

**INCOME TAX RATES, IS/JSA/ESA/SPC BENEFIT RATES,
AND SOCIAL SECURITY CONTRIBUTIONS RATES FROM
APRIL 2021**

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INTRODUCTION

1. This memo contains details about the income tax and the Social Security contribution rates for 2021/2022 and the increase in some IS/JSA/ESA/SPC benefit rates from 12.4.21. The rates are introduced by the Social Security Benefits Up-rating 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. 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 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 DMG that contain benefit rates.

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

3. 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 1 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	£15.95
£149.00 to £216.99	£36.65
£217.00 to £282.99	£50.30
£283.00 to £376.99	£82.30
£377.00 to £468.99	£93.70
£469.00 or more	£102.85

Statutory guarantee Payments

4. Limit on amount of guarantee payment payable remains at

£30.00 in respect of any day



SOCIAL SECURITY CONTRIBUTIONS¹

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

Rates

10. The rates for tax are

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

ANNOTATIONS

Please annotate the number of this memo (Memo DMG 04/21) 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 1 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 DMG 23/16](#) - Obtaining legal advice and guidance on the Law.

DMA Leeds: April 2021

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