

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

Introduction	1
Uprating	
Benefit rates	2
Housing costs non-dependant deduction IS/JSA(IB)/ESA(IR)/SPC	3
Third party deductions for miscellaneous accommodation costs	4
Statutory Guarantee Payments	5
Social Security Contributions	
Class 1 contributions	6
Class 2 contributions	7
Class 3 contributions	8
Class 4 contributions	9
Small profits and lower profits thresholds	10-11
Class 4 rate	12
Income Tax	13
Annotations	
Contacts	

### Introduction

1. This memo contains details about the income tax and the Social Security contribution rates for

2025/2026 and the increase in some IS/JSA/ESA/SPC benefit rates from 07.04.25. The rates are introduced by the [Social Security Benefits Up-rating Order 2025](#) (SI 2025/295), 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 07.04.25.

## UPRATING

### Benefit rates

2. Any new rates of IS/JSA/ESA/SPC will apply from the first day of the first benefit week 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 – IS/JSA(IB)/ESA(IR)/SPC

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

Gross weekly income	Deduction
less than £176.00	£19.65
£176.00 to £255.99	£45.15
£256.00 to £333.99	£62.00
£334.00 to £444.99	£101.35
£445.00 to £553.99	£115.45
£554.00 or more	£126.65

<sup>1</sup> 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 increases to £32.30<sup>1</sup>.

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

### **Statutory Guarantee Payments**

5. The limit on amount of a guarantee payment payable<sup>1</sup> increases to;

£39.00 in respect of any day.

1 Employments Rights Act 1996, [s 31\(1\)](#)

## **SOCIAL SECURITY CONTRIBUTIONS**

### **Class 1 contributions**

6. From 07.04.25 the earnings limits<sup>1</sup> are as follows;

LEL	Increases to £125 weekly
UEL	Remains at £967 weekly

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

### **Class 2 contributions.**

7. 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 s 11\(4\)](#)

### **Class 3 contributions.**

8. The Class 3 rate<sup>1</sup> increases to £17.75.

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

### **Class 4 contributions.**

9. The rates for Class 4 contributions<sup>1</sup> are;

Lower level	£12,570 per year
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Higher level	£50,270 per year
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1 C&B Act 92 s 15(3)(a), 18(1)(c)(1A)(1)

### Small profits and lower profits thresholds

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

11. 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 rate<sup>1</sup>.

12.

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

1 C&B Act 92, [s 15\(3ZA\)](#)

### Income Tax

13. The rates for tax are:

Basic rate of 20%	From £12,570 to £50,270
Higher rate 40%	From £50,271 to £125,140
Additional rate	Above £125,140

### Annotations

The number of this memo 05/25 should be noted at paragraphs;

[Appendix 4 to Chapter 23](#), [Appendix 2 & Appendix 3 to Chapter 26](#), [Appendix 1 & Appendix 2 to Chapter 27](#), [Appendix 3 to Chapter 44, 46223](#), [Appendix 2 & Appendix 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 [4/19](#) Requesting case guidance from DMA Leeds for all benefits.

DMA (Leeds): April 2025