



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

The Rt Hon. Baroness Kramer
House of Lords
London
SW1A 0PW

19th February 2025

Dear Baroness Kramer,

Thank you for your question about micro-businesses and Employment Allowance eligibility at the NICs Bill committee stage on 6th February 2025. You asked about whether the employment allowance protects micro-businesses and domestic staff from paying any employer's National Insurance.

The Employment Allowance was introduced as a relief to support businesses to grow their workforce, including easing the burden for businesses recruiting their first employee and to support businesses to manage the costs of employment. Whether a business is eligible for the employment allowance depends on the make-up of an individual business's work. Some types of employment are excluded from the Employment Allowance including public sector employers, or where the employment is for household purposes.

As set out in HMRC guidance, employers of most domestic staff (for example, cleaners, gardeners, or nannies) are unable to claim the Employment Allowance, as the employees are all being employed in a personal capacity to support the running of a household. The full guidance can be found here: <https://www.gov.uk/government/publications/employment-allowance-more-detailed-guidance/eligibility-for-employment-allowance-further-employer-guidance#domestic-staff>.

Since 6 April 2015, employers of care and support workers can claim the Employment Allowance if they meet certain criteria, such as they employ a care and support worker and pay for this themselves from their own funds. A full list of eligibility criteria for claiming the Employment Allowance for care and support workers is available at: [Employers of care and support workers and Employment Allowance: further employer guidance - GOV.UK](#)

The Government has no plans to extend the Employment Allowance to other forms of domestic staff.

This letter will be placed in the Library and copied to those who contributed during the debate.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'S. Livermore', written over a horizontal line.

Lord Livermore
FINANCIAL SECRETARY TO THE TREASURY

