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Guidance

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.

Published 2 February 2021

From:
HM Revenue & Customs (<https://www.gov.uk/government/organisations/hm-revenue-customs>)

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Unless otherwise stated, these figures apply from 6 April 2021 to 5 April 2022.

PAYE tax and Class 1 National Insurance contributions

You normally operate PAYE (<https://www.gov.uk/payee-for-employers>) as part of your payroll so HMRC can collect Income Tax and National Insurance from your employees.

Your payroll software (<https://www.gov.uk/payroll-software/overview>) will calculate how much tax and National Insurance to deduct from your employees' pay.

Tax thresholds, rates and codes

The amount of Income Tax you deduct from your employees depends on their tax code (<https://www.gov.uk/employee-tax-codes>) and how much of their taxable income is above their Personal Allowance (<https://www.gov.uk/income-tax-rates/current-rates-and-allowances>).

England and Northern Ireland

PAYE tax rates and thresholds	2021 to 2022
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

Income Tax rates and thresholds are subject to confirmation at the budget.

Scotland

PAYE tax rates and thresholds	2021 to 2022
Employee personal allowance	£242 per week £1,048 per month £12,570 per year
Scottish starter tax rate	19% on annual earnings above the PAYE tax threshold and up to £2,097
Scottish basic tax rate	20% on annual earnings from £2,098 to £12,726
Scottish intermediate tax rate	21% on annual earnings from £12,727 to £31,092

Scottish higher tax rate	41% on annual earnings from £31,093 to £150,000
Scottish top tax rate	46% on annual earnings above £150,000

Income Tax rates and thresholds are subject to parliamentary approval.

Wales

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

Income Tax rates and thresholds are subject to parliamentary approval.

Emergency tax codes

The emergency tax codes from 6 April 2021 are:

- 1257L W1
- 1257L M1
- 1257L X

Find out more about emergency tax codes (<https://www.gov.uk/tax-codes/emergency-tax-codes>).

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
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

Deduct primary contributions (employee's National Insurance) from your employees' pay through PAYE.

National Insurance category letter	Earnings at or above lower earnings limit up to and including primary threshold	Earnings above the primary threshold up to and including upper earnings limit	Balance of earnings above upper earnings limit
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

You pay secondary contributions (employer's National Insurance) to HMRC as part of your PAYE bill (<https://www.gov.uk/running-payroll/paying-hmrc>).

Pay employers' PAYE tax and National Insurance (<https://www.gov.uk/pay-payee-tax>).

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

You must pay Class 1A National Insurance on work benefits (<https://www.gov.uk/employer-reporting-expenses-benefits/overview>) you give to your employees, for example a company mobile phone. You report and pay (<https://www.gov.uk/employer-reporting-expenses-benefits/reporting-and-paying>) Class 1A on expenses and benefits at the end of each 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 (<https://www.gov.uk/government/publications/income-tax-and-national-insurance-contributions-treatment-of-termination-payments>) paid to employees which exceed £30,000 and on the amount of sporting testimonial payments (<https://www.gov.uk/guidance/sporting-testimonials-income-tax-and-national-insurance-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.

National Insurance class	2021 to 2022 rate
Class 1A	13.8%

Pay employers' Class 1A National Insurance (<https://www.gov.uk/pay-class-1a-national-insurance>).

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

You pay Class 1B National Insurance if you have a PSA (<https://www.gov.uk/pay-e-settlement-agreements/overview>). This allows you to make one annual payment to cover all the tax and National Insurance due on small or irregular taxable expenses or benefits for your employees.

National Insurance class	2021 to 2022 rate
Class 1B	13.8%

Pay Class 1B National Insurance (<https://www.gov.uk/pay-psa>).

National Minimum Wage

The National Minimum Wage is the minimum pay per hour almost all workers (<https://www.gov.uk/national-minimum-wage/who-gets-the-minimum-wage>) are entitled to by law. Use the National Minimum Wage calculator (<https://www.gov.uk/minimum-wage-calculator-employers>) to check if you're paying a worker the National Minimum Wage or if you owe them payments from past years.

These rates apply from 1 April 2021.

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

National Minimum Wage rates for previous years (<https://www.gov.uk/national-minimum-wage-rates>).

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

Use the maternity, adoption and paternity calculator for employers (<https://www.gov.uk/maternity-paternity-calculator>) to calculate your employee's:

- Statutory Maternity Pay (SMP)
- paternity or adoption pay
- qualifying week
- average weekly earnings
- leave period

These rates apply from 4 April 2021.

Type of payment or recovery	2021 to 2022 rate
SMP (https://www.gov.uk/employers-maternity-pay-leave) – 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
Statutory Paternity Pay (SPP) (https://www.gov.uk/employers-paternity-pay-leave) – weekly rate	£151.97 or 90% of the employee's average weekly earnings, whichever is lower
Statutory Adoption Pay (SAP)	

(https://www.gov.uk/employers-adoption-pay-leave) – 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
Statutory Shared Parental Pay (ShPP) (https://www.gov.uk/shared-parental-leave-and-pay-employer-guide) – weekly rate	£151.97 or 90% of the employee’s average weekly earnings, whichever is lower
Statutory Parental Bereavement Pay (SPBP) (https://www.gov.uk/employers-parental-bereavement-pay-leave) – 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 recover from HMRC (https://www.gov.uk/recover-statutory-payments)	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.

Use the SSP calculator (<https://www.gov.uk/calculate-statutory-sick-pay>) to work out your employee’s sick pay, or use these rates.

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 (<https://www.gov.uk/new-employee/student-loans>) 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 December 2020.

Engine size	Petrol – amount per mile	LPG – amount per mile
1400cc or less	10 pence	7 pence

1401cc to 2000cc	11 pence	8 pence
Over 2000cc	17 pence	12 pence

Engine size	Diesel – amount per mile
1600cc or less	8 pence
1601cc to 2000cc	10 pence
Over 2000cc	12 pence

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

Advisory fuel rates for previous periods (<https://www.gov.uk/government/publications/advisory-fuel-rates/advisory-fuel-rates-1-september-2011-to-29-february-2016>).

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

Mileage allowance payments are what you pay your employees for using their own vehicle for business journeys.

You can pay your employees an approved amount of mileage allowance payments each year without having to report them to HMRC. To work out the approved amount, multiply your employee's business travel miles for the year by the rate per mile for their vehicle.

Find out more about reporting and paying mileage allowance payments (<https://www.gov.uk/expenses-and-benefits-business-travel-mileage/rules-for-tax>).

Type of vehicle	Rate per business mile 2021 to 2022
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

Published 2 February 2021

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