

IMPORTANT PAYROLL CHANGES FROM APRIL 2022

FOR YOU AND YOUR EMPLOYEES



LOCAL
KNOWLEDGE,
GLOBAL
EXPERTISE



Summary

A number of important payroll changes are coming into force from 1 April 2022, which may affect you and your employees.

Contents

Tax codes and thresholds	3
National Minimum Wage increases	3
National Insurance increase	4
Statutory payments	5
Student loans	6
Employment Allowance	6

Tax codes and thresholds

There is no change to the Personal Allowance for 2022/23 and therefore there will be no standard uplift in the tax codes as a result. The thresholds remain the same for England, Wales and Northern Ireland, however there will be some changes to the rates in Scotland.

Income Tax thresholds in England, Wales and Northern Ireland

Tax rate	2022/23	2021/22
Personal Allowance	£0 – £12,570	£0 – £12,570
Basic rate (20%)	£12,571 – £50,270	£12,571 – £50,270
Higher rate (40%)	£50,271 – £150,000	£50,271 – £150,000
Additional rate (45%)	Over £150,000	Over £150,000

Income Tax thresholds in Scotland

Tax rate	2022/23	2021/22
Personal Allowance	£0 – £12,570	£0 – £12,570
Starter rate (19%)	£12,570 – £14,732	£12,570 – £14,667
Basic rate (20%)	£14,732 – £25,688	£14,667 – £25,296
Intermediate rate (21%)	£25,688 – £43,662	£25,296 – £43,662
Higher rate (40%)	£43,662 – £150,000	£43,662 – £150,000
Top rate (46%)	Over £150,000	Over £150,000

National Minimum Wage increase

From 1 April 2022, National Minimum Wage will increase across all wage bands. The Government accepted recommendations by the Low Pay Commission to increase the rates and therefore all rates in the table below will be applicable from April onwards.

It is vitally important that all employees are paid at least National Minimum Wage and our Payroll team are on hand to assist you in ensuring the guidance is adhered to. Failure to pay National Minimum Wage could result in very large fines along with the possibility of being named publicly by HMRC.

National Minimum Wage rates

	23+	21 to 22	18 to 20	Under 18	Apprentice
2022/23	£9.50	£9.18	£6.83	£4.81	£4.81
2021/22	£8.91	£8.36	£6.56	£4.62	£4.30

National Insurance increase

From 6 April 2022, there will be a temporary increase in National Insurance contribution rates payable on all earnings above the Primary and Secondary thresholds. The percentage contribution rate will increase by 1.25% as shown in the table below. The increase is temporary for 2022/23 only and the percentage will revert back to current 2021/22 rates from April 2023 when the Health and Social Care Levy will be separated out on payslips.

From April 2023, anyone of state pension age will pay the Health and Social Care Levy but this year the employee National Insurance contribution rate will remain at 0%. The employer however will pay the increased rate of 15.05%.

The Government have made a non-mandatory request that a message regarding the temporary uplift in National Insurance contributions be entered onto payslips. We will be in touch with you about this separately in the coming days.

National Insurance Contribution rates

	Employee class 1	Employee class 1, 1A & 1B	Self-employed class 4
2021/22	12% / 2%	13.8%	9% / 2%
2022/23	13.25% / 3.25%	15.05%	10.25% / 3.25%

	Employee class 1	Employee class 1, 1A & 1B	Self-employed class 4
2023/24	12% / 2%	13.8%	9% / 2%

Health and Social Care Levy

	Employee	Employer	Self-employed
2023/24	1.25%	1.25%	1.25%

Increasing the Primary threshold

As announced in the Spring Statement on 23 March 2022, the National Insurance Primary threshold will be set at £12,570 per annum from 6 July 2022 onwards. This means employees will not be required to pay National Insurance contributions until they meet that threshold.

		2021/22	2022/23		2023/24
			6 April 2022 – 5 July 2022	6 July 2022 – 5 April 2023	
Primary threshold	Weekly	£184	£190	£242	£242
	Monthly	£797	£823	£1,048	£1,048
	Effective annual threshold	£9,568	£9,880	£12,570	£12,570
Primary threshold (company directors)	Annual	£9,568	£9,880	£11,908	£12,570

Statutory payments

From 3 April 2022, there will be an increase in all statutory payments. As always, these are subject to qualifying criteria.

Statutory Maternity, Paternity, Adoption, Shared Parental and Parental Bereavement Pay rates

Type of payment	2022/23
SMP – weekly rate for first 6 weeks	90% of the employee's average weekly earnings
SMP – weekly rate for remaining weeks	£156.66 or 90% of the employee's average weekly earnings, whichever is lower
Statutory Paternity Pay (SPP) – weekly rate	£156.66 or 90% of the employee's average weekly earnings, whichever is lower
Statutory Adoption Pay (SAP) – weekly rate for first 6 weeks	90% of the employee's average weekly earnings
SAP – weekly rate for remaining weeks	£156.66 or 90% of the employee's average weekly earnings, whichever is lower
Statutory Shared Parental Pay (ShPP) – weekly rate	£156.66 or 90% of the employee's average weekly earnings, whichever is lower
Statutory Parental Bereavement Pay (SPBP) – weekly rate	£156.66 or 90% of the employee's average weekly earnings, whichever is lower
SMP, SPP, ShPP, SAP or SPBP – proportion of your payments you can recover from HMRC	92% if your total Class 1 National Insurance (both employee and employer contributions) is above £45,000 for the previous tax year 103% if your total Class 1 National Insurance for the previous tax year is £45,000 or lower

Statutory Sick Pay (SSP)

The same weekly Statutory Sick Pay rate applies to all employees. However, the amount you must actually pay an employee for each day they're off work due to illness (the daily rate) depends on the number of 'qualifying days' they work each week.

The new rates will apply from 6 April 2022.

Statutory Sick Pay rates according to qualifying days of absence

	Number of qualifying days in a week	1 day	2 days	3 days	4 days	5 days	6 days	7 days
£14.1929	7	£14.20	£28.39	£42.58	£56.78	£70.97	£85.16	£99.35
£16.5583	6	£16.56	£33.12	£49.68	£66.24	£82.80	£99.35	
£19.87	5	£19.87	£39.74	£59.61	£79.48	£99.35		
£24.8375	4	£24.84	£49.68	£74.52	£99.35			
£33.1167	3	£33.12	£66.24	£99.35				
£49.675	2	£49.68	£99.35					
£99.35	1	£99.35						

Student loans

Student loan thresholds will increase in 2022/23 for Plan 1 and Plan 4 but remain the same for Plan 2. The Postgraduate loan threshold also remains unchanged for the new tax year.

Student loan thresholds

Loan type	2022/23		2021/22	
	Annual threshold	Rate	Annual threshold	Rate
Plan 1	£20,195	9%	£19,895	9%
Plan 2	£27,295	9%	£27,295	9%
Postgraduate	£21,000	6%	£21,000	6%
Plan 4 (Scotland)	£25,375	9%	£25,000	9%

Employment Allowance

From 6 April 2022, the Employment Allowance will increase from £4,000 per year to £5,000 for eligible employers.

Get in touch



Laura Parr

Head of Employment Tax

laura.parr@pkfsmithcooper.com



Chloe Hughes

Head of Payroll

chloe.hughes@pkfsmithcooper.com

Derby

01332 332 021

St Helen's House, King Street,
Derby, DE1 3EE

Nottingham

0115 945 4300

2 Lace Market Square,
Nottingham, NG1 1PB

Birmingham

0121 236 6789

158 Edmund Street,
Birmingham, B3 2HB

Ashbourne

01335 343141

7 Compton Street,
Ashbourne, DE6 1BX

PKF Smith Cooper

03333 446306

www.pkfsmithcooper.com

IMPORTANT DISCLAIMER: This publication has been distributed on the express terms and understanding that the authors are not responsible for the results of any actions which are undertaken on the basis of the information which is contained within this publication, nor for any error in, or omission from, this publication. The publishers and the authors expressly disclaim all and any liability and responsibility to any person, entity or corporation who acts or fails to act as a consequence of any reliance upon the whole or any part of the contents of this publication.

Accordingly no person, entity or corporation should act or rely upon any matter or information as contained or implied within this publication without first obtaining advice from an appropriately qualified professional person or firm of advisers, and ensuring that such advice specifically relates to their particular circumstances.

PKF Smith Cooper is a member firm of the PKF International Limited family of legally independent firms and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm or firms.