

Statutory Sick Pay refund abolished from 6 April 2014

The Government has abolished the Statutory Sick Pay Percentage Threshold Scheme (“PTS”).

Under PTS, an employer could claim a refund from HMRC when total SSP exceeded a prescribed percentage of its monthly national insurance contributions (13% at the time of abolition). This benefitted smaller employers as larger employers would be less likely to hit the 13% threshold.

PTS has been abolished to help fund the new Health and Work Service (“HWS”) which is due to start in late 2014. HWS aims to help employees with a health condition to stay in or return to work. There will be a tax exemption of up to £500 a year for each employee on medical treatment recommended by the HWS or by an occupational health service arranged by the employer.

Employees with four weeks of sickness absence will normally be referred by their GP (with the employees’ consent) for an assessment by an occupational health professional. They will then receive a return to work plan. Employers, employees and GPs will also be able to access advice through a phone line and website.

Employers have until the end of 2015/16 to recover SSP paid for sickness absences occurring before the end of 2013/14. The associated SSP record-keeping requirements have also been abolished. Employers will still be required to maintain SSP records for PAYE purposes and to show that they are meeting their SSP obligations.

This briefing was issued by Martin Fine, Solicitor