PROPOSED AMENDMENT TO THE PSC CIVIL SERVICE REGULATIONS 2015

Ref:	**Amendment PSC CS 15 – 003**
Re:	**Unabated Sick Pay (E 35-37)**
Proposal:	Amend Regulations so that tax and national insurance is deducted from sick pay of PSC civil servants opting to receive unabated sick pay
Existing Regulation:	Special arrangements exist for civil servants to choose to be paid in full for periods of sick absence – this is known as the option to draw unabated sick pay. Without these arrangements, sick pay has to be reduced by the amount of Social Security benefit claimable from the Department of Health and Social Security although the total income receivable in either case will be the same. The arrangements exist only to provide a simpler method for the payment of sick pay for both civil servants and pay sections, but they can only apply when a civil servant is entitled to be paid **full pay** while on sick leave. A civil servant can therefore choose either to: - a) receive full pay without abatement (i.e. without deduction of national insurance benefit) provided the appropriate declaration is completed; or b) to receive sick leave pay abated by the amount of national insurance benefit payable. (The form to draw unabated sick pay is at Annex E2 although this is normally sent out with the offer letter at the time of recruitment and need only be completed once). The pay of a civil servant who is receiving only half-pay during sick leave must be adjusted to ensure that the half-pay plus national insurance benefit does not exceed his full pay. Income tax and national insurance contributions are not payable on national insurance benefit. Consequently, a civil servant who has elected to receive sick pay without deduction of national insurance benefit is eligible to claim income tax relief on that portion of his sick pay which would have been abated had he not so elected. The Department of Health and Social Security will certify the amount of national insurance benefit which he would otherwise have been entitled to receive and pay sections will make the necessary adjustments to pay.
Proposed Amendment:	Special arrangements exist for civil servants to choose to be paid in full for periods of sick absence – this is known as the option to draw unabated sick pay. Without these arrangements, sick pay has to be reduced by the amount of Social Security benefit claimable from the Department of Health and Social Security although the total income

	receivable in either case will be the same. The arrangements exist only to provide a simpler method for the payment of sick pay for both civil servants and pay sections, but they can only apply when a civil servant is entitled to be paid **full pay** while on sick leave. A civil servant can therefore choose either to: - a) receive full pay without abatement (i.e. without deduction of national insurance benefit) provided the appropriate declaration is completed; or b) to receive sick leave pay abated by the amount of national insurance benefit payable. Sick pay is treated like pay in that it is subject to deduction of income tax and national insurance contributions. There should be no difference between normal pay (excluding overtime and intermittent allowances) and sick pay. ~~(The form to draw unabated sick pay is at Annex E2 although this is normally sent out with the offer letter at the time of recruitment and need only be completed once).~~ The pay of a civil servant who is receiving only half-pay during sick leave must be adjusted to ensure that the half-pay plus national insurance benefit does not exceed his full pay. ~~Income tax and national insurance contributions are not payable on national insurance benefit. Consequently, a civil servant who has elected to receive sick pay without deduction of national insurance benefit is eligible to claim income tax relief on that portion of his sick pay which would have been abated had he not so elected. The Department of Health and Social Security will certify the amount of national insurance benefit which he would otherwise have been entitled to receive and pay sections will make the necessary adjustments to pay.~~

Agreed and authorised by:

Signed on behalf of Prospect	Signed on behalf of Unite the Union	Signed on behalf of the Commission
Date: 13/11/15	Date: 16/11/15	Date: 28/10/15

For Office of Human Resources Use Only

Instruction for implementation:

Passed to Ann Anderson

By Ruth Hussey Date 16-11-15

An IOM Government All Staff Notice prior to implementation ~~is*~~/is not* required (*please delete as appropriate)

Signed .....
Head of Industrial Relations and Policy Section

Date Regs updated:

Website ..... Printed Copy.....

Date..... Date.....

Previous memorandum amendment reference (if any) :	—

Notes/Special Instructions:

E.g. Communication to Pay Sections required ✓