

Options	How the system would work	Policy design	When can it go live?	When do employers get paid?	Can we restrict this – a) to small businesses, b) to those with CV?	What level of fraud risk is there?	Impact on HMRC resource	Further notes
Option 1: Provide a rebate through the existing Statutory Maternity Pay (SMP) system using NICs and income tax PAYE liabilities.	<p>We already give businesses a rebate for Statutory Maternity Pay (and other statutory payments). This rebate is administered by HMRC as follows:</p> <ol style="list-style-type: none"> Employers submit the amount paid by the employer in SMP in a pay period (usually monthly). This is subtracted from the PAYE liabilities for the same period. Where SMP is greater than the PAYE liability, the excess is carried forward and netted off in the next period <p>HMRC could issue guidance instructing employers to record both SMP payments and SSP payments in the same existing 'SMP' box and to subtract that from their PAYE bill. This would result in a rebate for both SMP and SSP if business has enough PAYE to off-set.</p>	<p>SMEs will benefit from rebate if they have less than 50/250 employees (precise definition to align with wider changes to SSP)</p> <p>Rebate limited to two weeks SSP (£188.50)</p> <p>Rebate limited to those who have CV-19</p> <p>DWP to fund through AME – cost approx. £Xbn</p>	<p>Automatic element could be ready to start receiving claims in respect of April, so first reductions against PAYE liabilities credited in May (assuming that guidance and legislation can be passed/issued by then)</p> <p>Manual process already exists but would need to be upscalled significantly to deal with [hundreds of thousands] of businesses that may need to make manual claims.</p>	<p>For firms who have a large enough PAYE liability to offset against SSP will have their PAYE liability reduced [the following month / or / for the same pay period in which SSP claims are made.]</p> <p>Manual claims will be processed as quickly as possible, given overall level of resource available at HMRC. However, this could take 3-6 months, so businesses may not be fully reimbursed for some time.</p>	<p>a) Can restrict to SMEs? Yes – via legislation and guidance, but [could not operationally restrict to SMEs] so any firm that wrongly applies will still receive payment.</p> <p>b) Can restrict payment to those with CV/self-isolating? Yes – via legislation and guidance but could not verify this.</p>	<p>I&S</p> <p>Hard case: employers continue claiming for additional rebates through SMP system indefinitely, or until HMRC audits.</p>	<p>Manual claims may not be able to be processed any quicker than [2 per hour]. So this would imply thousands of hours of work to clear the manual claims. [HMRC to confirm]</p> <p>This would very likely require HMRC to deprioritise other priority measures, particularly if HMRCs workforce is also under pressure.</p>	<p>SSP is normally treated as taxable income. It would be very difficult to make the SSP paid in respect of CV-related absence tax exempt, because: i) individuals may receive more than the two weeks' worth of SSP that businesses get; and ii) the level of taxation would depend on individuals' taxable income more generally. This might mean that businesses benefit from this policy by more than individuals.</p> <p>[Legislation?]</p>
Option 2: Provide a rebate through a new SSP system	<p>Could redesign the existing RTI form to include a separate option for SSP payments. This would allow employers to separately identify SSP and SMP payments and give more control over the scope of the policy.</p>	<p>As above.</p>	<p>Estimated could go live by October 2020.</p> <p>Longer delivery time than option 1 because: i) HMRC would need to make substantial changes to RTI system [can HMRC provide more detail that exposes why this is such a big change –e.g. how it interacts with other systems etc] and ii) software providers would also need to update PAYE software, which could cause further delays outside HMRC's control.</p>	<p>Once the system goes live (October 2020 earliest), firms with sufficient PAYE liabilities to offset against SSP will have their PAYE liability reduced [the following month / or / for the same pay period in which SSP claims are made.]; the same constraints for manual rebates apply as above.</p>	<p>a) Would be able to restrict access to SMEs – including checking this against information [HMRC already holds]</p> <p>b) as above</p>	<p>I&S</p> <p>I&S</p> <p>Hard case: [TBC]</p>	<p>Manual claims may not be able to be processed faster [2 per hour]. [HMRC to confirm]</p> <p>This would very likely require HMRC to deprioritise other priority measures, particularly if HMRCs workforce is also under pressure.</p>	<p>As above.</p> <p>[Legislation?]</p>
Option 3: Provide a rebate or repayment through a new online form	<p>HMRC could create a new, standalone online form that employers could fill in to claim back SSP. It would be filled in by employers online creating a credit; this SSP credit would first be netted off against outstanding PAYE liabilities; if their SSP claim exceeds their liabilities, the system would create a repayment sent direct to their bank account. This would not be done through the manual repayment system, as in options 1 and 2 above.</p>	<p>As above.</p>	<p>Service could commence 3-4 months after policy is confirmed.</p>	<p>Once the system goes live (3-4 months after policy is confirmed), the first reductions against PAYE liabilities or automatic repayments would be credited [the following month / or / for the same pay period in which SSP claims are made.]</p>	<p>a) Would be able to restrict access to SMEs – including checking this against information [HMRC already holds]</p> <p>b) as above</p>	<p>I&S</p> <p>I&S</p> <p>Hard case: [TBC]</p>	<p>[To include impact on HMRC resource]</p>	<p>As above.</p> <p>[Legislation?]</p>

<p>Option 4: automated payments to all employments in SMEs</p>	<p>HMRC would use data held on [businesses/PAYE schemes] to pay them £200 per employee.</p> <p>This is on the assumption that if everyone is going to be 'sick' at some stage we could cut out the need to assess whether someone has this or not, and more clearly make a payment, by just providing a more blanket scheme.</p> <p>This would be limited to employees in SMEs.</p>	<p>All businesses with less than 50/250 employees will receive £200 per employee regardless of whether they are sick or not.</p> <p>We will not assess or ask whether they have CV-19. This will be automated.</p>	<p>HMRC could begin issuing payments once legislation is passed.</p> <p>Operationally they would be ready to do this from [May/June].</p>	<p>HMRC do not currently hold the bank account details of all employers due to GDPR. They would need to manually send cheques to all businesses. Printing and sending [1.Xmn] cheques would take.</p>	<p>a) Would be able to restrict access to SMEs – including checking this against information HMRC already holds</p> <p>b) policy is not to restrict to just CV-19</p>	<p>I&S</p> <p>[Others?]</p>	<p>To include impact on HMRC resource]</p>	<p>[Legislation?]</p>
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