

March 2024

Spring Budget Report

payassist
Payroll Services

Personal Tax

Tax Bands and Rates

The basic rate of tax is 20%. For 2024/25 the band of income taxable at this rate is £37,700 so that the threshold at which the 40% band applies is £50,270 for those who are entitled to the full personal allowance.

The basic rate band is frozen at £37,700 until April 2028. The National Insurance contributions upper earnings limit and upper profits limit will remain aligned to the higher rate threshold at £50,270 for these tax years as well.

For 2024/25, the point at which individuals pay the additional rate of 45% is £125,140.

The additional rate for non-savings and non-dividend income will apply to taxpayers in England, Wales, and Northern Ireland. The additional rate for savings and dividend income will apply to the whole of the UK.

Scottish Residents

The tax on income (other than savings and dividend income) is different for taxpayers who are resident in Scotland from that paid by taxpayers resident elsewhere in the UK. The Scottish income tax rates and bands apply to income such as employment income, self-employed trade profits and property income.

In 2024/25 a new 45% rate will be introduced, making six income tax rates which range between 19% and 48%. Scottish taxpayers are entitled to the same personal allowance as individuals in the rest of the UK.

Personal Tax

Welsh Residents

Since April 2019, the Welsh Government has had the right to vary the rates of income tax payable by Welsh taxpayers (other than tax on savings and dividend income).

The UK government has reduced each of the three rates of income tax paid by Welsh taxpayers by 10 pence. For 2024/25 the Welsh Government has set the Welsh rate of income tax at 10 pence which has been added to the reduced rates. This means the tax payable by Welsh taxpayers is the same as that payable by English and Northern Irish taxpayers.

The Personal Allowance

The income tax personal allowance is fixed at the current level until April 2028 at £12,570.

There is a reduction in the personal allowance for those with 'adjusted net income' over £100,000. The reduction is £1 for every £2 of income above £100,000. This means that there is no personal allowance where adjusted net income exceeds £125,140.

The government will uprate the married couple's allowance and blind person's allowance for 2024/25.

National Insurance Contributions

Employees and NICs

Following the Autumn Statement in 2023 the government cut the main rate of Class 1 employee NICs from 12% to 10% from 6 January 2024.

The government has further cut the main rate of Class 1 employee NICs from 10% to 8% from 6 April 2024.

Employers and NICs

The thresholds and rate of 13.8% remain the same.

Employment

National Living Wage and National Minimum Wage

The government has accepted in full the recommendations of the Low Pay Commission and announced increased rates of the National Living Wage (NLW) and National Minimum Wage (NMW) which will come into force from 1 April 2024.

In addition, from 1 April 2024 the NLW will be extended to 21 and 22 year olds.

The rates which will apply from 1 April 2024 are as follows:

	NLW	18-20	16-17	Apprentices
From 1 April 2024	£11.44	£8.60	£6.40	£6.40

The apprenticeship rate applies to apprentices under 19 or 19 and over in the first year of apprenticeship. The NLW applies to those aged 21 and over.

Statutory Payments

Statutory Payment Rates Per Week				
Statutory Sick Pay	£116.75		w.e.f	06/04/24
Statutory Maternity Pay (lower rate)	£184.03	lower rate or 90% of AWE, whichever is lower	w.e.f	07/04/24
Statutory Paternity Pay	£184.03	lower rate or 90% of AWE, whichever is lower	w.e.f	07/04/24
Statutory Adoption Pay (lower rate)	£184.03	lower rate or 90% of AWE, whichever is lower	w.e.f	07/04/24
Shared Parental Pay	£184.03	lower rate or 90% of AWE, whichever is lower	w.e.f	07/04/24
Statutory parental bereavement pay	£184.03	lower rate or 90% of AWE, whichever is lower	w.e.f	07/04/24