

Message

From: Name Redacted [redacted]@hmtreasury.gov.uk
Sent: 28/09/2020 4:49:52 PM
To: Name Redacted [redacted]@hmtreasury.gov.uk; Symes, Elkie - HMT [Elkie.Symes@hmtreasury.gov.uk]; Patel, Kunal - HMT [Kunal.Patel@hmtreasury.gov.uk]; Name Redacted [redacted]@hmtreasury.gov.uk
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Subject: RE: Test and Trace Support Payments: discretionary funding

Hi Name Redacted [redacted] all,

Thanks for your work on this last week – reading out to complete the loop.

CST agreed to increase funding to £15m, on the condition you set out in the advice that it should be presented externally as the final limit.

On the NICs / IT treatment of these payments, CX's previous steer should apply here as well – i.e. payments should be subject to income tax but not NICs.

Thanks,

Name Redacted [redacted]



Name Redacted [redacted]
Assistant Private Secretary to the Chief Secretary to the Treasury
1 Horse Guards Road, London, SW1A 2HQ
M Irrelevant & Sensitive [redacted]

Find out more information about the [CST](#) and [CST's office](#) - including document templates

The box deadline for sending advice to the Chief Secretary is 3pm on Monday to Wednesday and midday on Thursday.

From: Name Redacted [redacted]@hmtreasury.gov.uk
Sent: 25 September 2020 17:41

[See recipients listed above]

create unwanted incentives. DHSC and MHCLG will monitor spending and will advise if the £15m is likely to be overextended. We recommend that you agree to increase discretionary funding for Test and Trace Support Payments to £15m, on the condition that this be presented externally as the final limit for the duration of the scheme.

For CX Decision: Tax and NICs Treatment of Discretionary Payments

4. You have agreed that the main Test and Trace Support Payments should be exempted from Class 1, 2 & 4 NICs, but not exempted from Income Tax. An SI is being drafted to exempt them from Class 1 NICs to be laid on 1 October (Class 2&4 will be legislated for later). Are you content for us to introduce legislation to take the same approach for the discretionary payments as for the main Test and Trace payments; that is to exempt them from Class 1, 2 & 4 NICs, but not to exempt them from Income Tax?

5. You should note that we will only be able to exempt these discretionary payments from NICs if LAs use the same payment mechanism as they do for the standard Test and Trace payments. DHSC are considering allowing Local Authorities to make these payments through a variety of mechanisms (i.e. through alternative local welfare schemes). We will not be able to guarantee that all such payments would be exempt, and have communicated this to DHSC, and will ensure this is clearly communicated to LAs.

Best,

**Name
Redacted**

Senior Policy Advisor – Local Government and Reform | HM Treasury | Mob:

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