

## Employing Younger Workers to Reduce Costs

Much has been said about employing a spouse in a family business, but little information has been published about the potential benefits of employing younger workers in the same way.

Every individual of any age is entitled to a basic personal allowance of £7,475 (2011-12). For the under 16s there are no national insurance contributions (NICs) payable. An extra factor is that under 16s are not subject to the national minimum wage. This means that in the absence of any other taxable income, a 15 year old could legitimately receive a wage or salary between £1 and £143 per week entirely free of income tax and NICs. The business will receive full tax relief at its marginal rate of tax.

Another cost saving feature is that people under statutory school leaving age are not entitled to the statutory four weeks' paid holiday. However, they must have a two week break in each calendar year.

### Pitfalls

These highlights relate mostly to those under school leaving age but 16-17 year old workers are also treated differently from adult workers under the working time regulations so care is needed here too.

The definition of an employee is “a person who assists in a trade or occupation carried on for profit”; there does not necessarily have to be any payment involved.

Businesses are not allowed to employ under 14s unless permitted by local authority bye-law, or on an occasional basis as an employee of the child's parent or guardian working in light horticulture or agriculture. If you wish to employ a child, you must obtain a local authority permit which will specify the allowable hours of work – details must be sent to the local authority within one week of the child commencing employment.

There are strict rules governing hours, which stipulate that a child may work:

- no more than 2 hours on school days or Sundays
- no more than 12 hours in any week (ie 7 consecutive days) which contains a school day
- no more than 5 hours (under 15s) or 8 hours (15+) on any day from Monday to Saturday on non-school days
- no more than 25 hours (under 15s) or 35 hours (15+) in a week that does not contain a school day

There are also rules governing the time of day.

Children may not be employed for more than 4 hours without at least 1 hour's break, even if they have had short breaks during the 4 hours.

Some types of work are prohibited, largely on Health & Safety grounds. Local bye-laws need to be checked.

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Absence from school due to employment, whether paid or not, is unauthorised absence and could lead to action against the parents.

The above restrictions do not apply to children on work experience, but there are different rules.

Please be aware that there are special safeguarding rules in place regarding people whose job involves carrying out a regulated activity. This includes employment where the duties include supervising or training children under 16 in the course of the children's employment. Employment includes unpaid work and therefore extends to children on work experience.