

## 05-25: Rates for Income Tax, UC Benefit Rates and Social Security Contributions from April 2025

Introduction	1
Uprating	
Benefit rates	2
Housing costs non-dependant contribution	3
Earned income – work allowance	4
Transitional SDP element	5
Transition SDP element – the Additional Amount	6
Third party deductions for miscellaneous accommodation costs	7
Social Security Contributions	
Class 1 contributions	8
Class 2 contributions	9
Class 3 contributions	10
Small profits and lower profits thresholds	11-12
Class 4 contributions	13
Class 4 rate	14
Income Tax	
Allowances	15
Rates	16
Employment Rights – Increase of Limits	17
The maximum weekly amount	18
Statutory guarantee payments	19

Carer's allowance – earnings limit	20
Annotations	
Contacts	

## Introduction

1. This memo contains details about the income tax and the Social Security contribution rates for 2024/2025 and the increase in UC benefit rates from 07.4.24. The rates are introduced by the [Social Security Benefits Up-rating Order 2025](#) (SI 2025/295) and the [Social Security \(Contributions\) \(Rates, Limits and Thresholds Amendments, National Insurance Funds Payments and Extension of Veterans Relief\) Regulations 2025](#) (SI 2025/288) and the [Social Security Benefit Up-rating Regulations 2025](#) (SI 2025/352). This memo also contains guidance on the [Employment Rights \(Increase of Limits\) Order 2025](#) (SI 2025/348) and the [Social Security \(Contributions\) \(Re-rating\) Consequential Amendment Regulations 2025](#) (SI 2025/318) which come into effect from 07.04.24.

## UPRATING

### Benefit rates

2. New rates of UC will apply from the first day of the first assessment period which commences on or after 07.04.25. 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<sup>1</sup>. Where applicable (see [ADM F3140](#)) the rate of deduction is £93.02

1 [UC Regs, Sch 4, para. 14\(1\)](#)

### Earned income – work allowance

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

1. Higher work allowance	Amount
Single claimant -	
responsible for a child or qualifying young person and/or	£684

has limited capability for work	
Joint claimants -	
responsible for one or more children or qualifying young persons and/or where one or both have limited capability for work	£684
<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	£411
Joint claimants -	
responsible for one or more children or qualifying young persons and/or where one or both have limited capability for work	£411

1 [UC Regs, reg 22](#).

## Transitional SDP element

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 07.04.25, the amounts are

### 1. for a single claimant<sup>1</sup>

**1.1** £143.37 if the LCWRA element is included **or**

**1.2** £340.50 if the LCWRA element is not included **or**

### 2. for joint claimants<sup>2</sup>

**2.1** £483.88 if the higher SDP rate<sup>3</sup> was payable **or**

**2.2** £143.37 if **2.1** does not apply and the LCWRA element is included for either of the claimants **or**

**2.3** £340.50 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\(2\)\(b\)](#)

## Transitional SDP element – the Additional Amount

6. ADM Memo 01/24 and M6771 give guidance on the extra benefit (the 'Additional Amount') paid from 14.02.24, to certain UC claimants who are entitled to the transitional SDP element (or transitional SDP amount) and who were also previously entitled to an enhanced disability premium, a disability premium or a child disability premium/element in certain legacy benefits. From 07.04.25 the Additional Amount is:

1. for a single claimant;

1.1 with an enhanced disability premium, £91.15

1.2 with a disability premium, £186.64

1.3 with a disabled child premium, £192.07 per disabled child.

2. for joint claimants;

2.1 with an enhanced disability premium, £130.22

2.2 with a disability premium, £266.94

2.3 with a disabled child premium, £192.07 per disabled child<sup>1</sup>.

1 UC TP Regs, [Sch 3 para. 5](#)

### **Third party deductions for miscellaneous accommodation costs**

7. When a third-party deduction for miscellaneous accommodation costs is determined, the amount allowed for personal expenses for a person in certain accommodation increases to £32.30<sup>1</sup>.

1 SS (C&P) Regs, [Sch 9, para. 4\(2A\)](#)

## **SOCIAL SECURITY CONTRIBUTIONS**

### **Class 1 contributions**

8. From 07.04.25 the earnings limits<sup>1</sup> are as follows:

LE L	-	Increased to £125 weekly
UE L	-	Remain at £967 weekly

1 [C&B Act 92, s 5](#)

### **Class 2 contributions**

9. The ordinary Class 2 rate<sup>1</sup> increases to £3.50 per week.

The share fisherman rate<sup>2</sup> increases to £4.15

1 [C&B Act 92, s 11\(2\)](#); 2 the SS (Contributions) Regs 2001, [reg 125\(c\)](#)

### **Class 3 contributions**

10. The class 3 rate<sup>1</sup> increases to £17.75

1 [C&B Act 92, s 13\(1\)](#)

### **Small profits and lower profits thresholds**

11. The lower profits threshold remains at £12,570<sup>1</sup>

12. The small profits threshold<sup>2</sup> increases to £6,845

1 [C&B Act 92, s 11\(4\)\(a\)](#); 2 [s 11\(4\)\(b\)](#)

### **Class 4 contributions**

13. The rates for Class 4 contributions<sup>1</sup> remain the same and are:

Lower level	-	£12,570 per year
Higher level	-	£50,270 per year

1 [C&B Act 92 s 15\(3\)\(a\)](#), [18\(1\)\(c\)\(1A\)\(1\)](#)

### **Class 4 rate<sup>1</sup>**

14. The Class 4 NIC rates for profits remain unchanged at:

£12,570 to £50,270	-	6%
Above £50,270	-	2%

## INCOME TAX

### Allowances

15. The rates for allowances remain unchanged and are

Personal allowance	-	£12,570
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### Rates

16. The rates for tax are:

Basic rate of 20%	-	£12,571 to £50,270
Higher rate 40%	-	£50,271 to £125,140
Additional rate 45%	-	Above £125,140

### Employment rights – increase of limits

17. From 07.04.25 the rates for the maximum weekly amount and the statutory guarantee payments are;

#### The maximum weekly amount

18. The maximum weekly amount<sup>1</sup> is increased to £719.

1. The Employment Rights Act 1996, [s 186\(1\)\(a\)\(b\)](#)

### Statutory guarantee payments

19. The daily rate of the statutory guarantee payment<sup>1</sup> increases to £39.

1. The Employment Rights Act 1986, [s 31\(1\)](#)

## **Carer's Allowance – Earnings limit**

20. The Carer's allowance weekly earnings limit<sup>1</sup> increases to £196.

1. The Social Security (Invalid Care Allowance) Regulations, [reg 8\(1\)](#)

## **ANNOTATIONS**

Please annotate the number of this memo (Memo ADM 05/25) against the following ADM paragraphs:  
[F3140](#), [H4110 \(heading\)](#), [M6761](#), [M6771](#), [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 2025

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

