

04-23 Rates for Income Tax, IS/JSA/ESA/SPC Benefit Rates and Social Security Contributions Rates from April 2023

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Introduction

1. This memo contains details about the income tax and the Social Security contribution rates for 2023/2024 and the increase in some IS/JSA/ESA/SPC benefit rates from 10.4.23. The rates are

introduced by the [Social Security Benefits Up-rating Order 2023 \(SI 2023/316\)](#), [The Social Security \(Contributions\) \(Rates, Limits and Thresholds Amendments and National Insurance Funds Payments\) Regulations 2023 \(SI 2023/236\)](#) and [The Social Security Benefits Up-rating Regulations 2023 \(SI 2023/340\)](#). This memo also contains guidance on the [Employment Rights \(Increase of Limits\) Order 2023 \(SI 2023/318\)](#) which come into effect from 10.4.23.

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 10.4.23. 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 appropriate¹ (see DMG [23756](#), DMG [44586](#) or DMG [78500](#) et seq.). The new rates of deduction are:

Gross weekly income	Deduction
less than £162.00	£18.10
£162.00 to £235.99	£41.60
£236.00 to £307.99	£57.10
£308.00 to £409.99	£93.40
£410.00 to £510.99	£106.35
£511.00 or more	£116.75

¹ IS Regs, Sch 3, para 18; JSA Regs, Sch 2, para 17; ESA Regs, Sch 6, para 19; SPC regs, Sch II, para 14

Third party deductions for miscellaneous accommodation costs

4 When a third-party deduction for miscellaneous accommodation costs is determined, the amount allowed for personal expenses for a person in certain accommodation is £29.75¹.

Statutory Guarantee Payments

5. Limit on amount of a guarantee payment payable¹ increases to

£35.00 in respect of any day

1 Employments Rights Act 1996, s31(1)

SOCIAL SECURITY CONTRIBUTIONS

Class 1 contributions

6. From 10.4.23 the earnings limits¹ remain as follows:

LEL -	£123 weekly
UEL -	£967 weekly

1 C&B Act 92, s5

Class 2 contributions

7. The ordinary Class 2 rate¹ increases to £3.45 per week.

The share fisherman rate² increases to £4.10

1 C&B Act 92, s11(2); 2 s11(4)

Small profits and lower profits thresholds

8. The lower profits threshold (introduced in 2022) increases to £12,570¹

9. The small profits threshold² remains at £6,725

1 C&B Act 92, s11(4)(a); 2 s11(4)(b)

Class 4 contributions

10. The rates for Class 4 contributions¹ are:

Lower level	- £11,908 per year
Higher level	- £50,270 per year

1 C&B Act 92 s15(3)(a), 18(1)(c)(1A)(1)

Class 4 rate¹

11.

£11,908 to £50,270	9.7 3%
Above £50,270	2.7 3%

1 C&B Act 92, s15(3ZA)

INCOME TAX

Rates

12. The rates for tax are

Basic rate of 20%	- From £12,570
Higher rate 40%	- From £50,270 to £150,000

ANNOTATIONS

Please annotate the number of this memo (Memo [DMG 04/23](#)) 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 [DMG Memo 4/19](#) - Requesting case guidance from DMA Leeds for all benefits.

DMA Leeds:

April 2023