

# **Payroll Rates and Allowances**

*Tax Year  
2025/26*

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## Contents

Introduction	2
Income Tax	3
Personal Allowance (UK-wide)	3
The Marriage Allowance (UK-wide)	3
Tax Code Uplifts (UK-wide)	3
Other Tax Allowances (UK-wide)	3
Income Tax Rates and Thresholds	4
Rates (rest of the UK (rUK) Taxpayers)	4
Rates (Welsh Taxpayers)	4
Rates (Scottish Taxpayers)	4
Thresholds (rUK Taxpayers and Welsh Taxpayers)	5
Basic Earnings Assessment	5
Thresholds (Scottish Taxpayers)	5
Dividend Tax	6
National Insurance	6
Thresholds	6
Rates	7
Primary (employee)	7
Secondary (employer)	7
Employment Allowance	9
Apprenticeship Levy - done	9
National Minimum / Living Wage	9
Statutory Payments	10
Statutory Sick Pay (SSP)	10
Parental Payments (SMP, SAP, SPP, ShPP, SPBP and SNCP)	10
Student Loans	11
Annual thresholds	11
Per pay period thresholds	11
Pensions	12
Auto-Enrolment Thresholds	12
Allowances	12

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# Introduction

At the start of each tax year, and throughout if there are amendments, payroll professionals have many changes of rates and allowances to familiarise themselves with. Generally, changes are effective at the start of the tax year, i.e. 06 April. However, this is not the case with all rates and allowances, and we must, almost, consign those used previously to memory as we commence payroll processing going forward.

ICB has consolidated all payroll-related rates and allowances for 2025/26 into one document and is up to date in respect of all changes that have been announced.

The document is created specifically so that the information is in one place in a convenient format, allowing this to be the '*one-stop*' document for bookkeeping, payroll, HR and software developer professionals.

It is designed for professionals at all levels and, where appropriate, we have the rates and allowances for 2025/26 next to those that applied in the previous tax year, indicating the change.

This information is a collation of data that is widely and publicly available from sources such as Gov.UK.

# Income Tax

## Personal Allowance (UK-wide)

Tax Allowance	2024/25	2025/26
	£	£
Personal Allowance	12,570	12,570
Income Limit *	100,000	100,000

\* The Personal Allowance is reduced by £1 for every £2 of 'adjusted net income' above £100,000. See [Gov.UK guidance](#) for information and links to the definition of adjusted net income.

The [Emergency Tax Code](#) is 1257L, operated cumulatively or non-cumulatively.

## The Marriage Allowance (UK-wide)

Tax Allowance	2024/25	2025/26
	£	£
Marriage Allowance	1,260	1,260

Tax suffixes M and N are used where M is the receiver and N the transferor.

## Tax Code Uplifts (UK-wide)

Showing annual value of the Personal Allowance before and after any transfer:

Suffix	2024/25	2025/26	Change	Change
	£	£	£	Points
L	12,570	12,570	0	0
M	13,830	13,830	0	0
N	11,310	11,310	0	0

## Other Tax Allowances (UK-wide)

Tax Allowance	2024/25	2024/25	Change
	£	£	£
The Married Couple's Allowance*			
• Maximum	11,080	11,270	+190
• Minimum	4,280	4,360	+80
• Income Limit	37,000	37,700	+700
Blind Person's Allowance	3,070	3,130	+60
Personal Savings Allowance			
• Basic Rate taxpayers	1,000	1,000	0
• Higher Rate taxpayers	500	500	0

\* Note that the [Married Couple's Allowance](#) is an age-related allowance which has a different income limit compared to the UK-wide Personal Allowance. The age-related allowance is reduced by £1 for every £2 of income over £37,700.

## Income Tax Rates and Thresholds

### Rates (rest of the UK (rUK) Taxpayers)

Note that HMRC refer to a rUK taxpayer as English or Northern Irish, i.e. anyone who is not a Welsh or Scottish Taxpayer:

Band	Rate
	%
Basic	20
Higher	40
Additional	45

### Rates (Welsh Taxpayers)

The Welsh Rates of Income Tax (WRIT) are set annually by the Welsh Parliament by Resolution. The WRIT legislative process allows each of the rUK tax thresholds to be reduced by 10 percentage points with the WRIT percentage added. In 2025/26, unchanged from 2024/25, reducing by 10 and adding 10 means Welsh Taxpayers pay the same rate of tax as their rUK equivalents:

Band	Rate	Less	Plus WRIT	Rate
	%	%	%	%
Basic	20	10	10	20
Higher	40	10	10	40
Additional	45	10	10	45

### Rates (Scottish Taxpayers)

The annual Scottish Rate Resolution sets the rates and thresholds for Scottish Taxpayers, compared to 2024/25

Band	2024/25	2025/26
	%	%
Scottish Starter	19	19
Scottish Basic	20	20
Scottish Intermediate	21	21
Scottish Higher	42	42
Scottish Advanced	45	45
Scottish Top	48	48

### Thresholds (rUK Taxpayers and Welsh Taxpayers)

The table below refers to net taxable income, i.e. the income after the reduction of any tax allowances to which the employee may be entitled. With comparison to those that applied in 2024/25:

<b>Band</b>	<b>2024/25</b>	<b>2025/26</b>
	<b>£</b>	<b>£</b>
Basic	1 – 37,700	1 – 37,700
Higher	37,701 to 150,000	37,701 to 125,140
Additional	Over 150,000	Over 125,140

### Basic Earnings Assessment

This annual task (for restricting Income Tax and National Insurance relief on Employer Supported Childcare, e.g. the Childcare Voucher) is performed using rUK Income Tax thresholds, including Personal Allowance, regardless of the taxpayer status of the employee:

		<b>Weekly</b>	<b>Monthly</b>	<b>Annual</b>
		<b>£</b>	<b>£</b>	<b>£</b>
Basic	Up to £50,270	55	243	2,915
Higher	£50,271 – £125,140	28	124	1,484
Additional	Over 125,140	25	110	1,325

Note that the Blind Person's Allowance should be included if the employee meets the [eligibility criteria](#) (which is not the same UK-wide).

### Thresholds (Scottish Taxpayers)

The table below refers to net taxable income, i.e. the income after the reduction of any tax allowances to which the employee may be entitled. With comparison to those that applied in 2024/25:

<b>Band</b>	<b>2024/25</b>	<b>2025/26</b>
	<b>£</b>	<b>£</b>
Scottish Starter	1 – 2,306	1 – 2,827
Scottish Basic	2,307 – 13,991	2,828 – 14,921
Scottish Intermediate	13,992 – 31,092	14,992 – 31,092
Scottish Higher	31,093 – 62,430	31,093 – 62,430
Scottish Advanced	62,431 – 125,140	62,431 – 125,140
Scottish Top	Over 125,140	Over 125,140

## Dividend Tax

The Dividend Allowance remains at £500. Dividends above the Allowance are taxed depending on the taxpayer's Income Tax band using rUK thresholds. These are also unchanged for 2025/26 as follows:

Tax Band	2024/25	2025/26
	%	%
Basic rate	8.75	8.75
Higher rate	33.75	33.75
Additional rate	39.35	39.35

## National Insurance

### Thresholds

	Tax Year	Weekly	Fortnightly	Four-weekly	Monthly	Annual
		£	£	£	£	£
Lower Earnings Limit (LEL)	24/25	123	246	492	533	6,396
	25/26	125	250	500	542	6,500
Primary Threshold (PT)	24/25	242	484	967	1,048	12,570
	25/26	242	484	967	1,048	12,570
Secondary Threshold (ST)	24/25	175	350	700	758	9,100
	25/26	96	193	385	417	5,000
Freeport and Investment Zone UST (FUST and IZUST)	24/25	481	962	1,924	2,083	25,000
	25/26	481	962	1,924	2,083	25,000
Upper Earnings Limit (UEL)	24/25	967	1,934	3,867	4,189	50,270
	25/26	967	1,934	3,867	4,189	50,270

The Upper Secondary Threshold (UST), Apprentice Upper Secondary Threshold (AUST) and Veterans Upper Secondary Threshold (VUST) remain aligned with the value of the Upper Earnings Limit in 2025/26 for:

- Employees under 21 (UST)
- Apprentices under 25 on a statutory apprenticeship (AUST), and
- Ex-Armed Forces veterans in the first 12 months of civilian employment (VUST)

The Freeports Upper Secondary Threshold (FUST) and Investment Zone Upper Secondary Threshold (IZUST) are both set at £25,000 per annum.

## Rates

Exclusive of the letters that apply to mariners, the Class 1 NICs rates structure is as follows:

### Primary (employee)

Band	Standard	Pensioners	Reduced	Deferred
Table Letters	A / F / H / M / N and V	C / K and S	B / E and I	D / J / L and Z
Earnings up to LEL	NIL	NIL	NIL	NIL
Earnings between LEL and PT	0%	NIL	0%	0%
Earnings between PT and UEL	8%	NIL	1.85%	2%
Earnings above UEL	2%	NIL	2%	2%

### Secondary (employer)

Over 25

Band	A, B, C and J
Earnings up to LEL	NIL
Earnings between LEL and ST	0%
Earnings between ST and FUST	15%
Earnings between FUST and UEL	15%
Earnings above UEL	15%

Age-Related (16 - 20)

Band	M and Z
Earnings up to LEL	NIL
Earnings between LEL and ST	0%
Earnings between ST and FUST	0%
Earnings between FUST and UST	0%
Earnings above UST	15%



Apprentice (under 25)

<b>Band</b>	<b>H</b>
Earnings up to LEL	NIL
Earnings between LEL and ST	0%
Earnings between ST and FUST	0%
Earnings between FUST and AUST	0%
Earnings above AUST	15%

Qualifying Veteran Secondary Contributions

<b>Band</b>	<b>V</b>
Earnings up to LEL	NIL
Earnings between LEL and ST	0%
Earnings between ST and FUST	0%
Earnings between FUST and VUST	0%
Earnings above VUST	15%

Eligible Freeport Secondary Contributions

<b>Band</b>	<b>F, I, S and L</b>
Earnings up to LEL	NIL
Earnings between LEL and ST	0%
Earnings between ST and FUST	0%
Earnings above FUST	15%

Eligible Investment Zone Secondary Contributions

<b>Band</b>	<b>N, E, K and D</b>
Earnings up to LEL	NIL
Earnings between LEL and ST	0%
Earnings between ST and IZUST	0%
Earnings above IZUST	15%

## Employment Allowance

For eligible employers:

20234/25	2025/26
£5,000	£10,500

## Apprenticeship Levy - done

	2024/25	2025/26
Allowance (per employer)	£15,000	£15,000
Charge	0.5%	0.5%

## National Minimum / Living Wage

Applicable from the first full pay reference period starting on or after 01 April 2025:

Rate	From April 2024	From April 2025	Change	Change
	£	£	%	£
Adults (21+) aka the National Living Wage	11.44	12.21	6.7	0.77
18 – 20 rate (previously Youth Development)	8.60	10.00	16.3	1.40
Under 18 (above compulsory school leaving age)	6.40	7.55	18.00	1.15
Apprentice *	6.40	7.55	18.00	1.15

*\*For apprentices aged 16 to 18 and those aged 19 or over who are in the first year of their apprenticeship. All other apprentices are entitled to the rate applicable for their age.*

The Accommodation Offset daily rate increased by 6.7% from £9.99 to £10.66.

# Statutory Payments

## Statutory Sick Pay (SSP)

Applies to Average Weekly Earnings (AWE) at or above the weekly LEL (£125):

Unrounded daily rates	QDs in week	Number of days due						
		1	2	3	4	5	6	7
£		£	£	£	£	£	£	£
16.9642	7	16.97	33.93	50.90	67.86	84.83	101.79	118.75
19.7916	6	19.80	39.59	59.38	79.17	98.96	118.75	
23.7500	5	23.75	47.50	71.25	95.00	118.75		
29.6875	4	29.69	59.38	89.07	118.75			
39.5833	3	39.59	79.17	118.75				
59.3750	2	59.38	118.75					
118.7500	1	118.75						

Payable from the first day of the new tax year (06 April 2025).

## Parental Payments (SMP, SAP, SPP, ShPP, SPBP and SNCP)

Payable from the week that commences the first Sunday in April (06 April 2025):

Rates effective from week starting on or after Sunday	06 April 2025
Earnings Threshold (LEL)	£125
SMP / SAP weekly rate for first 6 weeks	90% AWE
Lesser of 90% AWE or the following Statutory rates: <ul style="list-style-type: none"> <li>SMP weekly rate for up to next 33 weeks</li> <li>SAP weekly rate for up to next 33 weeks</li> <li>SPP weekly rate</li> <li>ShPP weekly rate</li> <li>SPBP weekly rate</li> <li>SNCP weekly rate</li> </ul>	£187.18
Percentage of payment recoverable	92%
Percentage of payment recoverable (Small Employer's Relief)	100%
NI compensation recoverable under Small Employer's Relief	8.5%
Annual NICs threshold for Small Employer's Relief	£45,000

[HMRC's Statutory Payments Manual](#) advises that there is no daily rate for child-related payments, however, employers may choose to align weekly payments with the pay reference period by one of two methods.

# Student Loans

## Annual thresholds

The PGL threshold is frozen at 2024/25 levels:

Plan	%age	2024/25	2025/26
		£	£
1	9%	24,990	26,065
2	9%	27,295	28,470
3 (PGL)	6%	21,000	21,000
4	9%	31,395	32,745

Note that Plan 5 will come into force for deductions from April 2026.

## Per pay period thresholds

Plan	Tax Year	Annual	Weekly	Fortnightly	Four-weekly	Monthly
		£	£	£	£	£
1	24/25	24,990	480.57	961.15	1,922.30	2,082.50
	25/26	26,065	501.25	1,002.50	2,005.00	2,172.08
2	24/25	27,295	524.90	1,049.80	2,099.61	2,274.58
	25/26	28,470	547.50	1,095.00	2,190.00	2,372.50
3 (PGL)	24/25	21,000	403.84	807.69	1,615.38	1,750.00
	25/26	21,000	403.84	807.69	1,615.38	1,750.00
4	24/25	31,395	603.75	1,207.50	2,415.00	2,616.25
	25/26	32,745	629.71	1,259.42	2,518.84	2,728.75

# Pensions

## Auto-Enrolment Thresholds

### Annual thresholds (done)

In 2025/26, the thresholds are unchanged from those applying in 2024/25:

<b>Annual Threshold</b>	<b>2024/25</b>	<b>2025/26</b>
	<b>£</b>	<b>£</b>
QEB Lower Limit	6,240	6,240
QEB Upper Limit	50,270	50,270
Earnings Trigger	10,000	10,000

### Pay Reference Period Thresholds (done)

For common Pay Reference Periods, the above translates as follows:

<b>Auto-Enrolment Thresholds 2025/26</b>						
	Weekly	2 Weekly	4 Weekly	Monthly	Quarterly	6 Monthly
	£	£	£	£	£	£
QEB Lower Limit	120	240	480	520	1,560	3,120
QEB Upper Limit	967	1,934	3,867	4,189	12,568	25,135
Earnings Trigger	192	384	768	833	2,499	4,998

## Allowances

<b>Pensions Tax Relief</b>		
	<b>2024/25</b>	<b>2025/26</b>
	£	£
Lifetime Allowance	N/A*	N/A*
Annual Allowance	60,000	60,000
Tapered Annual Allowance (minimum)	10,000	10,000
Money Purchase Annual Allowance	10,000	10,000

\* The Lifetime Allowance tax charge was abolished from April 2023 and the Allowance itself from April 2024.