and if not, the start and end date (depending on the final policy design) of previous employments. The Government would welcome views on whether this approach is too burdensome, and if so, what other process would make applying for this relief simple and straightforward.

18. Would completing an additional section as part of the PAYE Starter Checklist discourage you from claiming this relief? Please explain

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<sup>4</sup>[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/873648/Start\\_er\\_checklist\\_English.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/873648/Start_er_checklist_English.pdf)

19. Is there anything else that can be done to minimise the administrative burdens associated with this relief?

#### 5.4. Priority of relief

This is a voluntary relief. An employer can choose whether to claim this relief. In scenarios where an individual qualifies for multiple reliefs, such as the *Employer National Insurance contributions relief for employees under 21*, an employer can choose which relief they claim. This new relief only applies to the qualifying 12-month period of the veterans first civilian employment. The relevant start date, as defined in section 4.4, is the first date of the veteran's first civilian employment. Employers will need to consider these conditions before choosing which relief to claim first.

For example, if an employer of a 19-year-old veteran first claims the *Employer National Insurance contributions relief for employees under 21* until the individual was turned 21, they could not then the veteran's relief for a further 12-months. However, they could claim the relief for veterans first, and then claim the *Employers National Insurance contributions relief for employees under 21* until the individual reached 21 years of age.

Like other NICs reliefs, the veteran's relief will be considered before the Employment Allowance is calculated. This means that the amount of Employer NICs relieved by this relief is outside the scope of Employment Allowance, both with respect to the amount of Employment Allowance an employer would receive, and their eligibility.

#### 5.5. Split category letters

Currently, PAYE/RTI does not allow for split category letters within a pay period. Therefore, employers will need to report the correct category letter for their employee at the time payroll is run.

#### 5.6. Reviewing the relief

The Government keeps all aspects of the Tax and National Insurance contributions system under review. In line with Tax Consultation Framework<sup>5</sup>, the Government intends to conduct a review of the effectiveness of this measure, which will inform its decision on whether or not to continue it.

The Government's preferred approach is to include a three-year sunset clause in the legislation. This will allow the Government to monitor the number of employers that take up this relief and analyse the relief's impact on veterans' employment. The Government would be able to extend the relief beyond its initial three years through a Statutory Instrument.

20. Do you agree with the Government's preferred approach to include a three-year sunset clause for the purposes of monitoring and reviewing the effectiveness of this relief? If not, which approach would be preferable?

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<sup>5</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/89261/tax-consultation-framework.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/89261/tax-consultation-framework.pdf)

## 6. Summary of consultation questions

1. Would a relief of this nature encourage you to employ your first or more veterans? Please explain.
2. Do you agree that, for this relief, the Government should follow the definition of HM Armed Forces found in Schedule 6 of SI 2001/1004, as set out above? If not, which definition would be preferable?
3. Do you agree that the employment of Reservists should not qualify for this relief? If not, which approach would be preferable?
4. Do you agree that the Government should define the qualifying length of service to be considered a veteran as set out in the Armed Forces Covenant? If not, which approach would be preferable?
5. Do you agree that making this relief available for all veterans, regardless of when they left HM Armed Forces is the correct approach? If not, what approach would be preferable?
6. Are the criteria of a qualifying 'civilian employment' clear? If not, what aspects require further clarification?
7. Do you agree with the Government's approach to defining 'civilian employment'? If not, which approach would be preferable?
8. Do you agree that this relief should not apply to salaries above the UST? If not, what approach would be preferable?
9. Do you agree that this relief should also apply to employments that start before 6 April 2021? If not, which approach would be preferable?
10. Do you agree that these conditions should apply? If not, what approach would be preferable?
11. Do you agree that option 1 will achieve the policy intent? If not, what approach would be more aligned with the policy intent?
12. Are there other approaches the Government should consider? Please explain.
13. Do you agree that an individual should only be eligible for this relief once in their lifetime? If not, what approach would be preferable?
14. Given that a payroll solution is not possible by April 2021, do you agree with this two-stage approach to claim this relief?
15. Do you agree that the process of claiming this relief is simple and straightforward? If not, what alternative approach would be preferable?
16. Are there any other documents an employer could obtain to demonstrate a veteran's eligibility?
17. Would the requirement to maintain records that demonstrate the employee's eligibility discourage you from claiming this relief? Please explain.
18. Would completing an additional section as part of the PAYE Starter Checklist discourage you from claiming this relief? Please explain.
19. Is there anything else that can be done to minimise the administrative burdens associated with this relief?

20. Do you agree with the Government's preferred approach to include a three-year sunset clause for the purposes of monitoring and reviewing the effectiveness of this relief? If not, which approach would be preferable?

## 7. The consultation process

This consultation is being conducted in line with the Tax Consultation Framework. There are 5 stages to tax policy development:

- Stage 1      Setting out objectives and identifying options.
- Stage 2      Determining the best option and developing a framework for implementation including detailed policy design.
- Stage 3      Drafting legislation to effect the proposed change.
- Stage 4      Implementing and monitoring the change.
- Stage 5      Reviewing and evaluating the change.

This consultation is taking place during stage 2 of the process. The purpose of the consultation is to seek views on the detailed policy design and a framework for implementation of a specific proposal, rather than to seek views on alternative proposals.

### How to respond

A summary of the questions in this consultation is included at Chapter 6.

Responses should be sent by 23:45 on 5 October 2020, by e-mail to [nics.correspondence@hmrc.gov.uk](mailto:nics.correspondence@hmrc.gov.uk) or by post to:

Leonardo Kellaway  
HM Revenue and Customs  
National Insurance Contribution Team  
Room G/48  
100 Parliament Street  
London SW1A 2BQ

Due to the uncertainties around Coronavirus, we strongly advise responses are submitted by email where possible.

Telephone enquiries: 03000 517325

Paper copies of this document or copies in Welsh and alternative formats (large print, audio and Braille) may be obtained free of charge from the above address. This document can also be accessed from [HMRC's GOV.UK pages](#). All responses will be acknowledged, but it will not be possible to give substantive replies to individual representations.

When responding please say whether you are a business, individual or representative body. In the case of representative bodies please provide information on the number and nature of people you represent.

## Confidentiality

Information provided in response to this consultation, including personal information, may be published or disclosed in accordance with the access to information regimes.

These are primarily the Freedom of Information Act 2000 (FOIA), the Data Protection Act 2018, General Data Protection Regulation (GDPR) and the Environmental Information Regulations 2004.

If you want the information that you provide to be treated as confidential, please be aware that, under the FOIA, there is a statutory Code of Practice with which public authorities must comply and which deals with, amongst other things, obligations of confidence. In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential.

If we receive a request for disclosure of the information, we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on HM Revenue & Customs.

## Consultation Privacy Notice

This notice sets out how we will use your personal data, and your rights. It is made under Articles 13 and/or 14 of the General Data Protection Regulation

## Your Data

### The data

We will process the following personal data:

*Name*

*Email address*

*Postal address*

*Phone number*

*Job title*

### Purpose

The purpose(s) for which we are processing your personal data is: *National Insurance Contributions (NICs) Holiday for Veterans*

### Legal basis of processing

The legal basis for processing your personal data is that the processing is necessary for the exercise of a function of a government department.

### Recipients

Your personal data will be shared by us with *(provide details of recipients of the personal data, if applicable e.g. HM Treasury)*.

## Retention

Your personal data will be kept by us for six years and will then be deleted.

## Your Rights

- You have the right to request information about how your personal data are processed, and to request a copy of that personal data.
- You have the right to request that any inaccuracies in your personal data are rectified without delay.
- You have the right to request that any incomplete personal data are completed, including by means of a supplementary statement.
- You have the right to request that your personal data are erased if there is no longer a justification for them to be processed.
- You have the right in certain circumstances (for example, where accuracy is contested) to request that the processing of your personal data is restricted.

## Complaints

If you consider that your personal data has been misused or mishandled, you may make a complaint to the Information Commissioner, who is an independent regulator. The Information Commissioner can be contacted at:

Information Commissioner's Office  
Wycliffe House  
Water Lane  
Wilmslow  
Cheshire  
SK9 5AF  
0303 123 1113  
[casework@ico.org.uk](mailto:casework@ico.org.uk)

Any complaint to the Information Commissioner is without prejudice to your right to seek redress through the courts.

## Contact details

The data controller for your personal data is HM Revenue & Customs. The contact details for the data controller are:

HMRC  
100 Parliament Street  
Westminster  
London SW1A 2BQ

The contact details for HMRC's Data Protection Officer are:

The Data Protection Officer  
HM Revenue & Customs  
7th Floor, 10 South Colonnade  
Canary Wharf, London E14 4PU  
[advice.dpa@hmrc.gsi.gov.uk](mailto:advice.dpa@hmrc.gsi.gov.uk)

## Consultation Principles

This call for evidence is being run in accordance with the Government's Consultation Principles.

The Consultation Principles are available on the Cabinet Office website:

<http://www.cabinetoffice.gov.uk/resource-library/consultation-principles-guidance>

If you have any comments or complaints about the consultation process please contact:

John Pay, Consultation Coordinator, Budget Team, HM Revenue & Customs, 100 Parliament Street, London, SW1A 2BQ.

**Please do not send responses to the consultation to this address**