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Employment Allowance Take-Up Statistics

2018-19 Estimates

Official Statistics

May 2019

Summary

- The number of employers benefitting from the Employment Allowance has remained steady from 2016-17 to 2018-19 at just under 1.2 million.
- In 2018-19, all parliamentary constituencies continued to have employers that benefit from the Employment Allowance.

Of these employers that benefit:

- Half (50%) continue to be within four sectors, with 'Wholesale and retail trade; repair of motor vehicles and motorcycles' remaining the largest sector at 17%.
- Almost a third (32%) continue to be based in two regions, with London having the most employers at 18%.
- 80% are 'micro' employers, employing nine or less employees.

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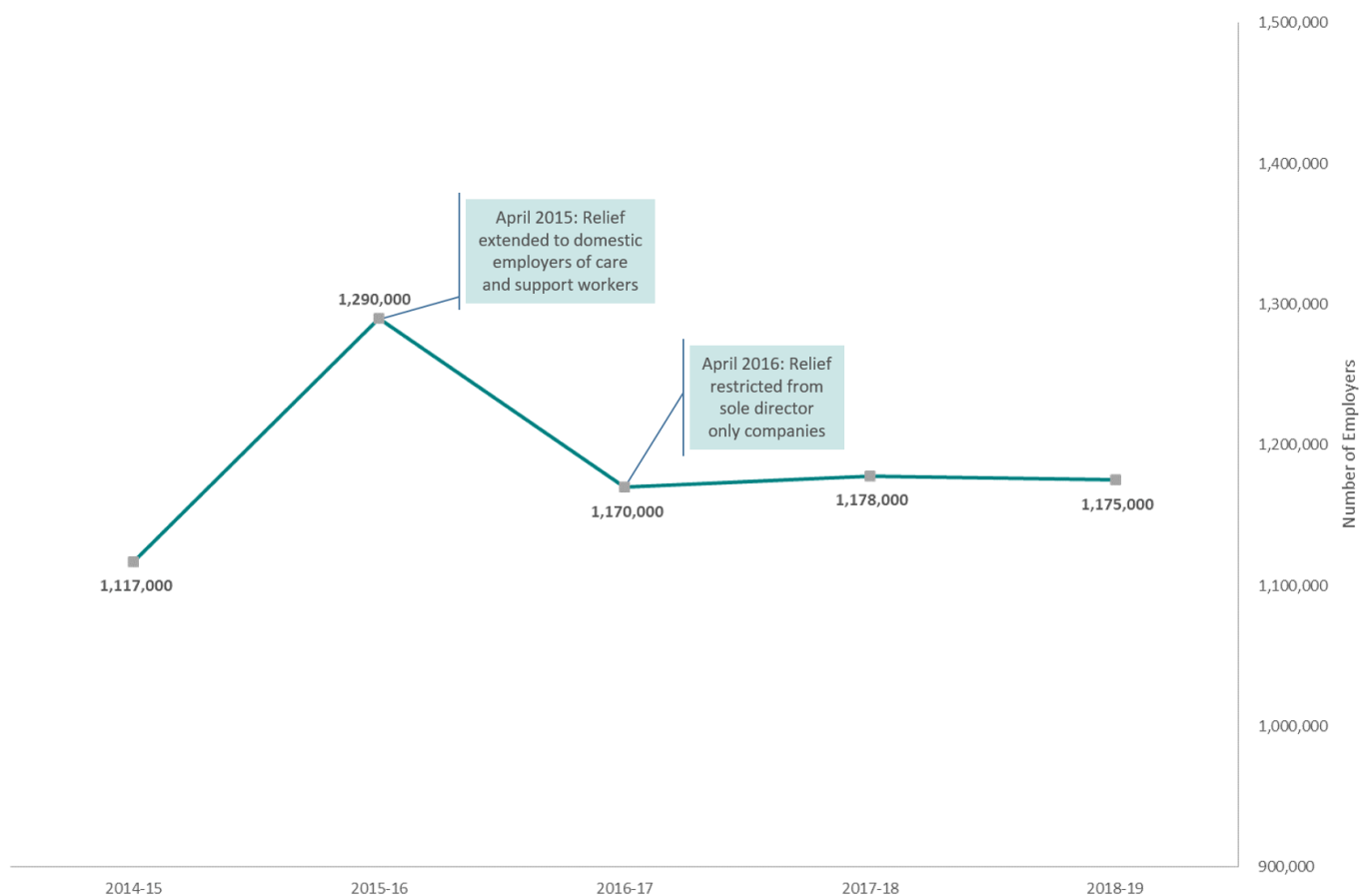
Excel Data-file

An accompanying data-file is provided with this statistical release containing data for the Employment Allowance since 2016-17.

This can be found at: <https://www.gov.uk/government/collections/employment-allowance-take-up-statistics>.

1. Overview

1.1 The number of employers benefitting from the Employment Allowance has remained steady over the last three years¹



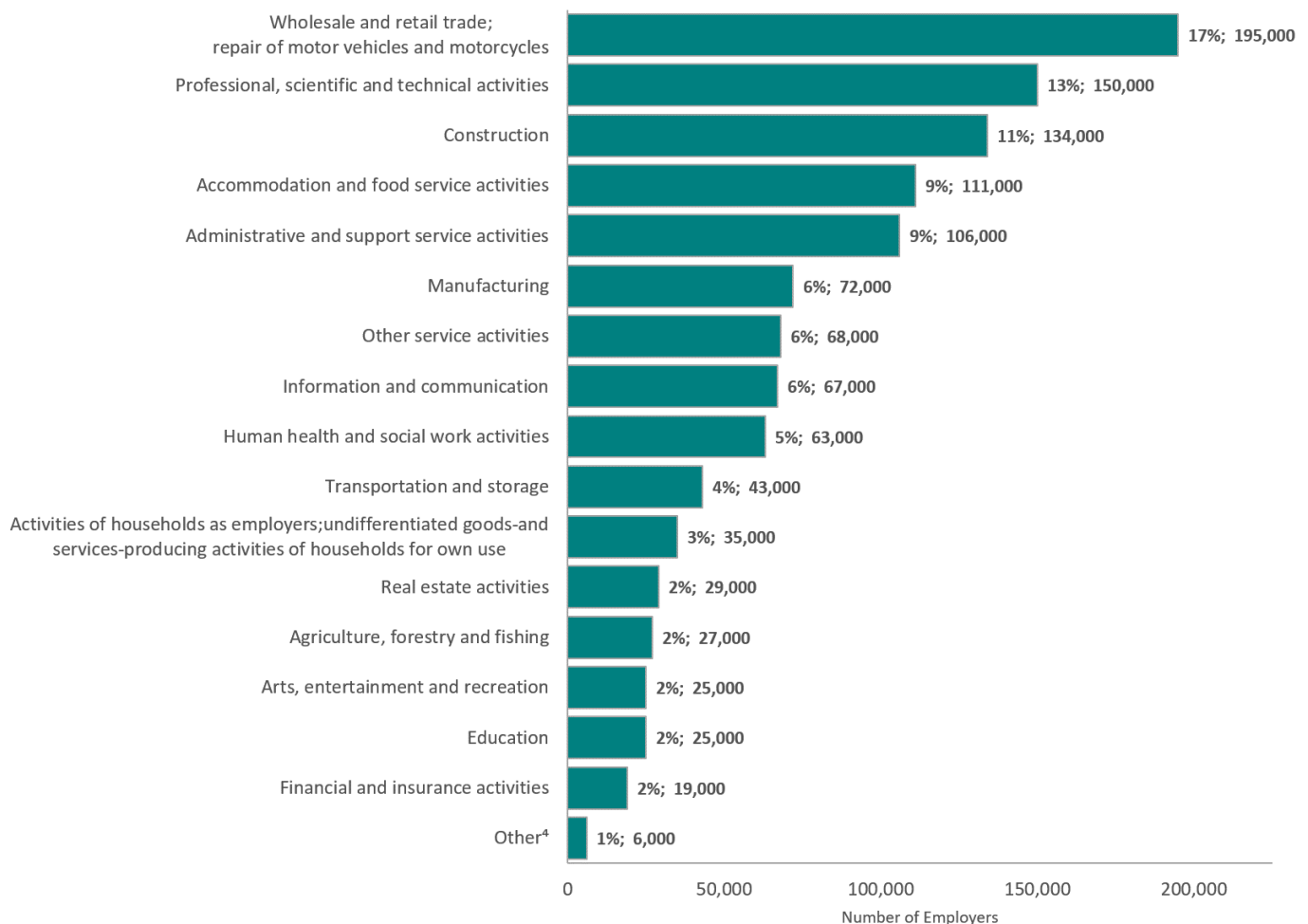
¹Figures rounded to the nearest 1,000

The total number of employers benefitting from the Employment Allowance has decreased by 3,000 (<1%) from 1,178,000 in 2017-18 to 1,175,000 in 2018-19. Take-up of the relief has remained stable since 2016-17, and there were no further changes to the policy.

In April 2015, eligibility of the relief was extended to domestic employers of care and support workers causing the resulting rise in take-up the following tax-year. In April 2016, eligibility of the relief was restricted from sole director only companies causing the resulting decrease in take-up the following tax-year.

2. Sector distribution

2.1 The top four sectors account for 50% of all employers that benefit from the Employment Allowance^{1 2 3}



¹Figures are rounded to the nearest 1,000 and the nearest %

²Sum of the sectors may not sum to the total presented in section 1.1 due to rounding and negligible numbers of employers falling into smaller sectors

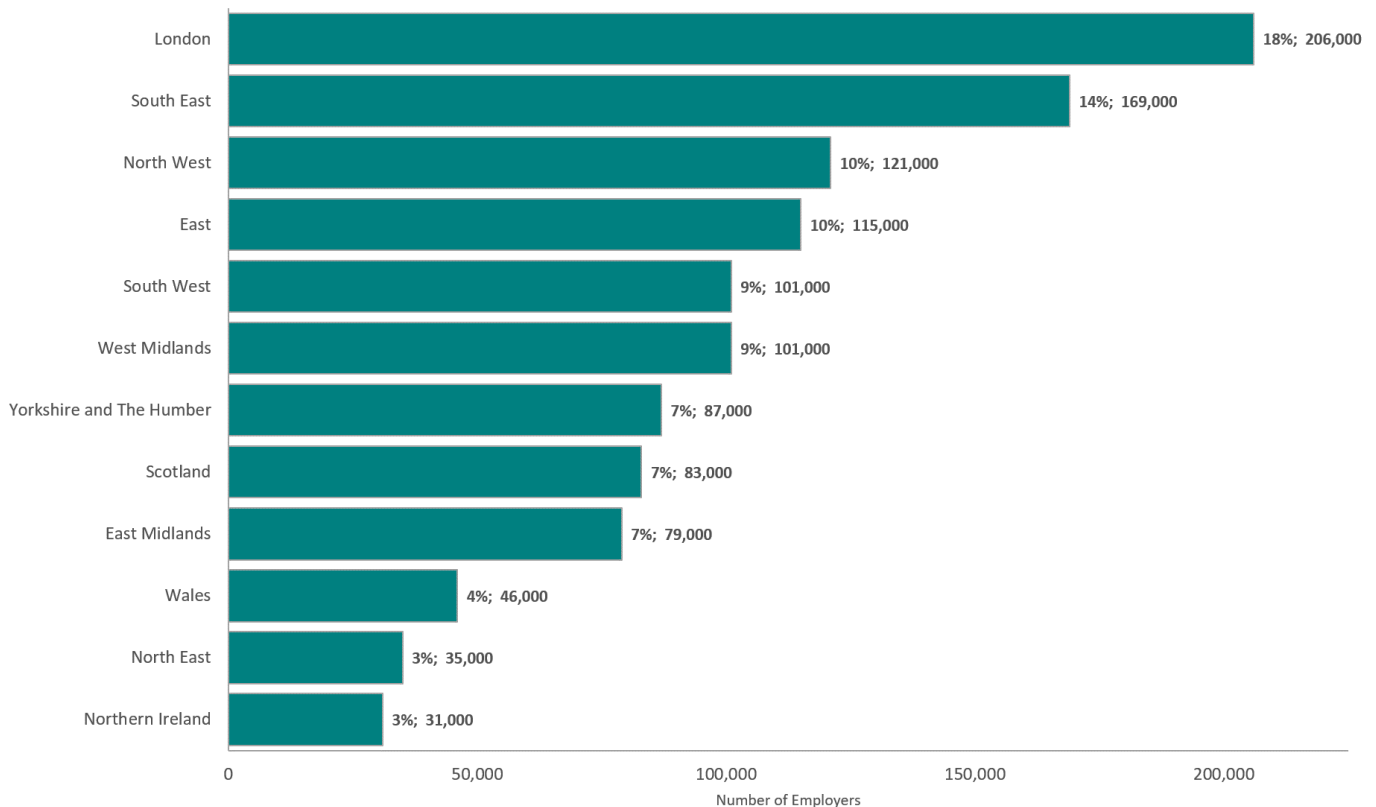
³Cases without sector information have been apportioned across sectors based on the distribution of cases where sector information is known

⁴Other sector includes: 'Mining and quarrying', 'Electricity, gas, steam and air conditioning supply', 'Water supply; sewerage, waste management and remediation activities', and 'Public administration and defence; compulsory social security'

The largest proportion of employers benefitting from the relief are in the 'Wholesale and retail trade; repair of motor vehicles and motorcycles' sector at 17% (195,000). The 'Financial and insurance activities' sector accounts for a small proportion of employers at 2% (19,000).

3. Region distribution

3.1 The top two regions account for almost a third (32%) of all employers that benefit from the Employment Allowance^{1 2 3 4}



¹Figures are rounded to the nearest 1,000 and the nearest %

²Sum of the regions may not sum to the total presented in section 1.1 due to rounding and small numbers of employers which fall outside these regions

³Cases without region information have been apportioned across regions based on the distribution of cases where region information is known

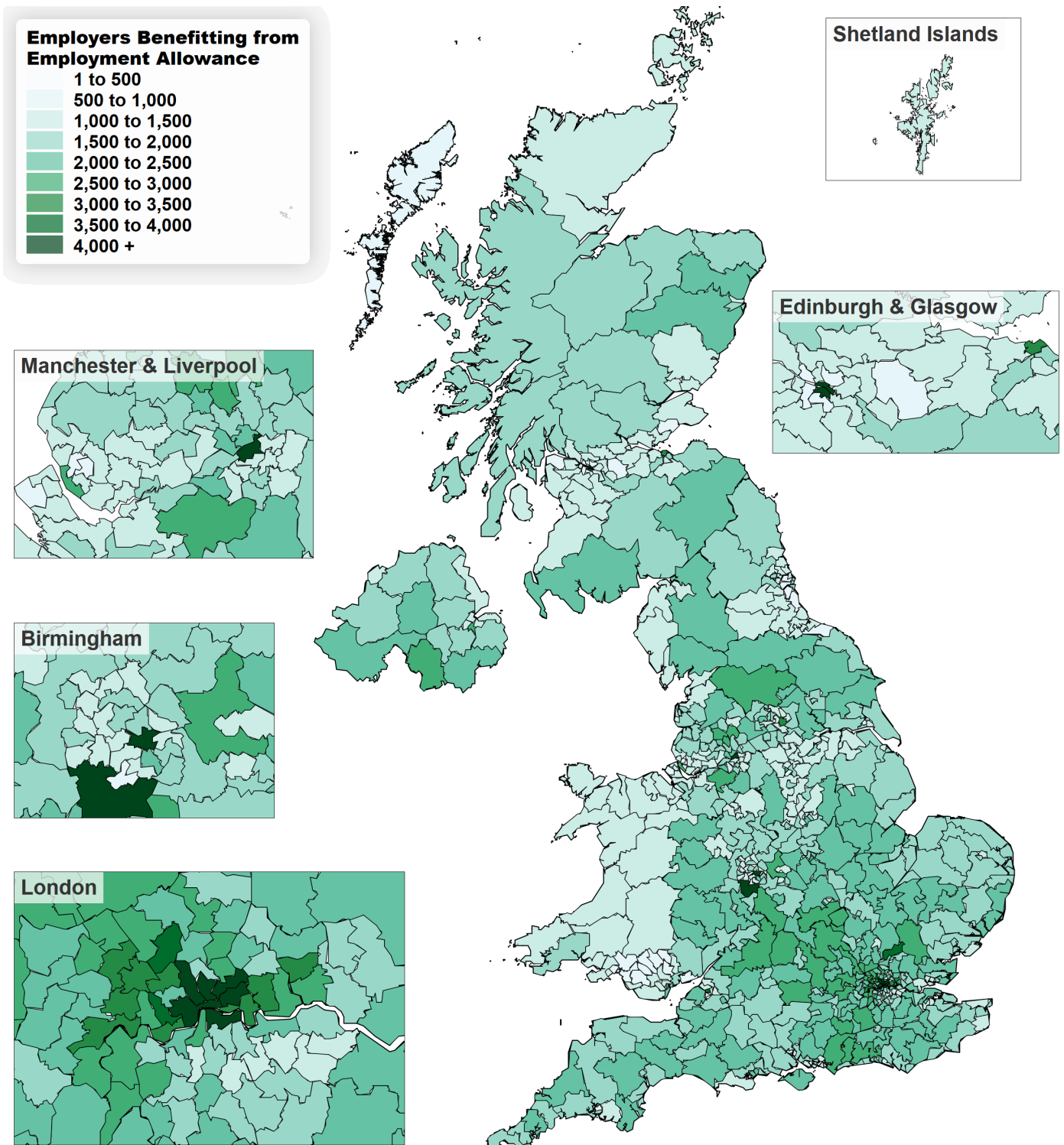
⁴Location information is taken from the IDBR which contains details of enterprise level addresses. Large enterprises tend to operate from multiple locations, and a single postcode may not necessarily reflect where they carry out their operations

The largest proportion of employers benefitting from the relief are based in London at 18% (206,000). This is followed by the South East at 14% (169,000) and the North West at 10% (115,000).

Northern Ireland had the least proportion of employers benefitting from the relief at 3% (31,000).

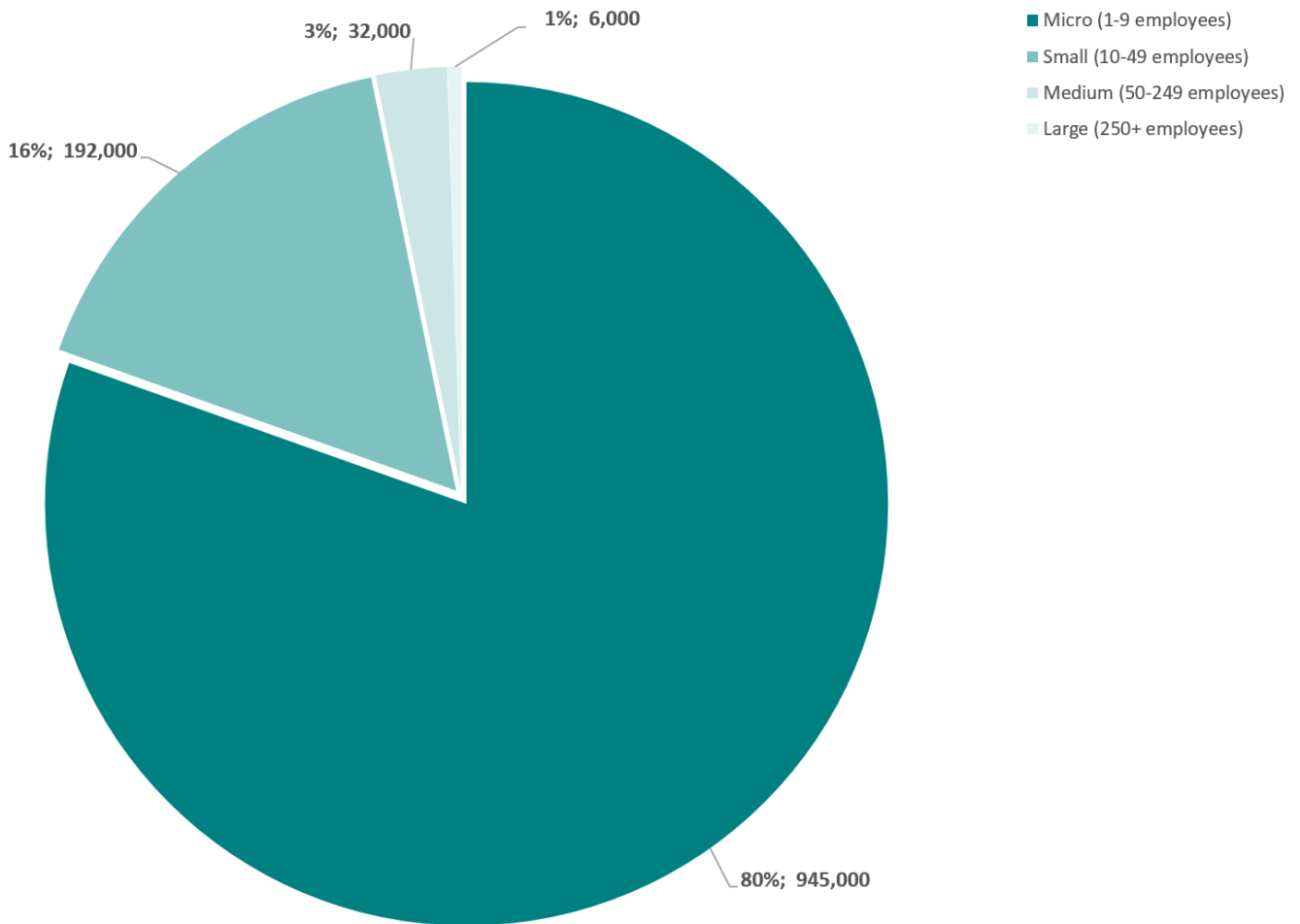
4. Constituency distribution

4.1 All parliamentary constituencies have employers that benefit from the Employment Allowance



5. Employer size distribution

5.1 The vast majority (80%) of employers that benefit from the Employment Allowance are 'micro' employers^{1 2 3 4}



¹Figures are rounded to the nearest 1,000 and the nearest %

²Sum of employer sizes may not sum to the total presented in section 1.1 due to rounding

³Cases without employer size information have been apportioned across bands based on the distribution of cases where employer size information is known

⁴Employer size information is taken as the number of employees being employed by the PAYE scheme at the end of the tax year. This may not be entirely representative of actual employer size where businesses have large fluctuations in employment seasonality over the course of the year. Employers may also have multiple PAYE schemes.

Large businesses only account for 1% (6,000) of employers benefitting from the relief.

6. Commentary

6.1 Disclaimer

An Official Statistics Publication

These Official Statistics are produced to high professional standards in accordance with the Statistics and Registration Service Act 2007, signifying compliance with the Code of Practice for Official Statistics. They will undergo regular quality assurance reviews to ensure that they meet customer needs and are produced free from any political interference.

6.2 Further information about the Employment Allowance

These Official Statistics provide users with information on the Employment Allowance for the 2018-19 tax year. In this release, employers are classified as benefitting from the Employment Allowance if they have had an amount of the allowance offset against their Class 1 Secondary National Insurance Contributions (NICs), hereafter referred to as employer NICs, paid to HMRC.

The Employment Allowance came into effect in April 2014 and provided eligible employers with a reduction of up to £2,000 in their employer NICs liabilities.

In April 2016, the allowance rose to £3,000. Initially, the allowance was available to business, charities, amateur sports clubs; and as of April 2015, domestic employers of care and support workers are also eligible to claim the allowance. As of April 2016, limited companies where the director is the only employee with paid earnings above the Secondary Threshold for employer NICs are no longer able to claim the allowance. Other domestic employers and public sector employers where at least 50% of their work is of a public nature are not eligible for the allowance.

The Employment Allowance can be claimed through an employer's payroll system which is then processed through HMRC's Real Time Information (RTI) systems. An employer can claim their eligibility for the allowance by submitting an Employer Payment Summary (EPS). When an employer then sends through their Full Payment Submissions (FPSs) when submitting their payroll, the allowance is offset against their employer NIC liabilities due on their employee(s). An employer must generate a NICs liability to benefit from the allowance. The amount of employer NICs liabilities due for payment can be reduced by a maximum amount of £3,000 in a given tax year.

Further guidance on the Employment Allowance can be found at: <https://www.gov.uk/claim-employment-allowance>.

6. Commentary

6.3 Methodology

6.3.1 Number of employers

The number of employers benefitting from the Employment Allowance is taken from HMRC's Enterprise Tax Management Platform (ETMP) data. An employer is defined as benefitting if they have had an amount of the allowance offset against their employer NICs liabilities.

6.3.2 Sector and location

Sector and location information is taken from the ONS's Inter-Departmental Business Register (IDBR) by matching across the ETMP data. Sectors are defined using Standard Industry Classification (SIC) codes and had a match-rate of 94%. Postcode information, used to identify regions and parliamentary constituencies, had a match-rate of 93%. The postcode used corresponds to the enterprise which is claiming the relief. Large enterprises tend to operate from multiple locations, and a single postcode may not necessarily reflect where they carry out their operations.

6.3.3 Employer size

Employer size information is taken from HMRC's RTI data. It is a measure of employee count corresponding to the Pay As You Earn (PAYE) scheme which is claiming the relief at the end of the tax year, and had a match-rate close to 100%. This may not be entirely representative of actual employer size where businesses have large fluctuations in employment seasonality over the course of the year (such as temporary summer and Christmas positions); employers may also have multiple PAYE schemes.

6.4 User engagement

HMRC is committed to providing impartial quality statistics that meet our users' needs. We encourage our users to engage with us so that we can improve our statistics and identify gaps in the statistics that we produce.

Please see HMRC Statistics "Continuous User Engagement Strategy": https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/278751/HMRC_statistics_continuous_user_engagement.pdf.

If you would like to comment on these statistics or have any enquiries on the statistics please use the statistical contacts named at the end of this section and on the cover page.