

Tax facts.



National Insurance contributions 2021/22

Class 1

NB the secondary threshold is now lower than the primary threshold

Pay frequency	Lower earnings limit	Primary earnings threshold	Secondary earnings threshold	Upper earnings limit*
Weekly	£120.00	£184.00	£170.00	£967.00
Monthly	£520.00	£797.00	£737.00	£4,189.00
Annual	£6,240.00	£9,568.00	£8,840.00	£50,270.00

*also applies to upper secondary and apprentice upper secondary thresholds

Category letter	Employee earnings above PT up to UEL	Employee earnings above UEL	Employer earnings above ST to UEL	Employer earnings above UEL
A standard rate	12%	2%	13.80%	13.80%
B reduced rate	5.85%	2%	13.80%	13.80%
C above SPA	nil	nil	13.80%	13.80%
H (apprentice <25)	12%	2%	0.00%	13.80%
J (deferment)	2%	2%	13.80%	13.80%
M (under 21)	12%	2%	0.00%	13.80%
Z (deferment <21)	2%	2%	0.00%	13.80%

Class 1A

Paid by the employer for benefits provided to employees in 2021/22 at a rate of 13.8% on most taxable benefits. Contributions must be paid by 19 July if posted or 22 July if an electronic payment method is used. This will also apply even where benefits have been payrollled in the 2021/22 tax year.

Class 1A National Insurance: termination awards and sporting testimonial payments

Class 1A National Insurance contributions are due on the amount of termination awards paid to employees which exceed £30,000 and on the amount of sporting testimonial payments paid by independent committees which exceed £100,000. You report and pay Class 1A on these types of payments during the tax year as part of your payroll.

Class 1B

Paid by the employer for PAYE Settlement Agreements in 2021/22 at a rate of 13.8% on most taxable benefits. Contributions must be paid by 19 October if posted or 22 October if an electronic payment method used.

SMP, SAP, SPP, ShPP & SPBP

	2020/21	2021/22
Minimum average earnings	£120.00	£120.00
Standard rate	Lesser of £151.20 and 90% of average weekly earnings	Lesser of £151.97 and 90% of average weekly earnings
Higher rate	90% of average weekly earnings	90% of average weekly earnings

Statutory Sick Pay (SSP)

	2020/21	2021/22
Minimum average earnings	£120.00	£120.00
Standard rate	£95.85	£96.35

Pension scheme allowances

	2020/21	2021/22
Annual allowance	£40,000	£40,000
Lifetime allowance	£1,073,100	£1,073,100
Automatic enrolment trigger	£10,000	£10,000
Automatic enrolment LEL	£6,240	£6,240
Automatic enrolment UEL	£50,000	£50,270

National Minimum and National Living Wage

	April 2020	April 2021
Adult rate (25 and above)	£8.72*	£8.91*
Adult rate (23 - 24 inclusive)	£8.20	£8.91*
Adult rate (21 - 22 inclusive)	£8.20	£8.36
Development rate (inc 18-20 year olds)	£6.45	£6.56
16-17 year olds	£4.55	£4.62
Apprentices under 19 or in first year	£4.15	£4.30

*National Living Wage applies to adults age 23 and above from 1 April 2021

Real Living Wage rates

	UK	in London
By 9 May 2021	£9.50	£10.85

Announced in November 2020 to be implemented by 9 May 2021. See <https://www.livingwage.org.uk/what-real-living-wage> for more information.

Income tax rates – England, Wales and Northern Ireland

Personal Allowance to £37,700	20%
£37,701 - £150,000	40%
Above £150,000	45%

Income tax rates – Scotland

Personal Allowance to £2,097	19%
£2,098 - £12,726	20%
£12,727 - £31,092	21%
£31,093 - £150,000	41%
Above £150,000	46%

Student Loan deductions

From 6 April 2021, plan type 1 will have an earnings threshold of £19,895.00. Plan type 2 will have an earnings threshold of £27,295.00. Plan type 4 will have an earnings threshold of £25,000. Recovery percentage still 9%.

Post Graduate Loans (PGL)

Unchanged

Earnings threshold is £21,000 with a deduction percentage of 6%. Can be taken at the same time as Student Loans where applicable, but PGLs will have a priority over Student Loans. Employers will be notified by a PGL1 to start deductions and PGL2 to stop deductions.

Company car tax

CO2 emissions, g/km	Electric range (miles)	Cars first registered before 6 April 2020	Cars first registered on or after 6 April 2020
		Appropriate percentage (%) for 2021/22	Appropriate percentage (%) for 2021/22
0	N/A	1	1
1-50	>130	2	1
1-50	70-129	5	4
1-50	40-69	8	7
1-50	30-39	12	11
1-50	<30	14	13
51-54		15	14
55-59		16	15
60-64		17	16
65-69		18	17
70-74		19	18
75-79		20	19
80-84		21	20
85-89		22	21
90-94		23	22
95-99		24	23
100-104		25	24
105-109		26	25
110-114		27	26
115-119		28	27
120-124		29	28
125-129		30	29
130-134		31	30
135-139		32	31
140-144		33	32
145-149		34	33
150-154		35	34
155-159		36	35
160-164		37	36
165-169		37	37
170+		37	37

For all cars, drivers must add 4% to their appropriate percentage if the car is propelled solely by diesel (up to a maximum of 37%). Cars that meet the Real Driving Emissions Step 2 (RDE2) standard are exempt from the diesel supplement.

Car fuel benefits

The tax charged for fuel provided for private use in a company car is based on the same percentage as the company car tax, multiplied by a fixed value of £24,600 for 2021/22.

Van benefit charge and van fuel benefit

The Van Benefit Charge has increased to £3,500 for 2021/22 and the Van Fuel Benefit to £669pa. As announced at Budget 2020, the government will legislate in Finance Bill 2021 to reduce the van benefit charge to zero for vans that produce zero carbon emissions. The change will have effect on and after 6 April 2021.

Advisory fuel rates for company cars

These rates apply to all journeys on or after 1 March 2021.

Engine Size	Petrol	LPG	Engine Size	Diesel
1400 cc or less	10p	7p	1600 cc or less	9p
1401 cc to 2000 cc	12p	8p	1601 cc to 2000 cc	11p
Over 2000 cc	18p	12p	Over 2000 cc	12p

Mileage rate for fully electric cars is 4p a mile.

NB electricity is not classed as a fuel for car fuel benefit purposes.

Private vehicles

	Per mile	Notes
Cars (first 10,000)	45p	Use 45p for NICs regardless of business miles
Additional business miles	25p	
Motorcycles	24p	
Bicycles	20p	
Passenger payments	5p	Only if paid by employer

Note: Refer to HMRC website for passenger rate payment rules.

Transferable tax allowance

This allowance is for the transfer of an unused portion of a PAYE tax payer's tax free allowance to their spouse, up to the value of £1,260 for 2021/22. Applies to basic rate tax payers only.

Personal income tax allowances

	2021/22
Universal allowance regardless of age	£12,570
Income limit for personal allowance	£100,000
Married couple's allowance for those born before 6 April 1935:	
Maximum amount of married couple's allowance	£9,125
Minimum amount of married couple's allowance	£3,530
Income limit for married couple's allowance	£30,400
Blind person's allowance	£2,520
Dividend allowance	£2,000
Personal savings allowance for basic rate tax payers	£1,000
Personal savings allowance for higher rate tax payers	£500

Employment Allowance

Eligible employers can reduce their annual National Insurance liability by up to £4,000. Employers can claim Employment Allowance if their Class 1 National Insurance bill was less than £100,000 in the previous tax year.

Off-payroll working (Private Sector)

Due 6 April 2021, the off-payroll working rules (commonly known as IR35) ensure that individuals who work like employees pay broadly the same income tax and National Insurance contributions (NICs) as employees, regardless of the structure they work through. The rules do not affect the self-employed. They affect those who are engaged by companies that use specific named people, who work under their own Personal Service Company (PSC), to do a piece of work for them and who would, to all intents and purposes, be just like an employee. For more guidance please visit <https://www.gov.uk/guidance/understanding-off-payroll-working-ir35>

Apprenticeship Levy

An employer cost for employers and/or a connected group of companies with an annual pay bill in excess of £3million. As of 6 April 2017, the levy off-set of £15,000 can be shared between the employer's payrolls/connected companies, 0.5% levy due, payable on a pro-rata basis throughout the year via the Employer Payment Summary (EPS). More details at: <https://www.gov.uk/search/all?keywords=apprenticeship%2Blevy&order=relevance>

All details contained within this document are correct at time of creation. (25 March 2021)