

Calculation of impact of changes to Employer Nat Ins contributions and to Minimum Wage levels in October 30 2024 Budget

Basic parameters

	Before	After	Change	Change %	Employer NICs	Before	After
Minimum Wage					Rate	13.80%	15.00%
For over 21s	11.44	12.21	0.77	6.73%	Threshold per month	758.33	416.67
For 18-21s	8.60	10.00	1.40	16.28%			

Number of hours to work at Minimum Wage per month before threshold is hit for Employer NIC to become payable

	Before	After
For over 21s	66.29	34.13
For 18-21s	88.18	41.67

Monthly cost to an employer of 1 Minimum Wage job of 30 hours per week

	Before	After		Before	After
For over 21s			For under 21s		
Weekly pay	343.20	366.30	Weekly pay	258.00	300.00
Monthly pay	1,372.80	1,465.20	Monthly pay	1,032.00	1,200.00
Less NIC threshold	-758.33	-416.67	Less NIC threshold	-758.33	-416.67
Above NIC threshold	614.47	1,048.53	Above NIC threshold	273.67	783.33
NIC @13.8%/15%	84.80	157.28	NIC @13.8%/15%	37.77	117.50
Add back pay	1,372.80	1,465.20	Add back pay	1,032.00	1,200.00
Cost-to-employ	1,457.60	1,622.48	Cost-to-employ	1,069.77	1,317.50
Difference	164.88		Difference	247.73	
Percentage change	11.31%		Percentage change	23.16%	

Annual employment allowance

Available to eligible employers whose total Employer NIC liability is not above £100,000

The Budget raised the maximum allowance from £5,000 to £10,000

The lowering of the Employer NIC threshold to £5,000 p.a. and the higher rate will push some employers out of eligibility

An employer can receive back up to £10,000 annually in arrears:

In case the Employer NICs paid are less than £10,000 for the year-in-question

100% reimbursement

In case the Employer NICs paid are more than £10,000 for the year-in-question

£10,000

Example notional company with 30 employees

Minimum Wage and over 21	5
Minimum Wage and under 21	5
Other	20
Who get monthly gross pay	2,000.00

NICs for 'Other'	Before	After
Monthly pay	2,000.00	2,000.00
Less NIC threshold	-758.33	-416.67
Above NIC threshold	1,241.67	1,583.33
NIC @13.8%/15%	171.35	237.50
Add back pay	2,000.00	2,000.00
Cost-to-employ	2,171.35	2,237.50

Difference	66.15
Percentage change	3.05%

Monthly Employer NIC bill before Budget

Monthly	NIC/head	Heads	Total
Minimum Wage and over 21	84.80	5	423.98
Minimum Wage and under 21	37.77	5	188.83
Other	171.35	20	3,427.00
			4,039.81

<i>Annual Employer NI bill before Budget</i>	48,477.74
Annual employment allowance	5,000.00
Net Annual Employer NI bill	43,477.74

Monthly Employer NIC bill after Budget

Monthly	NIC/head	Heads	Total
Minimum Wage and over 21	157.28	5	786.40
Minimum Wage and under 21	117.50	5	587.50
Other	237.50	20	4,750.00
			6,123.90

<i>Annual Employer NI bill after Budget</i>	73,486.80
Annual employment allowance	10,000.00
Net Annual Employer NI bill	63,486.80

Annual Employer NI bill after Budget compared to before

Difference	20,009.06
Percentage change	46.02%

Total monthly payroll before and after Budget

	Before	After
Pay/Other	40,000.00	40,000.00
Employer NIC on that	3,427.00	4,750.00
Pay/Min Wage over 21	6,864.00	7,326.00
Employer NIC on that	423.98	786.40
Pay/Min Wage under 21	5,160.00	6,000.00
Employer NIC on that	188.83	587.50
Gross payroll	56,063.81	59,449.90
Annualised	672,765.74	713,398.80
Annual employment allowance	5,000.00	10,000.00
Net payroll	667,765.74	703,398.80
Difference	35,633.06	
Percentage change	5.34%	