

08-23 Rates for Income Tax, UC Benefit Rates and Social Security Contributions 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 UC 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 \(SI 2023/236\)](#), the [Social Security Benefit Up-rating Regulations 2023 \(SI 2023/340\)](#) and the [Social Security \(Contributions\) \(Re-rating\) Consequential Amendment Regulations 2023 \(SI 2023/330\)](#). 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. New rates of UC will apply from the first day of the first assessment period which commences 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 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 costs¹. Where applicable (see [ADM F3140](#)) the rate of deduction is £85.73

1 UC Regs, Sch 4, para 14(1)

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	£631
Joint claimants -	
responsible for one or more children or qualifying young persons and/or where one or both have limited capability for work	£631
2. Lower work allowance	

Single claimant -	
responsible for one or more children or qualifying young persons and/or has limited capability for work	£379
Joint claimants -	
responsible for one or more children or qualifying young persons and/or where one or both have limited capability for work	£379

UC Regs, reg 22

Transitional SDP element

[\[See Memo ADM 13-23\]](#)

5. [M6761](#) gives guidance on the transitional SDP element included in the first assessment period (AP) of an award of UC. For awards of UC where the first AP begins on or after 10.4.23, the amounts are

1. for a single claimant¹

1.1 £132.12 if the LCWRA element is included **or**

1.2 £313.79 if the LCWRA element is not included **or**

2. for joint claimants²

2.1 £445.91 if the higher SDP rate³ was payable **or**

2.2 £132.12 if **2.1** does not apply and the LCWRA element is included for either of the claimants **or**

2.3 £313.79 if **2.1** does not apply and the LCWRA element is not included for either of the claimants.

1 UC (TP) Regs, Sch 2 para 5(a); 2 para 5(b); 3 IS (Gen) Regs, Sch 2 para 15(5)(b);

JSA Regs 96, Sch 1 para 20(6)(b); ESA Regs 08, Sch 4 para 11(2)(b)

SOCIAL SECURITY CONTRIBUTIONS

Class 1 contributions

6. From 10.4.23 the earnings limits¹ remain as follows:

LEL -	£123 weekly
UEL -	£967 weekly

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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 the SS (Contributions) Regs 2001, reg 125(c)

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 remain the same and 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	-	9.73%
Above £50,270	-	2.73%

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

INCOME TAX

Allowances

12. The rates for allowances remain unchanged and are

Personal allowance	- £12,570
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Rates

13. The rates for tax are:

Basic rate of 20%	- £12,571 to £50,270
Higher rate 40%	- 50,271 to £150,000

Employment Rights - increase of limits

14. From 10.4.23 the rates for the maximum weekly amount and the statutory guarantee payments increase.

The maximum weekly amount

15. The maximum weekly amount¹ from 11.4.22 is increased from £571 to £643.

1 The Employment Rights Act 1996, s186(1)(a)(b)

Statutory guarantee payments

16. The daily rate of the statutory guarantee payment¹ from 10.4.23 increases to £35.

1 The Employment Rights Act 1996, s31(1)

Carer's Allowance – Earnings limit

17. The Carer's allowance weekly earnings limit¹ from 10.4.23 increases to £139.

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

ANNOTATIONS

Please annotate the number of this memo (Memo ADM 08/23) against the following ADM paragraphs: [F3140](#), [H4110 \(heading\)](#), [M6761](#), [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 2023