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SE 76350 – Social security benefits: statutory sick pay

Income and Corporation Taxes Act 1988 [ICTA 1988] Sections 19(1)1 and 150(c)

Summary

Statutory Sick Pay (commonly known as SSP) is payable to an employee who is off work because of sickness or disability.

It is payable for the first 28 weeks of absence.

Although SSP is a social security benefit, under most circumstances, it is paid through a person's employer.

It can sometimes be paid directly by the DSS and [Section EP1171](#) explains what to do when this happens.

The payment of SSP does not depend on National Insurance contributions. A person's local DSS office will explain the conditions for getting SSP.

SSP is one of two types of sick pay – the other being Occupational Sick Pay which forms part of a person's agreement with their employer.

The two types of sick pay must be offset against one another for the period of sickness:

- if Occupational Sick Pay is greater than Statutory Sick Pay then the employer pays the Occupational Sick Pay rate.
- if the opposite is the case and Statutory Sick Pay is greater than Occupational Sick Pay then the employer pays the Statutory Sick Pay rate.

Both types of sick pay are taxable under Schedule E.

SSP is payable by the employer

Statutory Sick Pay is different from most social security benefits, in being actually paid through the employer. [*Social Security and Housing Benefits Act 1982, Section 1*]

Because of this, SSP is considered to be part of a person's employment income (an 'emolument of employment') and therefore taxable under Schedule E. [*Income and Corporation Taxes Act 1988, Section 19(1)1*]

Even in those circumstances when payments are not made by the employer but through the DSS, it is still taxable under Schedule E. [*Income and Corporation Taxes Act 1988, Section 19(1)1*]

If employment ceases, it is rare for SSP to be paid.

National Insurance contributions are also payable on SSP.

This is an extract from the Schedule E Manual as published on the Inland Revenue (IR) intranet and is used only by IR staff.

Please re-write this page of guidance.

SE76350 – Social security benefits: statutory sick pay

Section 19(1)1 and 150(c) ICTA 1988

Summary

Employers are responsible for paying statutory sick pay (SSP) to employees who are absent from work due to sickness or disability. SSP is due for the first 28 weeks the employee is off work.

Entitlement to SSP does not depend on the sick employee's National Insurance contribution record. If an employee enquires about the conditions for getting SSP, you should refer him to his local DSS office.

The SSP scheme does not affect an employee's right to occupational sick pay (see [SE06400](#)). But SSP must be offset against any occupational sick pay payable for the same period. Where the occupational sick pay is greater than the SSP, the employer will only pay the rate of occupational sick pay. If the SSP is greater than the occupational sick pay, the employer will pay the rate of SSP. Both SSP and occupational sick pay are taxable under Schedule E.

SSP is payable by the employer

Although SSP is a Social Security benefit, Section 1 of the Social Security and Housing Benefits Act 1982 requires the employer to make the payments. This means that payments of SSP are emoluments of an employment and chargeable to tax under Schedule E by Section 19(1)1 ICTA 1988. SSP is not payable after an employment ceases except in rare circumstances.

Sometimes however SSP is paid direct to the sick employee by the DSS. EP1171 explains what to do when this happens. Where payments of SSP do not arise from an employment, Section 150(c) ICTA 1988 ensures that the payments are still chargeable under Schedule E.

National Insurance contributions are payable on SSP.