

## Rates and thresholds for employers 2021 to 2022

Use these rates and thresholds when you operate your payroll or provide expenses and benefits to your employees.

### England and Northern Ireland

	2021 to 2022
<b>PAYE tax rates and thresholds</b>	
Employee personal allowance	£242 per week £1,048 per month £12,570 per year
English and Northern Irish basic tax rate	20% on annual earnings above the PAYE tax threshold and up to £37,700
English and Northern Irish higher tax rate	40% on annual earnings from £37,701 to £150,000
English and Northern Irish additional tax rate	45% on annual earnings above £150,000

### Class 1 National Insurance thresholds

You can only make National Insurance deductions on earnings above the lower earnings limit.

Class 1 National Insurance thresholds	2021 to 2022
Lower earnings limit	£120 per week £520 per month £6,240 per year
Primary threshold	£184 per week £797 per month £9,568 per year
Secondary threshold	£170 per week £737 per month £8,840 per year
Upper secondary threshold (under 21)	£967 per week £4,189 per month £50,270 per year

**Class 1 National Insurance thresholds****2021 to 2022**

Apprentice upper secondary threshold (apprentice under 25)	£967 per week £4,189 per month £50,270 per year
Upper earnings limit	£967 per week £4,189 per month £50,270 per year

**Class 1 National Insurance rates****Employee (primary) contribution rates**

<b>National Insurance category letter</b>	<b>Earnings at or above lower earnings limit up to and including primary threshold</b>	<b>Earnings above the primary threshold up to and including upper earnings limit</b>	<b>Balance of earnings above upper earnings limit</b>
A	0%	12%	2%
B	0%	5.85%	2%
C	nil	nil	nil
H (apprentice under 25)	0%	12%	2%
J	0%	2%	2%
M (under 21)	0%	12%	2%
Z (under 21 – deferment)	0%	2%	2%

**Employer (secondary) contribution rates**

<b>National Insurance category letter</b>	<b>Earnings at or above lower earnings limit up to and including secondary threshold</b>	<b>Earnings above secondary threshold up to and including upper earnings limit, upper secondary threshold, apprentice upper secondary threshold</b>	<b>Balance of earnings above upper earnings limit, upper secondary threshold, apprentice upper secondary threshold</b>
A	0%	13.80%	13.80%

<b>National Insurance category letter</b>	<b>Earnings at or above lower earnings limit up to and including secondary threshold</b>	<b>Earnings above secondary threshold up to and including upper earnings limit, upper secondary threshold, apprentice upper secondary threshold</b>	<b>Balance of earnings above upper earnings limit, upper secondary threshold, apprentice upper secondary threshold</b>
B	0%	13.80%	13.80%
C	0%	13.80%	13.80%
H (apprentice under 25)	0%	0%	13.80%
J	0%	13.80%	13.80%
M (under 21)	0%	0%	13.80%
Z (under 21 – deferment)	0%	0%	13.80%

### **Class 1A National Insurance: expenses and benefits**

<b>National Insurance class</b>	<b>2021 to 2022 rate</b>
Class 1A	13.8%

### **Class 1B National Insurance: PAYE Settlement Agreements (PSAs)**

<b>National Insurance class</b>	<b>2021 to 2022 rate</b>
Class 1B	13.8%

### **National Minimum Wage**

<b>Category of worker</b>	<b>Hourly rate</b>
Aged 23 and above (national living wage rate)	£8.91
Aged 21 to 22 inclusive	£8.36
Aged 18 to 20 inclusive	£6.56

Category of worker	Hourly rate
Aged under 18 (but above compulsory school leaving age)	£4.62
Apprentices aged under 19	£4.30
Apprentices aged 19 and over, but in the first year of their apprenticeship	£4.30

## Statutory Maternity, Paternity, Adoption, Shared Parental and Parental Bereavement Pay

Type of payment or recovery	2021 to 2022 rate
<a href="#">SMP</a> – weekly rate for first 6 weeks	90% of the employee’s average weekly earnings
SMP – weekly rate for remaining weeks	£151.97 or 90% of the employee’s average weekly earnings, whichever is lower
<a href="#">Statutory Paternity Pay (SPP)</a> – weekly rate	£151.97 or 90% of the employee’s average weekly earnings, whichever is lower
<a href="#">Statutory Adoption Pay (SAP)</a> – weekly rate for first 6 weeks	90% of employee’s average weekly earnings
SAP – weekly rate for remaining weeks	£151.97 or 90% of the employee’s average weekly earnings, whichever is lower
<a href="#">Statutory Shared Parental Pay (ShPP)</a> – weekly rate	£151.97 or 90% of the employee’s average weekly earnings, whichever is lower
<a href="#">Statutory Parental Bereavement Pay (SPBP)</a> – weekly rate	£151.97 or 90% of the employee’s average weekly earnings, whichever is lower
SMP, SPP, ShPP, SAP or SPBP – proportion of your payments you can <a href="#">recover from HMRC</a>	92% if your total Class 1 National Insurance (both employee and employer contributions) is above £45,000 for the previous tax year  103% if your total Class 1 National Insurance for the previous tax year is £45,000 or lower

## Statutory Sick Pay (SSP)

The same weekly SSP rate applies to all employees. However, the amount you must actually pay an employee for each day they’re off work due to illness (the daily rate) depends on the number of ‘qualifying days’ they work each week.

Unrounded daily rates	Number of qualifying days in week	1 day to pay	2 days to pay	3 days to pay	4 days to pay	5 days to pay	6 days to pay	7 days to pay
£13.7642	7	£13.77	£27.53	£41.30	£55.06	£68.83	£82.59	£96.35
£16.0583	6	£16.06	£32.12	£48.18	£64.24	£80.30	£96.35	
£19.2700	5	£19.27	£38.54	£57.81	£77.08	£96.35		
£24.0875	4	£24.09	£48.18	£72.27	£96.35			
£32.1166	3	£32.12	£64.24	£96.35				
£48.1750	2	£48.18	£96.35					
£96.35	1	£96.35						

### Student loan and postgraduate loan recovery

If your employees' earnings are above the earnings threshold, record their student loan and postgraduate loan deductions in your payroll software. It will automatically calculate and deduct repayments from their pay.

Rate or threshold	2021 to 2022 rate
Employee earnings threshold for student loan plan 1	£19,895 per year £1,657.91 per month £382.59 per week
Employee earnings threshold for student loan plan 2	£27,295 per year £2,274.58 per month £524.90 per week
Employee earnings threshold for student loan plan 4	£25,000 per year £2,083.33 per month £480.76 per week
Student loan deductions	9%
Employee earnings threshold for postgraduate loan	£21,000 per year £1,750.00 per month £403.84 per week
Postgraduate loan deductions	6%

### Company cars: advisory fuel rates

Use advisory fuel rates to work out mileage costs if you provide company cars to your employees. These rates apply from 1 March 2021.

<b>Engine size</b>	<b>Petrol – amount per mile</b>	<b>LPG – amount per mile</b>
1400cc or less	10 pence	7 pence
1401cc to 2000cc	12 pence	8 pence
Over 2000cc	18 pence	12 pence

<b>Engine size</b>	<b>Diesel – amount per mile</b>
1600cc or less	9 pence
1601cc to 2000cc	11 pence
Over 2000cc	12 pence

Hybrid cars are treated as either petrol or diesel cars for this purpose.

### **Advisory electricity rate for fully electric cars**

Amount per mile – 4 pence.

Electricity is not a fuel for car fuel benefit purposes.

### **Employee vehicles: mileage allowance payments**

<b>Type of vehicle</b>	<b>Rate per business mile 2021 to 2022</b>
Car	For tax purposes: 45 pence for the first 10,000 business miles in a tax year, then 25 pence for each subsequent mile  For National Insurance purposes: 45 pence for all business miles
Motorcycle	24 pence for both tax and National Insurance purposes and for all business miles
Cycle	20 pence for both tax and National Insurance purposes and for all business miles

### **Employment Allowance**

**Allowance****2021 to 2022 rate**

Employment allowance

£4,000

**Apprenticeship Levy**

Employers and connected companies with a total annual pay bill of more than £3 million, are liable to the Apprenticeship Levy, which is payable monthly. Employers who are not connected to another company or charity will have an annual allowance that reduces the amount of Apprenticeship Levy you have to pay. Apprenticeship Levy is charged at a percentage of your annual pay bill.

**Allowance or charge****2021 to 2022 rate**

Apprenticeship Levy allowance

£15,000

Apprenticeship Levy charge

0.5%