

02-26: Rates for income Tax, Benefit Rates and Social Security Contributions from April 2026

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introduction

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

2026/2027 and the increase in some IS/JSA/ESA/SPC benefit rates from 06.04.26. The rates are introduced by the [Social Security Benefits Up-rating Order 2026 \(SI 2026/148\)](#), the [Social Security \(Contributions\) \(Limits and Thresholds, National Insurance Funds Payments and Extension of Veterans Relief\) Regulations 2026 \(SI 2026/231\)](#) and the [Social Security Benefit Up-rating Regulations 2026 \(SI 2026/218\)](#). This memo also contains guidance on the [Employment Rights \(Increase of Limits\) Order 2026 \(SI 2026/310\)](#) and the [Social Security \(Contributions\)\(Re-rating\) Consequential Amendment Regulations 2026 \(SI 2026/283\)](#) which come into effect from 06.04.26.

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 06.04.26. 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/ESA/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 costs¹. ([see DMG 23756, DMG 44586 or DMG 78500](#) et seq) The new rates of deduction are:

Gross weekly income	Deduction
less than £192.00	£20.40
Not less than £192.00 but less than £279	£46.85
Not less than £279 but less than £365	£64.35
Not less than £365 but less than £485	£105.20
Not less than £485 but less than £605	£119.85
£605 or more	£131.45

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 increases to £33.55¹.

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

Statutory Guarantee Payments

5 The limit on amount of a guarantee payment payable¹ increases to £41.00 in respect of any day.

1 [Employments Rights Act 1996, s31\(1\)](#)

SOCIAL SECURITY CONTRIBUTIONS

Class 1 contributions

6. From 06.04.26 the earnings limits¹ increases as follows;

LEL	£129 weekly
UEL	£967 weekly

1 [C&B Act 92, s5](#)

Class 2 contributions.

7. The ordinary Class 2 rate¹ increases to £3.65 per week.

The share fisherman rate increases to £4.30²

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 remains at £12,570¹.

9. The small profits threshold² increases to £7,105.

Class 3 contributions

10. The class 3 rate¹ increases to £18.40

[1 C&B Act 92, s13\(1\)](#)

Class 4 contributions.

11. The rates for Class 4 contributions¹ are;

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

[1 C&B Act 92 s15\(3\)\(a\), 18\(1\)\(c\)\(1A\)\(1\)](#)

Class 4 rate¹.

12.

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

[1 C&B Act 92, s15\(3ZA\)](#)

Income Tax

13. The rates for tax are:

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

40%	
Additional rate	Above £125,140

Annotations

The number of this memo 02/26 should be noted at paragraphs;

[Appendix 4 to Chapter 23](#), [Appendix 2 &3 to Chapter 26](#), [Appendix 1 & 2 to Chapter 27](#), [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 contact 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 2026