

## Key areas of interest arising from the Budget 2021

### Extension to the Coronavirus Job Retention Scheme

The Chancellor announced that this scheme will now close at the end of September 2021.

Employees will continue to receive at least 80% of their standard wages for usual hours not worked with the Government funding the full 80% and employers only expected to pay employer National Insurance Contributions and employer minimum Automatic Enrolment pension contributions on furlough pay.

In July 2021 employers will be required to contribute 10% of the employee's 80% furlough pay, with the Government paying for 70%. In August and September 2021, it will be mandatory for employers to contribute 20% while the Government will contribute at a rate of 60%. As always, the devil is in the detail and the revised CJRS guidance has confirmed that, under the extension to the scheme, there will be an amendment to eligibility. For claim periods commencing on or after 1 May 2021, employers will now have the option of including employees that were not previously eligible, due to Real Time Information (RTI) submissions being sent after 30 October 2020. All employees who have had a Pay As You Earn (PAYE) RTI submission made for them between 20 March 2020 and 2 March 2021 can now be included in claims relating to periods starting on 1 May 2021, onwards. The eligibility criteria for the periods of March and April 2021 remain unchanged.

### Continuation of the Statutory Sick Pay (SSP) Rebate Scheme

This scheme, which allows employers with less than 250 employees to reclaim up to two weeks' worth of SSP from the Government for coronavirus-related absence, will continue to be made available for those eligible businesses. The steps for ending this scheme will be announced in due course.

### Income tax rates and thresholds

#### Income tax

The Personal Allowance for tax-free income will increase to £12,570 and the Higher Rate Threshold (HRT), when higher earners start to pay 40% tax, will increase to £50,270.

At Budget 2021, the Chancellor announced that the Personal Allowance, income tax bands and the Higher Rate Threshold will be frozen at their 2021-22 levels for the following four tax years as part of the Government's plan to recover the UK's finances after the huge cost of the coronavirus pandemic response.

### National Insurance contributions - Limits and thresholds

The weekly Lower Earnings Limit (LEL) is unchanged at £120, the weekly Primary Threshold (PT) increases to £184 (from £183) and the Secondary Threshold (ST) increases to £170 (from £169). The Upper Earnings Limit (UEL), Upper Secondary Threshold (UST) for under 21s and Apprentice Upper Secondary Threshold (AUST) for under 25s increase to £967 a week (from £962). Budget 2021 includes an announcement that the NICs UEL will remain aligned to the tax Higher Rate Threshold; therefore, it will also be frozen at £50,270 (annual) until April 2026. NICs rates remain unchanged.

### Employment Allowance

The Employment Allowance is an annual amount that is available to businesses and charities (with some exclusions) to offset against their Class 1 secondary NICs bill. It remains at £4,000 for 2021-22.



**National Minimum Wage / National Living Wage**

The rates that apply to pay reference periods beginning on or after 1 April 2021 are shown below :  
Current From April 2021 Increase

	<b>Current</b>	<b>From April '21</b>	<b>Increase</b>
NLW 23 years+	-	£8.91	2.2%
NLW 25 years+	£8.72	-	-
21-24 year old rate	-	£8.36	2.0%
18-20 year old rate	£6.45	£6.56	1.7%
16-17 year old rate	£4.55	£4.62	1.5%
Apprentice rate	£4.15	£4.30	3.6%

Note that, from April 2021, the NLW rate begins to apply from 23 years old, reduced from 25 years old. As a result, the 21 to 24 year old rate is replaced by the 21 to 22 year old rate. The second stage of the NLW age range changes will see the rate begin to apply from 21 years old by 2024. The Apprentice rate will be aligned in value with the 16-17 year old rate with effect from April 2022.

**Statutory Payments**

The qualifying earnings level remains £120 per week.

- **Statutory Maternity Pay, Statutory Adoption Pay**  
First 6 weeks – 90% of Average Weekly Earnings (AWE)  
Further 33 weeks – the lesser of 90% of AWE or £151.97
- **Statutory Paternity Pay**  
2 weeks paid at the lesser of 90% of AWE or £151.97
- **Statutory Shared Parental Pay**  
Maximum of 37 weeks – the lesser of 90% of AWE or £151.97
- **Statutory Bereavement Pay**  
2 weeks paid at the lesser of 90% of AWE or £151.97

**Automatic Enrolment**

Automatic Enrolment earnings Trigger - £10,000

Automatic Enrolment lower level of qualifying earnings - £6,240

Automatic Enrolment upper level of qualifying earnings - £50,270



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