

# JLP NEWSLETTER

From April 2022, both National Insurance and Dividend tax are set to rise by 1.25%.

National Insurance contributions (NICs) will increase by 1.25% for one year only for employees, employers and the self-employed from April 2022. This will cover both Class 1 (employee and employer), Class 1A and 1B and Class 4 (self-employed) NICs. Those above State Pension Age are not impacted by the April 2022 changes.

From April 2023, a new ringfenced Health and Social Care Levy of 1.25% will be introduced which will apply to those who pay Class 1 (employee and employer), Class 1A and 1B and Class 4 (self-employed) NICs and will also be extended to those over State Pension age who are in work. When the new levy comes into effect, National Insurance rates will revert back to current levels.

The levy will also apply to individuals above State Pension age with employment income or profits from self-employment above £9,568.

The levy will be administered by HMRC and collected through the current reporting and collection procedures for NICs – Pay As You Earn and Income Tax Self-Assessment.

Like National Insurance, levy contributions will apply UK-wide, people will pay the same in England, Scotland, Wales and Northern Ireland.

From 2023-24, levy contributions will need to appear as a separate item on payslips. Where possible a generic message should be included on payslips for the next tax year (2022-23). For our clients of course, we will arrange this for you.

The government will also increase the rate of income tax which is paid by people who receive dividend income, from shares, by 1.25% from April 2022.

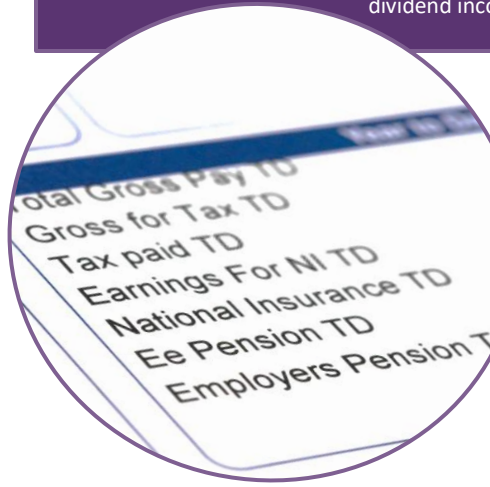
What do the changes to NI mean to you?

See the effect on these annual salaries:

- £20,000 - will pay an extra £130 a year (£10.80 per month)
- £30,000 - will pay an extra £255 a year (£21.25 per month)

Go to this link to work out how much extra you will pay:

<https://www.moneysavingexpert.com/tax-calculator/>



## National Insurance / Health and Social Care Levy

	Self-employed Main / higher rate
Current NICs rates (2021-22)	9% / 2%
<b>2022-23 NICs rates</b>	<b>10.25% / 3.25%</b>
2023-24 NICs rates	9% / 2%
Levy	1.25%
Charged on all earnings/profits above: (2-21-22 thresholds)	£9,568

	Employee Main / higher rate
Current NICs rates (2021-22)	12% / 2%
<b>2022-23 NICs rates</b>	<b>13.25% / 3.25%</b>
2023-24 NICs rates	12% / 2%
Levy	1.25%
Charged on all earnings/profits above: (2-21-22 thresholds)	£9,568

	Employer
Current NICs rates (2021-22)	13.8%
<b>2022-23 NICs rates</b>	<b>15.05%</b>
2023-24 NICs rates	13.8%
Levy	1.25%



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