

TAX FACT CARD



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 & 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 payrolled 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.

Childcare Vouchers

The CCV Basic Earnings Assessment is due on 6 April 2021 for those currently in a CCV scheme. Entrance to CCV schemes closed to new entrants in October 2018.

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

SMP, SAP, OSPP, & ShPP Recovery (PAYE Scheme)

If Class 1 NICs are more than £45,000 in the relevant tax year, you can recover 92% of the total of all payments made in the same tax month. If your Class 1 NICs are no more than £45,000 in the relevant tax year, you can recover 100% of the total of all payments plus an additional amount as compensation. The compensation rate is 3% for tax years 2010-11 and onwards.

Pension Scheme Allowances

	2020-21	2021-22
Annual Allowance	£40,000	£40,000
Lifetime Allowance	£1,073,100	£1,078,900
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 1st April 2021

Real Living Wage Rates

	UK	in London
By 1 May 2021	£9.50	£10.85

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

Income Tax Rates – England, Wales and Northern Ireland Subject to Approval in Respective Budgets

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

Income Tax Rates – Scotland Subject to Budget Approval

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 % 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 PGL's will have a priority over Student Loans. Employers will be notified by a PGL1 to start deductions and PGL2 to stop deductions.

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 (10% of the personal allowance) 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 Couples Allowance for those born before 6 April 1935:	
Maximum amount of Married Couples Allowance	£9,125
Minimum amount of Married Couples Allowance	£3,530
Income Limit for Married Couples Allowance	£30,400
Blind Persons 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

OpRA (Optional Remuneration Arrangements)

Announced late and just before the start of the Tax Year, this came into effect from 6 April 2017 with Grandfathering periods (grace periods).

Excluded from OpRA are:

- Pension contributions and advice
- Cycle to work
- Holiday purchase (buying additional leave)
- Childcare
- Green cars less than 75 gCo2/km

The Grandfathering period for the majority of Benefits in Kind **closed on 5 April 2018**. The Grandfathering period for Cars, Vans, Cheap Loans, Accommodation and School Fees closes on the 5th April 2021 when the OpRA rules will apply. Please see <https://www.gov.uk/guidance/optional-remuneration-arrangements-480-appendix-12>

Employment Allowance

Employers whose NI bill was less than £100,000 in the previous tax year are eligible to claim Employment Allowance. In addition, Employment Allowance will be classed as De Minimis State Aid. Employment Allowance cannot be rolled over from one tax year into the next. The employer must apply for and declare that they are eligible each year.

The eligibility criteria is:

- Must have class 1 Secondary National Insurance contributions in the previous tax year (including any connected companies) of less than £100,000.
- Only one of the connected companies can claim the allowance.
- Receiving the full Employment Allowance of £4,000 when added to any other de minimis state aid received or allocated, will not result in exceeding the de minimis state aid threshold for your business sector(s) in the relevant 3-year period (the 2 years previous and the current year). This is regardless of whether the full £4,000 is claimed.

Sector (Economic undertaking)	De minimis threshold/ceiling
Primary production of agriculture products	£20,000
Fisheries and Aquaculture sector	£30,000
Road Freight Transport sector	£100,000
Industrial / Other	£200,000

To convert sterling amounts into euros, use the following URL on 1 April each year: <https://www.gov.uk/government/publications/exchange-rates-for-customs-and-vat-yearly>

Company Car Co2 emissions

To view the new chart please visit <https://www.moorepay.co.uk/company-car-emissions/>

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 Co2 Emissions, 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 1st March 2021.

Engine Size	Petrol	LPG	Engine Size	Diesel
1400 cc or less	10p	7p	1600 cc or less	8p
1401 cc to 2000 cc	12p	8p	1601 cc to 2000 cc	10p
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	
Motor cycles	24p	
Bicycles	20p	
Passenger payments	5p	Only if paid by employer

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

Payrolling Expenses and Benefits in Kind (BIK) 2021/22

Register now to payroll your benefits <https://www.gov.uk/guidance/paying-your-employees-expenses-and-benefits-through-your-payroll> for 2021 to 2022 and report benefits at the same time as your employees' PAYE on the FPS. You can deduct and pay tax on most employee expenses if you have formally registered before the start of the 2021 to 2022 tax year. You do not need to submit any P11Ds for an employee if you are payrolling all of their benefits. You would still need to submit a P11D(b) so you can pay any Class 1A National Insurance you owe. Informally payrolling the small number of employers who informally payroll benefits must now also formally register for payrolling before the start of 2021 to 2022. We will no longer accept informal arrangements.

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.moorepay.co.uk/resource/off-payroll-working-ir35-in-the-private-sector/>

Tax Code for Payments after Leaving

From 6 April 2012 all payments after leaving are taxed using OT week 1 / month 1. For Scottish Rate tax payers this will be SOT and Welsh ones with COT (where indicated by HMRC) on a week 1 / month 1 basis. This includes any payment related to a taxable award of shares or gains on shares. Note a further P45 must not be produced.

Apprenticeship Levy

An employer cost for employers and/or a Connected Group of Companies with an annual Pay Bill in excess of £3m. 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 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. (5 March 2021)