

Tax Year Updates

2023-2024

Tax rates for employers from 6 April 2023

As we are coming toward the end of the tax year for 2022-2023, please see below an update in relation to changes for the forthcoming tax year 2023-2024.

Employment Allowance

The employment allowance will remain at £5,000 for the 2023 - 2024 tax year.

From 6 April 2020 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

If you're part of a group

If you're part of a group of charities or companies (also known as connected companies), the total employers' Class 1 National Insurance liabilities for the group must be less than £100,000.

Only one company in the group can claim the allowance.

If you have more than one payroll

If you have or had more than one employer PAYE reference, the total employers' Class 1 National Insurance liabilities for your combined payrolls must be less than £100,000 in the previous tax year.

You can only claim Employment Allowance against one of the payrolls.

If you make off-payroll payments

Payments to off-payroll workers (for example, contractors) are known as 'deemed payments'. Do not include employers' Class 1 National Insurance liabilities on deemed payments in your calculations. They do not count towards the £100,000 threshold.

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 2023-2024 tax year.

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	2023 to 2024 rate
Apprenticeship Levy allowance	£15,000
Apprenticeship Levy charge	0.5%

National Minimum Wage

The hourly rate for the minimum wage depends on your age and whether you're an apprentice.

You must be at least:

- school leaving age to get the National Minimum Wage
- aged 23 to get the National Living Wage – the minimum wage will still apply for workers aged 22 and under

Current rates

These rates are for the National Living Wage (for those aged 23 and over) and the National Minimum Wage (for those of at least school leaving age). The rates change on 1 April every year.

Category of worker	Hourly rate
Aged 23 and above (national living wage rate)	£10.42
Aged 21 to 22 inclusive	£10.18
Aged 18 to 20 inclusive	£7.49
Aged under 18 (but above compulsory school leaving age)	£5.28
Apprentices aged under 19	£5.28
Apprentices aged 19 and over, but in the first year of their apprenticeship	£5.28

Apprentices

Apprentices are entitled to the apprentice rate if they're either:

- aged under 19
- aged 19 or over and in the first year of their apprenticeship

Example - An apprentice aged 21 in the first year of their apprenticeship is entitled to a minimum hourly rate of £5.28.

Apprentices are entitled to the minimum wage for their age if they both:

- are aged 19 or over
- have completed the first year of their apprenticeship

Example - An apprentice aged 21 who has completed the first year of their apprenticeship is entitled to a minimum hourly rate of £10.18.

Statutory Payments

The table below shows the new rates for statutory payments (including statutory sick pay and statutory maternity pay). These rates apply from 2 April 2023.

Type of payment or recovery	2023 to 2024 rate
Statutory Maternity Pay – weekly rate for first 6 weeks	90% of the employee's average weekly earnings
Statutory Maternity Pay – weekly rate for remaining weeks	£172.48 or 90% of the employee's average weekly earnings, whichever is lower
Statutory Paternity Pay (SPP) – weekly rate	£172.48 or 90% of the employee's average weekly earnings, whichever is lower
Statutory Adoption Pay (SAP) – weekly rate for first 6 weeks	90% of the employee's average weekly earnings
Statutory Adoption Pay – weekly rate for remaining weeks	£172.48 or 90% of the employee's average weekly earnings, whichever is lower
Statutory Shared Parental Pay (ShPP) – weekly rate	£172.48 or 90% of the employee's average weekly earnings, whichever is lower
Statutory Parental Bereavement Pay (SPBP) – weekly rate	£172.48 or 90% of the employee's average weekly earnings, whichever is lower
SMP, SPP, ShPP, SAP or SPBP – proportion of your payments you can recover from HMRC	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 Statutory Sick Pay 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
£15.63	7	£15.63	£31.26	£46.89	£62.52	£78.15	£93.78	£109.40
£18.24	6	£18.24	£36.47	£54.70	£72.94	£91.17	£109.40	
£21.88	5	£21.88	£43.76	£65.64	£87.52	£109.40		
£27.35	4	£27.35	£54.70	£82.05	£109.40			
£36.47	3	£36.47	£72.94	£109.40				
£54.70	2	£54.70	£109.40					
£109.40	1	£109.40						

Personal Allowance

The personal allowance will be at £12570* per annum for the 2023-2024 tax year.

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.

*This is the same as 2022 - 2023 tax year.

UK Tax Rates

The below table shows the tax rate bands effective from 6 April 2023* (excludes Scotland).

PAYE tax rates and thresholds	2023 to 2024
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

*This is the same as 2022 - 2023 tax year.

National Insurance rates

The below table shows the National Insurance rate bands effective from 6 April 2023.

Class 1 NI Thresholds 2023-24	Per week	Per month	Per year
Lower Earnings Limit	£123	£533	£6,396
Primary Threshold	£242	£1,048	£12,570
Secondary Threshold	£175	£758	£9,100
Freeport upper secondary threshold	£481	£2,083	£25,000
Upper secondary threshold (under 21)	£967	£4,189	£50,270
Apprentices Upper Secondary Threshold (Apprentice Under 25)	£967	£4,189	£50,270
Veterans upper secondary threshold	£967	£4,189	£50,270
Upper Earnings Limit	£967	£4,189	£50,270

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 2023-24	Per year	Per month	Per week
Employee earnings threshold for student loan plan 1	£22,015	£1,834.581	£423.36
Employee earnings threshold for student loan plan 2	£27,295	£2,274.58	£524.90
Employee earnings threshold for student loan plan 4	£27,660	£2,305	£531.92
Student loan deductions	9%		
Employee earnings threshold for post-graduate loan	£21,000	£1750.00	£403.84
Postgraduate loan deductions	6%		

Payroll enquiries

Please email payroll@rfm-more.co.uk with any questions you may have about changes to rates and allowances.

If it is essential that you speak with someone, call [01772 431233](tel:01772431233).