

Tax Year Updates 2021-2022

Tax rates for employers from 6 April 2021

Employment Allowance

The employment allowance will remain at £4,000 for the 2021-2022 tax year.

From 6 April 2021 you can only claim EA if your total (secondary) Class 1 National Insurance contributions (NICs) liability is below £100,000 in the tax year before the year of claim.

More than one payroll - Add together the employers (secondary) Class 1 NICs liabilities for each payroll, if you have more than one payroll in the tax year before the year of claim.

If the total amount is:

- £100,000 or more you will not be eligible to claim EA
- under £100,000 you should decide which one makes the claim

Connected companies - Where companies are connected, you should add together the total employers secondary Class 1 NICs liabilities for all companies in the group.

If this total is:

- £100,000 or more – none of the connected companies will be eligible to claim EA
- below £100,000 – the group must decide which one company will claim

Who cannot claim Employment Allowance

You cannot claim if you're a public body or business doing more than half your work in the public sector (such as local councils and NHS services) - unless you're a charity.

You also cannot claim if both of the following apply:

- you're a company with only one employee paid above the Class 1 National Insurance secondary threshold
- the employee is also a director of the company

Certain employees cannot be included in your claim, such as:

- someone whose earnings are within IR35 'off-payroll working rules'
- someone you employ for personal, household or domestic work (like a nanny or gardener) – unless they're a care or support worker

Automatic Enrolment

There are no increases or changes to auto enrolment for the 2021-2022 tax year.

National Minimum Wage

The National Minimum Wage rates will increase effective from 1st April 2021. Please see below table of the new rates.

Age group	National Minimum Wage rates
25+ (National Living Wage)	£8.91 per hour
21-24	£8.36 per hour
18-20	£6.56 per hour
Under 18 (but above the compulsory school leaving age)	£4.62 per hour
Apprentices Under 19	£4.30 per hour
Apprentices aged 19+ (in first year of apprenticeship)	£4.30 per hour

Please ensure your employees are being paid in line with the new rates from April 2021.

If you need to make changes to employee's hourly rates or salaries please inform us prior to your first pay period following 6 April. We will check the legal minimums are being met where we hold details of the hour's worked and hourly rates.

If your staff are still furloughed, you will not need to increase their hourly rates until they return to work.

Statutory Payments

The table below shows the new rates for statutory payments (including statutory sick pay and statutory maternity pay) from April 2021.

Statutory Payment	Rate
SMP (Statutory Maternity Pay)	First 6 weeks @ 90% of Average Weekly Earnings (AWE) Thereafter £151.97 per week (or 90% of AWE, whichever is lower)
SPP (Statutory Paternity Pay)	£151.97 per week (or 90% of AWE, whichever is lower)
SAP (Statutory Adoption Pay)	First 6 weeks @ 90% of Average Weekly Earnings (AWE) Thereafter £151.96 per week (or 90% of AWE, whichever is lower)
SPP (Statutory Sick Pay)	£96.35 per week

Personal Allowance

The personal allowance will remain at £12,570 per annum from 6 April 2021.

If an employee has full personal allowance, their tax code will be 1257L

Emergency tax codes will be 1257L W1, 1257L M1, or 1257L X.

UK Tax Rates

The below table shows the tax rate bands effective from 6 April 2021 (excludes Scotland).

Basic Rate Tax	20% on annual earnings above the PAYE tax threshold and up to £37,700
Higher Rate Tax	40% on annual earnings from from £37,701 to £150,000
Additional Rate Tax	45% on annual earnings above £150,000

National Insurance rates

The below table shows the National Insurance rate bands effective from 6 April 2021.

NI Thresholds	Per week	Per month	Per month
Lower Earnings Limit	£120	£520	£6,240
Primary Threshold	£184	£797	£9,568
Secondary Threshold	£170	£737	£8,840
Upper Secondary Threshold (under 21)	£967	£4,189	£50,270
Apprentices Upper Secondary Threshold (Apprentice Under 25)	£967	£4,189	£50,270
Upper Earnings Limit	£967	£4,189	£50,270

Payroll enquiries

Our staff are currently working remotely but will continue to deliver your Payroll Services as normal. Please email payroll@rfm-more.co.uk with any enquiries.

We would prefer that all enquiries are emailed but if it is essential that you speak with someone, please call [01772 431233](tel:01772431233).