



HM Treasury

Correspondence & Enquiry Unit
1 Horse Guards Road
London
SW1A 2HQ
www.gov.uk/hm-treasury

Alan Webb
By email

9 January 2025

Our reference: TO2024/18112

Dear Alan Webb,

Thank you for your correspondence dated 1 November to the Chancellor of the Exchequer. As it is not practical for ministers to respond personally to all the correspondence they receive, I have been asked to reply. I would like to apologise for the delay you have experienced in receiving a response.

The Government has taken a number of difficult but necessary decisions on tax, welfare, and spending to fix the public finances, fund public services, and restore economic stability after the situation we inherited from the previous administration.

One of the toughest decisions the Government took was to raise the rate of employer National Insurance contributions (NICs) from 13.8 per cent to 15 per cent, whilst reducing the per-employee threshold at which employers start to pay National Insurance (the Secondary Threshold) from £9,100 to £5,000. The Government recognises the need to protect the smallest businesses and charities, which is why we have more than doubled the Employment Allowance to £10,500, meaning more than half of businesses with NICs liabilities either gain or see no change next year. All charities are eligible for the Employment Allowance, even if they are wholly or mainly carrying out functions of a public nature. Businesses and charities will still be able to claim employer NICs reliefs including those for under 21s and under 25 apprentices, where eligible.

The UK is a world leader in the charitable sector and we recognise charities play an important role in our society. The Government provides support for charities, including hospices, via our tax regime, which is among the most generous of anywhere in the world, with tax reliefs for charities, Community Amateur Sports Clubs and their donors worth just over £6 billion in 2023 to 2024. This Government support delivers benefits to all areas of society across the UK.

Thank you for taking the time to make us aware of your concerns.

Yours sincerely,

Enterprise & Growth Unit
HM Treasury