

774,000 hospitality workers dragged into new NICs threshold

1 year ago



New analysis from [UKHospitality](#) reveals that a fifth of hospitality's workforce will be dragged into the new employer NICs threshold for the first time.

The regressive changes to employer National Insurance Contributions (NICs) will hit hospitality hardest, due to the high number of employees working part-time or flexibly.

Currently, more than 1.2 million hospitality staff are not eligible for employer NICs. In April, that number will be slashed to just over 450,000 people. That's more than 774,000 workers that will be newly eligible for employer NICs. In total, this will cost the hospitality sector £1 billion.

Combined with £2.4 billion of other costs hitting in April, businesses are already taking hard decisions to cut investment, freeze recruitment, cut jobs, reduce hours or increase prices.

UKHospitality is calling on the Government to implement a delay to these changes, to allow the Government to pursue measures that won't endanger businesses and jobs.

Alternatives have been put forward to the Government, in the form of a new rate of employer NICs at 5%, rather than 15%, for earnings between £5,000 and £9,100, or a lower rate for lower-earning taxpayers who work part-time. Both solutions would ensure lower earners aren't hit the hardest.

Kate Nicholls, Chief Executive of UKHospitality, said: "The change to employer NICs is one of the most regressive tax changes ever.

"The scale of this change is unprecedented, bringing three-quarters of a million people into this employer

tax for the first time, and the extent of the impact will be enormous.

“This tax is already forcing businesses to abandon investment, change recruitment plans, reduce headcounts and increase prices to cope with these cost increases.

“At a time when we saw hospitality as the biggest driver of economic growth in November, it’s completely misguided to be punishing a sector that has such growth potential.

“I hope the Government can see the devastating impact this will have on businesses, team members and communities, and pause these changes to pursue alternative measures, in partnership with business.”