



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

Tanya Palmer
UNISON Cymru/Wales
UNISON House
Custom House Street
Cardiff
CF10 1AP

7 October 2020

Dear Tanya,

Thank you for your letter of 25 June to the Prime Minister regarding the £500 bonus payment that the Welsh Government is paying to social care workers in Wales. Your letter has been passed to HM Treasury and I am replying as Minister with strategic oversight of the UK tax system. I am sorry for the delay.

The past few months have been a difficult and disorienting time for individuals and businesses across the country and the Government is very grateful for people's patience as it works to protect the NHS and save lives.

The UK Government greatly values the contribution of social care workers, particularly during the current crisis. It also understands that the response to COVID-19 needs to be UK-wide and has taken steps to ensure that devolved administrations have access to increased funding for their own policy responses.

As you note in your letter, payments made in connection with an employment, for example, bonus payments, are generally chargeable under longstanding rules of Income Tax and National Insurance contributions.

The carer's bonus payment to employees functions as a top up to wages, and is thus taxable as earnings under normal rules. This is consistent with the approach across different forms of financial support at this time.

In your letter you also mention the Infection Control Fund, £35 million of which has been provided to the Welsh Government through the Barnett formula. The funding was paid in in two tranches, the second tranche being paid in July.

Yours sincerely,

A handwritten signature in black ink, reading "Jesse Norman". The signature is written in a cursive style with a large initial 'J' and a long, sweeping tail.

RT HON JESSE NORMAN MP