



RATES FOR INCOME TAX, UC BENEFIT RATES AND SOCIAL SECURITY CONTRIBUTIONS FROM APRIL 2020

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[SEE ADM MEMO 04/20]

INTRODUCTION

1. This memo contains details about the income tax and the Social Security contribution rates for 2020/2021 and the increase in UC benefit rates from 6.4.20. The



rates are introduced by the Welfare Benefits Up-rating Order 2020 (SI 2020/234), the Social Security (Contributions) (Re-rating) Consequential Amendment Regulations 2020 (SI 2020/303), and the Social Security (Contributions) (Rates, Limits and Thresholds Amendments and National Insurance Funds Payments) Regulations 2020 (SI 2020/299). This memo also contains guidance on the Employment Rights (Increase of Limits) Order 2020 (SI 2020/205) which come into effect from 6.4.20.

UPRATING

Benefit rates

2. New rates of UC will apply from the first day of the first assessment period which commences 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 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 £75.15

Earned income – work allowance

4. The appropriate work allowance is¹

1. Higher work allowance	Amount
Single claimant -	
responsible for a child or qualifying young person and/or has limited capability for work	£512
Joint claimants -	
responsible for one or more children or qualifying young persons and/or where one or both have limited capability for work ¹	£512
2. Lower work allowance	
Single claimant -	
responsible for one or more children or qualifying young persons and/or has limited capability for work	£292
Joint claimants -	



responsible for one or more children or qualifying young persons and/or where one or both have limited capability for work ¹	£292
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1 UC Regs, reg 22

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

Allowances

10. The rates for allowances are

Personal allowance	-	£12,500
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11. Rates

The rates for tax are

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

EMPLOYMENT RIGHTS – INCREASE OF LIMITS

12. From 6.4.20 the rates for the maximum weekly amount and statutory guarantee payments increase¹.

1 The Employment Rights (Increase of Limits) Order 2020, Sch., para 7

The maximum weekly amount

13. The maximum weekly amount from 6.4.20 is increased from £525 to £538¹.

1 The Employment Rights (Increase of Limits) Order 2020, Sch, para 8

Statutory guarantee payments

14. The daily rate of the statutory guarantee payment from 6.4.20 is increased from £29 to £30¹.

1 The Employment Rights (Increase of Limits) Order 2020, Sch, para 4



CARER'S ALLOWANCE – INCREASE OF EARNINGS LIMIT

15. The Carer's allowance weekly earnings limit from 6.4.20 is increased from £123 to £128¹.

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

ANNOTATIONS

Please annotate the number of this memo (Memo ADM 03/20) 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: March 2020



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