



INCOME TAX RATES, IS/JSA/ESA/SPC BENEFIT RATES, AND SOCIAL SECURITY CONTRIBUTIONS RATES FROM APRIL 2020

Contents	Paragraphs
Introduction	1
Uprating	
Benefit Rates	2
Housing costs non-dependant deductions IS/JSA(IB)/ESA(IR)/SPC	3
Statutory guarantee payments	4
Social Security Contributions	
Class 1 contributions	5
Class 2 contributions	6
Small profits threshold	7
Class 4 contributions	8
Class 4 rate	9
Income Tax	
Rates	10
Annotations	
Contacts	

INTRODUCTION

1. This memo contains details about the income tax and the Social Security contribution rates for 2020/2021 and the increase in some IS/JSA/ESA/SPC benefit rates from 6.4.20. The rates are introduced by the Social Security Benefits Up-rating Order 2020 (SI 2020/234), the Social Security (Contributions) (Rates, Limits and Thresholds Amendments and National Insurance Funds



Payments) Regulations 2020 (SI 2020/299). The Employment Rights (Increase of Limits) Order 2020 (SI 2020/205) and The Social Security (Contributions) (Re-rating) Consequential Amendment Regulations 2020 (SI 2020/303).

UPRATING

Benefit rates

- Any new rates of IS/JSA/ESA/SPC benefit will apply from the first day of the first benefit week to commence on or after 6.4.20. DMs can find the new rates in the benefit uprating schedule and benefit desk aids and should bear them in mind when reading examples in the DMG that contain benefit rates.

Housing costs non-dependant deductions - IS/JSA(IB)/ESA(IR)/SPC

- Where a non-dependant lives with the claimant, a deduction from the allowable housing costs may be appropriate (see DMG 23756, DMG 44586 or DMG 78500 et seq.). See Appendix 4 to DMG Chapter 23 for details of previous rates appropriate to IS/JSA, Appendix 3 to DMG Chapter 44 for details of previous rates appropriate to ESA and Appendix 2 to DMG Chapter 78 for details of previous rates appropriate to SPC. The new rates of deduction are:

Gross weekly income	Deduction
less than £149.00	£15.85
£149.00 to £216.99	£36.45
£217.00 to £282.99	£50.05
£283.00 to £376.99	£81.90
£377.00 to £468.99	£93.25
£469.00 or more	£102.35

Statutory guarantee Payments

- Limit on amount of guarantee payment payable
£30.00 in respect of any day.



SOCIAL SECURITY CONTRIBUTIONS

Class 1 contributions

5. From 6.4.20 the new earnings limits are as follows:

LEL	-	£120 weekly
UEL	-	£962 weekly

Class 2 contributions

6. The ordinary Class 2 rate is £3.05 per week.

The share fisherman rate is £3.70

Small profits threshold

7. The small profits threshold limit is £6,475

Class 4 contributions

8. The rates for Class 4 contributions are:

Lower level	-	£9,500 per year
Higher level	-	£50,000 per year

Class 4 rate

9.

£9,500 to £50,000	-	9%
Above £50,000	-	2%



INCOME TAX

Rates

10. The rates for tax are

Basic rate of 20%	-	From £12,501 to £50,000
Higher rate 40%	-	over £50,000
Additional rate 45%		over £150,000

ANNOTATIONS

Please annotate the number of this memo (Memo DMG 05/20) against the following DMG paragraphs:

Appendix 4 to Chapter 23, Appendix 2 & 3 to Chapter 26, Appendix 1 & 2 to Chapter 27, 33413, Appendix 3 to Chapter 44, 46223, Appendix 2 & 3 to Chapter 49, 60051, Appendix 2 to Chapter 78, 79422.

CONTACTS

If you have any queries about this memo, please write to Decision Making and Appeals (DMA) Leeds, 3E zone E, Quarry House, Leeds. Existing arrangements for such referrals should be followed, as set out in Memo [4/19](#) Requesting case guidance from DMA Leeds for all benefits.

DMA Leeds: March 2020