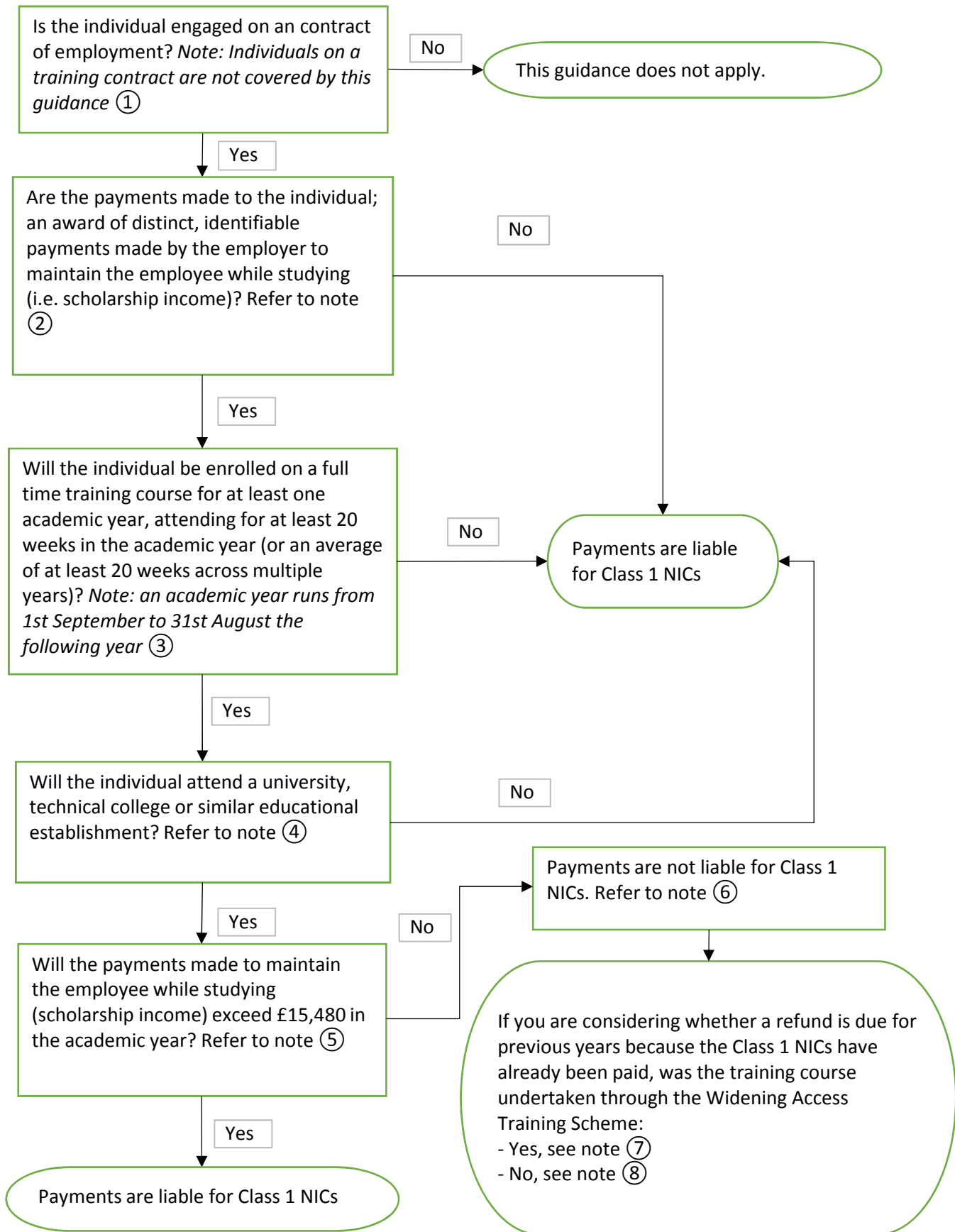


Process for determining whether Class 1 NICs are payable on payments made to NHS employees



Notes (1/2)

- ① Contracts of training are not covered by this guidance and further information about how to determine the nature of a contract can be found here - <https://www.gov.uk/hmrc-internal-manuals/employment-status-manual/esm2600>
- ② Scholarship income (sometimes referred to as training allowance or educational award), an award of distinct, identifiable payments made by an employer to maintain an employee while studying on a full time course at a university, college or similar recognised educational establishment. More information can be found here - <https://www.gov.uk/hmrc-internal-manuals/employment-income-manual/eim06205>
- ③ The academic year runs from 1st Sept to 31st Aug following year. E.G. If a course begins Sept 2017 and runs for at least 20 wks to July/Aug 2018, this is one academic year. If a course begins on 1st March 2018 and runs to 29th February 2019, this will cross two academic years as shown below:
1st academic year – 1st March 2018 to 31st Aug 2018
2nd academic year - 1st Sept 2018 to 29th Feb 2019
- ④ The educational establishment must be open to members of the public generally, offer more than one course of practical or academic instruction, and must not be run by the secondary contributor (normally the employer) or someone connected with the employer. For example an employer's internal training school or an establishment run by the employer's trade organisation will not satisfy the educational establishment condition.
- ⑤ The amount of £15,480 is applicable for the academic year **and not the tax year**. An academic year (*31st Aug to 1st Sept*) will cut across two separate tax years. If during the academic year the payments unexpectedly exceed £15,480, NICs should be deducted going forwards. However an increase in the rate of payments over the qualifying limit part way through the course will not affect the NICs disregard applying to any payments made in the earlier part of the course.
- ⑥ If all the conditions are met no Class 1 NICs will be due on the scholarship income paid in respect of attending the course. However, if the total amount paid to the individual includes amounts of salary paid for work undertaken the amount should be separated out and Class 1 NICs should be paid on the salary but not the scholarship income.
- ⑦ When considering refunds for previous years for courses undertaken through the Widening Access Training scheme please note the following:
-For any courses starting before 6th April 2013, claims should be submitted to HMRC for processing refunds using a schedule as per the agreed process.
-For any courses starting on or after 6th April 2013:
 - operate the EYU process for any finalised years by using balance adjustments and submission of an EYU
 - adjust FPS for current year. This should be done by adjusting the elements for the year to date figures on the employee record. This will then report the appropriate figures on the next FPS submitted to HMRC

SEE NOTES CONTINUATION

Notes Continuation (2/2)

⑧ For any courses **not** undertaken through the Widening Access Training scheme the statutory time limits apply and the standard business as usual process should be followed for any refunds required for past years

IF EMPLOYER/TRUST/ORGANISATION WHICH MADE THE PAYMENTS OF CLASS 1 NICs NO LONGER EXISTS AND RELEVANT PAYROLL DETAILS ARE NOT HELD, THE INDIVIDUAL SHOULD BE ADVISED TO CONTACT HMRC DIRECTLY. PLEASE ENSURE THE INDIVIDUAL ADVISES HMRC THAT THE REASON FOR CONTACT IS DUE TO THE TRUST BEING NO LONGER IN EXISTENCE.

Further guidance is available on HMRC.GOV.UK for employers here:

<https://www.gov.uk/guidance/widening-access-training-scheme-refund-income-tax-and-national-insurance-to-nhs-workers>

and for individuals here:

<https://www.gov.uk/guidance/widening-access-training-scheme-refunds-for-nhs-trust-workers>