



**RATES FOR INCOME TAX, UC BENEFIT RATES AND  
SOCIAL SECURITY CONTRIBUTIONS FROM APRIL 2021**

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**[See Memo ADM 04/20]**

**INTRODUCTION**

1. This memo contains details about the income tax and the Social Security contribution rates for 2021/2022 and the increase in UC benefit rates from 12.4.21. The rates are introduced by the Social Security Benefits Uprating Order 2021 (SI 2021/162 and the Social Security (Contributions) (Rates, Limits and Thresholds



Amendments and National Insurance Funds Payments) Regulations 2021 (SI 2021/157). This memo also contains guidance on the Employment Rights (Increase of Limits) Order 2021 (SI 2021/208) which come into effect from 6.4.21.

## UPRATING

### Benefit rates

2. New rates of UC will apply from the first day of the first assessment period which commences on or after 12.4.21. 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 ADM that contain benefit rates.

### Housing costs non-dependant contribution

3. Where a non-dependant lives with the claimant, a contribution may be appropriate. The contribution is made in the form of a deduction from the allowable housing costs. Where applicable (see ADM F3140) the rate of deduction is £75.53

### Earned income – work allowance

4. The appropriate work allowance is<sup>1</sup>

<b>1. Higher work allowance</b>	<b>Amount</b>
Single claimant -	
responsible for a child or qualifying young person and/or has limited capability for work	£515
Joint claimants -	
responsible for one or more children or qualifying young persons and/or where one or both have limited capability for work <sup>1</sup>	£515
<b>2. Lower work allowance</b>	
Single claimant -	
responsible for one or more children or qualifying young persons and/or has limited capability for work	£293
Joint claimants -	
responsible for one or more children or qualifying young persons and/or where one or both have limited capability for work <sup>1</sup>	£293



## SOCIAL SECURITY CONTRIBUTIONS<sup>1</sup>

*1 Social Security (Contributions) (Rates, Limits and Thresholds Amendments and National Insurance Funds Payments) Regulations 2021*

### Class 1 contributions

5. From 6.4.21 the new earnings limits are as follows:

LEL	-	£120 weekly (no change)
UEL	-	£967 weekly

### Class 2 contributions

6. The ordinary Class 2 rate is £3.05 per week. (no change)

The share fisherman rate remains at £3.70

### Small profits threshold

7. The small profits threshold limit is £6,515.

### Class 4 contributions

8. The rates for Class 4 contributions are:

Lower level	-	£9,568 per year
Higher level	-	£50,270 per year

### Class 4 rate

9.

£9,568 to £50,270	-	9%
Above £50,270	-	2%



## INCOME TAX

### Allowances

10. The rates for allowances are

Personal allowance	-	£12,570
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11. Rates

The rates for tax are

Basic rate of 20%	-	£12,571 to £50,270
Higher rate 40%	-	over £50,270
Additional rate 45%		over £150,000

## EMPLOYMENT RIGHTS – INCREASE OF LIMITS

12. From 6.4.21 the rates for the maximum weekly amount increase.

### The maximum weekly amount

13. The maximum weekly amount from 6.4.21 is increased from £538 to £544<sup>1</sup>.

*1 The Employment Rights (Increase of Limits) Order 2021, Sch, para 7*

### Statutory guarantee payments

14. The daily rate of the statutory guarantee payment from 6.4.21 remains at £30<sup>1</sup>.

*1 The Employment Rights (Increase of Limits) Order 2021, Sch, para 4*

## CARER'S ALLOWANCE – EARNINGS LIMIT

15. The Carer's allowance weekly earnings limit from 12.4.21 remains at £128<sup>1</sup>.

*1 The Social Security (Invalid Care Allowance) Regulation, reg 8(1)*



## **ANNOTATIONS**

Please annotate the number of this memo (Memo ADM 05/21) against the following ADM paragraphs: F3140, Appendix 2 of Chapter S2, Appendix 2 of Chapter V4.

## **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 [7/19](#) Requesting case guidance from DMA Leeds for all benefits.

DMA Leeds: April 2021

**The content of the examples in this document (including use of imagery) is for illustrative purposes only**