



# **PayrockPayroll**

**Updates, Support, Networking For The  
Payroll Community**

**MBKB Payroll Factsheet - Rates, Limits and  
Thresholds for payroll 2021/22.**



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## The Budget

- The UK Budget will be held on 3 March 2021
- We expect Scotland to publish its Budget on 28 January 2021
- Wales published its draft Budget for 2021/22 on 21 December 2020. We expect the Welsh Budget to be finalised in March 2021

## Income tax

Income tax rates and thresholds are usually announced at the Budget. The lateness of the Budget this year presents problems for payroll if the government does not confirm the income tax rates and thresholds in advance. If we don't hear before the Budget, then it may be that the date the income tax rates are applied is delayed, the likely date in these circumstances being 10 May.

### Personal allowance

The personal allowance is not devolved and is set by the United Kingdom government. Following the Scottish budget, HMRC have confirmed the tax allowances, rates and thresholds for 2021/2022 across the UK, these are effective from 6th April 2021.

2020/21	2021/22
£ 12,500	£ 12,570

### Tax rates and bands

The values and application date for 2021/22 changes will be confirmed in the Budget held on 3 March 2021. The values shown below are **predicted** based on information that has already been made available, and are intended to take effect from 6 April 2021, but confirmation will be given on 3 March.

#### Rest of the United Kingdom (rUK: England and Northern Ireland) and Wales

Until changes are announced and the application point reached, tax will continue to be calculated based on those for the 2020/21 tax year. The Welsh Assembly's Draft Budget in December 2020 indicated an intention not to vary the Welsh income tax rates from those of the rest of the UK.

	2020/2021		2021/2022	
Basic Rate	20%	£ 1 – £ 37,500	20%	£ 1 - £ 37,700
Higher Rate	40%	£ 37,501 - £ 150,000	40%	£ 37,701 - £ 150,000
Additional Rate	45%	Over £ 150,000	45%	Over £ 150,000

## Scotland

The Scottish Parliament announced its Budget on 28 January 2021 and the following are intended to take effect from 6 April 2021, though once again, they are subject to Parliamentary approval.

	2020/2021		2021/2022	
Starter Rate	19%	£1 - £ 2,085	19%	£ 1 - £ 2,097
Basic Rate	20%	£ 2,086 - £ 12,658	20%	£ 2,098 - £ 12,726
Intermediate Rate	21%	£12,659 - £30,930	21%	£12,727 - £31,092
Higher Rate	41%	£ 30,931 - £ 150,000	41%	£ 31,093 - £ 150,000
Additional Rate	46%	Over £ 150,000	46%	Over £ 150,000

## National Insurance

### National Insurance thresholds

The National Insurance thresholds and limits **have been confirmed**. The following will apply for payments from 6 April 2021 for the 2021/22 tax year (Prior year 2020/21 values in brackets where different)

Threshold/limit	Weekly	2 Weekly	4 Weekly	Monthly	Annual
Lower Earnings Limit	£ 120	£ 240	£ 480	£ 520	£ 6,240
Primary Threshold	£ 184 (183)	£ 368 (366)	£ 736 (731)	£ 797 (792)	£ 9,568 (9,500)
Secondary Threshold	£ 170 (169)	£ 340 (338)	£ 680 (676)	£ 737 (732)	£ 8,840 (8,788)
Upper Secondary Threshold	£ 967 (962)	£ 1,934 (1,924)	£ 3,867 (3,847)	£ 4,189 (4,167)	£ 50,270 (50,000)
Apprentice Upper Secondary Threshold	£ 967 (962)	£ 1,934 (1,924)	£ 3,867 (3,847)	£ 4,189 (4,167)	£ 50,270 (50,000)
Upper Earnings Limit	£ 967 (962)	£ 1,934 (1,924)	£ 3,867 (3,847)	£ 4,189 (4,167)	£50,270 (50,000)

## National Insurance rates

The following National Insurance Contribution rates apply for payment due from 6 April 2021:

	Primary Contributions (Employee)					Secondary Contributions (Employer)		
	A/H/M	B	C	J/Z	X	A/B/C/J	H/M/Z	X
Below LEL	Nil							
LEL to PT	0%		Nil	0%	Nil	N/A		
PT to UEL/UST/AUST	12%	5.85%	Nil	2%	Nil	N/A		
LEL to ST	N/A					0%	0%	Nil
ST to UEL/UST/AUST						2%		
Above UEL/UST/AUST	2%		Nil	2%	Nil	13.8%	13.8%	Nil

## Zero-rate secondary Class 1 contributions for veterans

From 6 April 2021, employers can apply a zero-rate of secondary Class 1 Employer National Insurance contributions (NICs) on the earnings of veterans during the first year of their civilian employment. For the first tax year (2021/22), employers will be required to pay the secondary NICs on the earnings of eligible veterans and then claim the associated relief back from April 2022 onwards. From tax year 2022/23, employers will be able to claim the relief in real time through PAYE.

It is intended that the new policy will provide employers with a relief of up to a maximum of £5,000 for each qualifying veteran hired. A veteran will qualify in scenarios where they have completed a minimum of one day of basic training in Her Majesty's regular armed forces. Employers will be entitled to claim this relief for the 12-month period that follows the first day of the veteran's initial civilian employment since leaving the regular armed forces. Any subsequent and concurring employers will also be able to claim the relief during this period. The zero-rate is applicable up to the Upper Secondary Threshold (UST).

## Statutory payments

### Parental Leave

The statutory parental payment rates and thresholds change for weeks of statutory payment due on or after Sunday 4 April 2021 **have been confirmed**.

The Small Employers Compensation Rate remains at 3% on payments made on or after 6 April 2021. The Small Employers Relief (SER) Threshold is £45,000.

Rates	2020/21 (for whole weeks commencing from 5 April 2020)	2021/22 (for whole weeks commencing from 4 April 2021)
Earnings threshold	£ 120.00 per week	£ 120.00 per week
Standard rate for SMP, ShPP, SPP, SAP, SPBP	£ 151.20 per week or 90% of average weekly earnings (whichever is the lower)	£ 151.97 per week or 90% of average weekly earnings (whichever is the lower)
Higher rate for SMP/SAP	90% of average weekly earnings	90% of average weekly earnings

## Statutory Sick Pay

The SSP rate changes apply from 6 April 2021.

Rates	2020/21	2021/22
Earnings threshold	£ 120.00 per week	£ 120.00 per week
Standard rate	£ 95.85 per week	£ 96.35 per week

## Student Loans

The annual thresholds for student and postgraduate loan borrowers change on 6 April. Scottish borrowers previously on Plan 1 will be swapped to the new Plan 4. The thresholds are the annual amounts that can be earned before any student loan or postgraduate loan deduction is applied (on a pro-rata basis for the tax period). It is possible to have both a student loan and a postgraduate loan being deducted at the same time. The rates **have been confirmed**.

Loan Type	2020/21		2021/22	
	Annual Threshold	Rate	Annual Threshold	Rate
Plan 1	£ 19,390	9%	£ 19,895	9%
Plan 2	£ 26,575	9%	£ 27,295	9%
Postgraduate	£ 21,000	6%	£ 21,000	6%
Plan 4 (Scotland)	Not applicable as Plan 1 applied		£ 25,000	9%

## National Minimum Wage and National Living Wage

These new minimum rates apply for pay periods commencing on or after 1 April 2021. In a major change, the qualifying age for National Living Wage will be lowered to 23 years and over. This **information is confirmed**.

NMW and NLW	For pay periods from 1 April 2020	For pay periods from 1 April 2021
NLW (age 25 and over)	£ 8.72	N/A
NLW (age 23 and over)	N/A	£ 8.91
21-24 year old rate	£ 8.20	N/A
21-22 year old rate	N/A	£ 8.36
18-20 year old rate	£ 6.45	£ 6.56
16-17 year old rate	£ 4.55	£ 4.62
Apprentice rate (1st year only)	£ 4.15	£ 4.30
Accommodation Offset	£ 8.20	£ 8.36

## Pension Automatic Enrolment

The pension earnings levels and triggers in relation to 'Pay Reference Periods' (PRP) which start on or after 6 April 2021 are yet to be confirmed. The following values **are predicted** on the basis of the NIC Upper Earnings Level (UEL) increase being matched:

Annual values	PRP starting from 6 April 2020	PRP starting from 6 April 2021
Lower level of qualifying earnings	£ 6,240	£ 6,240
Earnings trigger for automatic enrolment	£ 10,000	£ 10,000
Upper level of qualifying earnings	£ 50,000	£ 50,270

## Van benefit charge, van fuel benefit charge and car fuel benefit charge

The van benefit charge and fuel benefit charges for cars and vans will be updated by the Consumer Price Index from 6 April 2021. The update will take effect as follows:

	2020/2021	2021/2022
Van Benefit Charge	£ 3,490	£ 3,500
Van Fuel Benefit Charge	£ 666	£ 669
Car Fuel Benefit Charge	£ £24,500	£ 24,600