



# Rates and Allowances 2026/27

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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 2026/27 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 2026/27 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	2025/26	2026/27
	£	£
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.

### Emergency Tax Code

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

### The Marriage Allowance (UK-wide)

Tax Allowance	2025/26	2026/27
	£	£
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 the annual value of the Personal Allowance before and after any transfer:

Suffix	2025/26	2026/27	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	2025/26	2026/27	Change
	£	£	£
The Married Couple's Allowance*			
• Maximum	11,270	11,700	+430
• Minimum	4,360	4,530	+170
• Income Limit	37,700	39,200	+1,500
Blind Person's Allowance	3,130	3,250	+120
Personal Savings Allowance			
• Basic Rate Taxpayers	1,000	1,000	0
• Higher Rate Taxpayers	500	500	0

\* 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 £39,200.

## Income Tax Rates and Thresholds

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

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

Band	2025/26	2026/27	Change
	%	%	%
Basic	20	20	0
Higher	40	40	0
Additional	45	45	0

### 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 2026/27, unchanged from 2025/26, 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 2025/26:

Band	2025/26	2026/27
	%	%
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 2025/26:

Band	2025/26	2026/27	Change
	£	£	£
Basic	1 – 37,700	1 – 37,700	0
Higher	37,701 to 150,000	37,701 to 150,000	0
Additional	Over 150,000	Over 150,000	0

## The 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 the above rUK Income Tax thresholds, plus the standard Personal Allowance, regardless of the taxpayer status of the employee:

	£	Weekly	Monthly	Annual
	£	£	£	
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

The Blind Person's Allowance should be included if the employee meets the eligibility [criteria](#).

## Thresholds (Scottish Taxpayers)

The table below refers to net taxable income, with comparison to those that applied in 2025/26:

Band	2025/26	2026/27
	£	£
Scottish Starter	1 – 2,827	1 – 3,967
Scottish Basic	2,828 – 14,921	3,968 – 16,956
Scottish Intermediate	14,992 – 31,092	16,957 – 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. With comparison to the rates that applied in 2025/26:

Band	2025/26	2026/27
	%	%
Basic	8.75	10.75
Higher	33.75	35.75
Additional	39.35	39.35

## National Insurance

### Thresholds

	Tax Year	Weekly	Fortnightly	Four-weekly	Monthly	Annual
		£	£	£	£	£
Lower Earnings Limit (LEL)	25/26	125	250	500	542	6,500
	26/27	129	258	516	559	6,708
Primary Threshold (PT)	25/26	242	484	967	1,048	12,570
	26/27	242	484	967	1,048	12,570
Secondary Threshold (ST)	25/26	96	193	385	417	5,000
	26/27	96	193	385	417	5,000
Upper Secondary Thresholds (UST, AUST and VUST)	25/26	967	1,934	3,867	4,189	50,270
	26/27	967	1,934	3,867	4,189	50,270
Freeport and Investment Zone UST (FUST and IZUST)	25/26	481	962	1,924	2,083	25,000
	26/27	481	962	1,924	2,083	25,000
Upper Earnings Limit (UEL)	25/26	967	1,934	3,867	4,189	50,270
	26/27	967	1,934	3,867	4,189	50,270

### Rates

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

#### Primary (Employee)

Band	Standard	Over State Pension age (SPA)	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	Table Letters
	A, B, C and J
Earnings up to LEL	NIL
Earnings between LEL and ST	0%
Earnings over the ST	15%

Age-Related (16 – 20)

Band	Table Letters
	M and Z
Earnings up to LEL	NIL
Earnings between LEL and UST	0%
Earnings over the UST	15%

Apprentice (under 25)

Band	Table Letter
	H
Earnings up to LEL	NIL
Earnings between LEL and AUST	0%
Earnings over the AUST	15%

Qualifying Veterans

Band	Table Letter
	V
Earnings up to LEL	NIL
Earnings between LEL and VUST	0%
Earnings over the VUST	15%

Investment Zones

Band	Table Letters
	N, E, K and D
Earnings up to LEL	NIL
Earnings between LEL and IZUST	0%
Earnings over the IZUST	15%

Freeports

Band	Table Letters
	F, I, S and L
Earnings up to LEL	NIL
Earnings between LEL and FUST	0%
Earnings over the FUST	15%

## Employment Allowance

For eligible employers:

2025/26	2026/27
£10,500	£10,500

### Guidance

See [‘Employment Allowance’](#) on Gov.UK

## Apprenticeship Levy

	2025/26	2026/27
Allowance (per employer)	£15,000	£15,000

### Guidance

See [‘Pay Apprenticeship Levy’](#) on Gov.UK.

### Connection

Note that the rules for connected companies are the same for Apprenticeship Levy and Employment Allowance. See Gov.UK guidance [‘Employment Allowance: further guidance for employers’](#).

## National Minimum / Living Wage

The hourly rate to be paid to the worker is the rate that applies on the first day of the pay reference period.

The following are the rates applicable from the first full pay reference period starting on or after 01 April 2026 (compared to those applying from the first full pay reference period starting on and after 01 April 2025 and showing the percentage and monetary increases):

Rate	April 2025	April 2026	Increase	Increase
	£	£	%	£
Adult (21+)	12.21	12.71	4.1	0.50
18 – 20 rates	10.00	10.85	8.5	0.85
Under 18 (and above school leaving age)	7.55	8.00	6	0.45
Apprentice *	7.55	8.00	6	0.45

\* For apprentices under 19 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 increases by £0.44p from £10.66 to £11.10.

## Statutory Payments

### Statutory Sick Pay (SSP)

Payable from the first day of the new tax year (06 April 2026).

From tax year 2026/27, the requirement to be earning at or above the Lower Earnings Limit (LEL) for National Insurance is removed. Payment will either be at the below statutory rates or 80% of Average Weekly Earnings if this is less:

Unrounded daily rates	QDs in week	Number of days due						
		1	2	3	4	5	6	7
£		£	£	£	£	£	£	£
17.6071	7	17.61	35.22	52.83	70.43	88.04	105.65	123.25
20.5416	6	20.55	41.09	61.63	82.17	102.71	123.25	
24.6500	5	24.65	49.30	73.95	98.60	123.25		
30.8125	4	30.82	61.63	92.44	123.25			
41.0833	3	41.09	82.17	123.25				
61.6250	2	61.63	123.25					
123.2500	1	123.25						

### Child-Related Payments

Payable from the week that commences the first Sunday in April (05 April 2026):

Rates effective from week starting on or after Sunday	05 April 2026
Earnings Threshold (LEL)	£129
SMP / SAP weekly rate for first 6 weeks	90% of 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>• ShPP weekly rate</li> <li>• SPP weekly rate</li> <li>• SPBP weekly rate</li> <li>• SNCP weekly rate</li> </ul>	£194.32
Percentage of payment recoverable	92%
Percentage of payment recoverable (Small Employer's Relief)	100%
NI compensation recoverable under Small Employer's Relief	9%
Annual NICs threshold for Small Employer's Relief	£45,000

[HMRC's Statutory Payments Manual](#) advises 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

Plan	Percentage	2025/26	2026/27
		£	£
1	9%	26,065	26,900
2	9%	28,470	29,385
3 (PGL)	6%	21,000	21,000
4	9%	32,745	33,795
5	9%	N/A	25,000

### Per pay period thresholds

Plan	Tax Year	Weekly	Fortnightly	Four-weekly	Monthly
		£	£	£	£
1	2025/26	501.25	1,002.50	2,005.00	2,172.08
	2026/27	517.30	565.09	2,069.23	2,241.66
2	2025/26	547.50	1,095.00	2,190.00	2,372.50
	2026/27	565.09	1,130.19	2,260.38	2,448.75
3	2025/26	403.84	807.69	1,615.38	1,750.00
	2026/27	403.84	807.69	1,615.38	1,750.00
4	2025/26	603.75	1,207.50	2,415.00	2,616.25
	2026/27	649.90	1,299.80	2,599.61	2,816.25
5	2025/26	N/A	N/A	N/A	N/A
	2026/27	480.76	961.53	1,923.07	2,083.33

## Pensions

### Auto-Enrolment Thresholds

#### Annual Thresholds

In 2026/27, the thresholds are unchanged from those applying in 2025/26:

Annual Threshold	2025/26	2026/27
	£	£
QEB Lower Limit	6,240	6,240
QEB Upper Limit	28,470	29,385
Earnings Trigger	10,000	10,000

#### Pay Reference Period Thresholds

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

Pay Reference Period 2026/27						
	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

Pensions Tax Relief		
	2025/26	2026/27
	£	£
Annual Allowance	60,000	60,000
Tapered Annual Allowance (minimum)	10,000	10,000
Money Purchase Annual Allowance	10,000	10,000