

# PAYE and NICs rates and limits for 2010-11

## Includes

- PAYE thresholds and rates
- Emergency tax code
- Mileage payments
- Class 1A National Insurance contributions (NICs) on benefits in kind
- Class 1B National Insurance contributions (NICs)
- NICs earnings limits, thresholds and rates
- Statutory Sick Pay (SSP)
- Statutory Maternity Pay (SMP)
- Statutory Paternity Pay (SPP)
- Statutory Adoption Pay (SAP)
- Funding of SMP, SPP and SAP
- National Minimum Wage
- Collection of Student Loans

Use from 6 April 2010

## Help and guidance

Help and guidance is available from the following sources.

### The Internet



Go to our website at [www.hmrc.gov.uk/payee](http://www.hmrc.gov.uk/payee)

### Employer CD-ROM



Your Employer CD-ROM has most of the forms and guidance you will need to help you run your payroll throughout the year. For more information about your Employer CD-ROM see the inside back cover.

### Employer Helplines



Employer for **less** than 3 years  
Phone the New Employer Helpline

**0845 60 70 143**

Open 8.00am to 8.00pm Monday to Friday  
8.00am to 5.00pm Saturday and Sunday

Employer for **more** than 3 years  
Phone the Employer Helpline

**08457 143 143**

Open 8.00am to 8.00pm Monday to Friday  
8.00am to 5.00pm Saturday and Sunday

If you have a hearing or speech  
impairment, and use a textphone

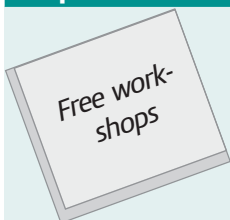
**0845 602 1380**

(Only people with specialised equipment  
such as Minicom are able to use this service)  
Open 8.00am to 8.00pm Monday to Friday  
8.00am to 5.00pm Saturday and Sunday

A list of helplines and opening hours is available:

- on our website, go to  
[www.hmrc.gov.uk/contactus/helplines.htm](http://www.hmrc.gov.uk/contactus/helplines.htm)
- on your CD-ROM
- in your Employer Bulletin, and
- in **The Phone Book** from BT.

### In person



We offer free workshops covering all payroll topics. These workshops are available at locations nationwide. Further information is available from our website, go to [www.hmrc.gov.uk/bst](http://www.hmrc.gov.uk/bst) or by calling the Advice Team on **0845 603 2691**.

### Forms and guidance in Braille, large print and audio

For details of employer forms and guidance in Braille, large print or audio call the Employer Orderline on **08457 646 646** and ask to speak to the Customer Service Team.

See the inside back cover for further help and guidance.

## **PAYE and NICs rates and limits for 2010-11**

This helpbook gives details of:

- Pay As You Earn (PAYE) thresholds and rates
- mileage payments
- Class 1 National Insurance rates and earnings limits
- Class 1A National Insurance rate
- Class 1B National Insurance rate
- Statutory Sick Pay (SSP), Statutory Maternity Pay (SMP), Statutory Paternity Pay (SPP) and Statutory Adoption Pay (SAP) rates
- funding of SMP, SPP and SAP
- National Minimum Wage
- collection of Student Loans.

We will send you an Employer CD-ROM in February each year which includes up to date rates and allowances followed by an updated version of the CD-ROM in April/May.

If any rates change as a result of the Budget you will find a revised edition of this helpbook in the 'Forms & Helpbooks' section of the updated edition of your Employer CD-ROM. Alternatively, you can view a copy of the revised helpbook. Go to [www.hmrc.gov.uk/employers/emp-form.htm](http://www.hmrc.gov.uk/employers/emp-form.htm) or you can order a paper copy from the Employer Orderline on **08457 646 646**.

If you use payroll software you will need to make sure that this has been updated to incorporate the new rates and limits included in this helpbook.

## **Contents**

<b>Pay As You Earn (PAYE)</b>	<b>2</b>
Thresholds	2
Rates	2
K codes	2
Emergency tax code	2
Deciding which tax code to use	2
<b>Mileage payments</b>	<b>3</b>
Additional Passenger Payments	3
<b>Class 1A NICs on benefits in kind</b>	<b>3</b>
<b>Class 1B NICs</b>	<b>3</b>
<b>Class 1 NICs</b>	<b>3</b>
Earnings limits	3
Lower Earnings Limit (LEL)	3
Earnings Threshold (ET)	3
Upper Accrual Point (UAP)	3
Upper Earnings Limit (UEL)	3
National Insurance rates and earnings limits 2010-11	4-5
<b>Statutory Sick Pay (SSP)</b>	<b>6</b>
Recovery of SSP	6
<b>Statutory Maternity Pay (SMP)</b>	<b>6</b>
<b>Statutory Paternity Pay (SPP)</b>	<b>7</b>
<b>Statutory Adoption Pay (SAP)</b>	<b>7</b>
<b>Funding of SMP/SPP/SAP</b>	<b>7</b>
<b>National Minimum Wage</b>	<b>8</b>
<b>Collection of Student Loans</b>	<b>8</b>

## Pay As You Earn (PAYE)

### Thresholds

The PAYE thresholds (the level of earnings at which tax becomes payable) are: £125.00 weekly  
£540.00 monthly.

### Rates

The tax rates are:

Basic rate	20%	from £1 to £37,400
Higher rate	40%	from £37,401 to £150,000
Additional rate	50%	from £150,001 and above.

### K codes

Tax codes starting with a K have a regulatory limit of 50% of an employee's gross pay in the pay period. This limit restricts the amount of tax that is deducted from the employee's pay to ensure that they retain a certain amount of take home pay.

### Emergency tax code

The emergency tax code is 647L.

### Deciding which tax code to use

Use the information below together with the guidance on page 26 of the Employer Helpbook E13(2010) *Day-to-day payroll* under the heading '**Step 3 Deciding which tax code to use**'.

#### Step 3 - Deciding which tax code to use

- Confirm which tax year the P45 is for by checking the leaving date at item 4.
- Use the table below to find out which tax code to use. Find the date of leaving in column A, then follow the instructions in column B to decide which tax code to use.
- A tax code is normally made up of one or more numbers followed by a letter. If the tax code on the P45 has only a number, add a letter 'T' to the end of the code when you enter it on a P11 but **do not** alter the P45.

<b>A</b> Date of leaving on P45 (item 4)	<b>B</b> Date employee started working for you
Employee's P45 has a date of leaving between <b>6 April 2010 to 5 April 2011</b>	<b>Employee starts working for you on or after 6 April 2010</b> Use the tax code on the P45 and enter in Box L of the P11.
Employee's P45 has a date of leaving between <b>6 April 2009 to 5 April 2010</b>	<b>Employee starts working for you during the period 6 April 2010 to 24 May 2010</b> Use the tax code on the P45. Do not carry forward any week 1/month 1 markings and enter it in Box L of the P11.  <b>Employee starts working for you on or after 25 May 2010</b> Use emergency code 647L on a week 1/month 1 basis and enter it in Box L of the P11.
Employee's P45 has a date of leaving before <b>6 April 2009</b>	<b>Employee starts working for you during the period 6 April 2010 to 5 April 2011</b> Use emergency code 647L on a week 1/month 1 basis and enter it in Box L of the P11.

## Mileage payments

The following rates are used to calculate the maximum amount that can be exempted from tax and NICs for business miles travelled in the employee's own vehicle.

<b>Motor cars and vans</b>	
First 10,000 business miles*	40p per mile
Over 10,000 business miles	25p per mile
<b>Motorcycles</b>	24p per mile
<b>Cycles</b>	20p per mile

\* For NICs purposes, the higher rate applies to all miles, not only the first 10,000.

### Additional Passenger Payments

You can also pay up to 5p per mile free of tax and NICs for each employee who travels as a passenger and is also on a business journey.

For further information on paying employees for business miles travelled using the employee's own transport, see the CWG2(2010) *Employer Further Guide to PAYE and NICs*, under 'mileage expenses for NICs'.

## Class 1A NICs on benefits in kind

If you provide benefits, including cars, to an employee during the tax year, you may have to pay Class 1A NICs.

The Class 1A NICs rate for benefits provided in 2009-10 is 12.8%.

Class 1A NICs for benefits provided in the 2009-10 tax year are due to be paid by 19 July 2010. If you pay by an approved electronic payment method please pay any Class 1A NICs in time for your cleared payment to reach us no later than 22 July 2010. See \* opposite. We may charge you penalties if you do not pay on time.

For more information about expenses and benefits go to [www.hmrc.gov.uk/payexb.htm](http://www.hmrc.gov.uk/payexb.htm)

Detailed information is also available in the following publications:

- CWG5(2010) *Class 1A National Insurance contributions on benefits in kind - A guide for employers*
- CA33 *Class 1A National Insurance contributions on Car and Fuel Benefits - A guide for employers*
- 480(2010) *Expenses and benefits - A tax guide*
- 490 *Employee travel - A tax and NICs guide for employers*
- P11D Guide
- P11D Working Sheets.

These are available from:

- our website go to [www.hmrc.gov.uk/employers/emp-form.htm](http://www.hmrc.gov.uk/employers/emp-form.htm)
- your Employer CD-ROM
- the Employer Orderline
  - phone **08457 646 646**
  - fax **08702 406 406**.

## Class 1B NICs

If you make expenses payments to your employees or give them benefits, and you include these in a PAYE Settlement Agreement, you may have to pay Class 1B NICs.

The Class 1B NICs rate for the 2009-10 tax year is 12.8%. Class 1B NICs in respect of the 2009-10 tax year are due to be paid by 19 October 2010. If you pay by an approved electronic payment method please pay any Class 1B NICs in time for your cleared payment to reach us no later than 22 October 2010. See \* below. We may charge you penalties if you do not pay on time.

For more detailed information about PAYE Settlement Agreements and Class 1B NICs see:

- [www.hmrc.gov.uk/payexb/schemes/PSA.htm](http://www.hmrc.gov.uk/payexb/schemes/PSA.htm)
- CWG2(2010) *Employer Further Guide to PAYE and NICs*.

\* *Where the 22nd falls on a weekend or is a bank holiday, your cleared payment must reach us on the previous bank working day.*

## Class 1 NICs

### Earnings limits

To calculate NICs four levels of earnings are used:

- Lower Earnings Limit (LEL)
- Earnings Threshold (ET)
- Upper Accrual Point (UAP)
- Upper Earnings Limit (UEL).

The corresponding weekly, monthly and annual earnings limits, Upper Accrual Points and thresholds are in the tables on pages 4 and 5.

If you are using the NI Tables or the NI calculator on your Employer CD-ROM, you don't need to do anything other than make yourself aware of the changes to the Upper Accrual Points, thresholds and earnings limits.

### Lower Earnings Limit (LEL)

This is the minimum level of earnings that an employee needs to qualify for benefits, such as Retirement Pension and Jobseeker's Allowance. If an employee's earnings reach or exceed this level, but don't exceed the Earnings Threshold, they won't pay NICs but will be treated as having paid them when claiming benefit. For this reason, you must keep details of an employee's earnings at or above the LEL on a form P11 or equivalent record and report them at the end of the year on a form P14.

### Earnings Threshold (ET)

When earnings exceed this level NICs become payable by the employee and employer.

### Upper Accrual Point (UAP)

The UAP is set at £770 a week, £3,337 a month, and £40,040 a year. Employers and their employees who are members of contracted-out occupational pension schemes pay NICs at the reduced contracted-out rate up to the UAP only. They then pay NICs at the higher standard rate on the employee's earnings between the UAP and the UEL.

### Upper Earnings Limit (UEL)

Where earnings exceed the UEL, the employee pays NICs at 1% on those earnings above the UEL. The UEL doesn't apply to employer's NICs, which are payable on all earnings above the ET, including those above the UEL, at the appropriate rate.

## Not contracted-out

National Insurance rates and earnings limits 2010 11 - *you do not need to look at this table if you are using the NI Tables*

Lower Earnings Limit (LEL)	Earnings Threshold (ET)	Upper Accrual Point (UAP)	Upper Earnings Limit (UEL)
£	£	£	£
Weekly 97	Weekly 110	Weekly 770	Weekly 844
Monthly 421	Monthly 476	Monthly 3,337	Monthly 3,656
Annual 5,044	Annual 5,715	Annual 40,040	Annual 43,875

Contribution Table letter	Employees contributions and NIC rebate						Employer's contributions and NIC rebate						
	Earnings below LEL	Earnings at or above LEL up to and including ET	Earnings above ET up to and including UAP	Earnings above UAP up to and including UEL	Balance of earnings above UEL	NIC rebate on earnings above LEL, up to and including ET	Earnings below LEL	Earnings at or above LEL up to and including ET	Earnings above ET up to and including UAP	Earnings above UAP up to and including UEL	Balance of earnings above UEL	NIC rebate on earnings above LEL, up to and including ET	
A	NIL	0%	11%	11%	1%	NIC rebate not due	NIL	0%	12.8%	12.8%	12.8%	NIC rebate not due	
B	NIL	0%	4.85%	4.85%	1%		NIL	0%	12.8%	12.8%	12.8%		
C (Pensioners)	NIL	NIL	NIL	NIL	NIL		NIL	0%	12.8%	12.8%	12.8%		
J (deferment - not contracted-out)	NIL	0%	1%	1%	1%		NIL	0%	12.8%	12.8%	12.8%		
							Employer's rates for mariners should be reduced by 0.5%						

## Contracted-out

National Insurance rates and earnings limits 2010 11 - you do not need to look at this table if you are using the NI Tables

Lower Earnings Limit (LEL)		Earnings Threshold (ET)		Upper Accrual Point (UAP)		Upper Earnings Limit (UEL)	
£		£		£		£	
Weekly	97	Weekly	110	Weekly	770	Weekly	844
Monthly	421	Monthly	476	Monthly	3,337	Monthly	3,656
Annual	5,044	Annual	5,715	Annual	40,040	Annual	43,875

Contribution Table letter	Employees contributions and NIC rebate						Employer's contributions and NIC rebate						
	Earnings below LEL	Earnings at or above LEL up to and including ET	Earnings above ET up to and including UAP	Earnings above UAP up to and including UEL	Balance of earnings above UEL	NIC rebate on earnings above LEL, up to and including ET	Earnings below LEL	Earnings at or above LEL up to and including ET	Earnings above ET up to and including UAP	Earnings above UAP up to and including UEL	Balance of earnings above UEL	NIC rebate on earnings above LEL, up to and including ET	
COSR	D	NIL	0%	9.4%	11%	1%	1.6%	NIL	0%	9.1%	12.8%	12.8%	3.7%
	E	NIL	0%	4.85%	4.85%	1%	NIL	NIL	0%	9.1%	12.8%	12.8%	3.7%
	L (deferment - contracted-out)	NIL	0%	1%	1%	1%	1.6%	NIL	0%	9.1%	12.8%	12.8%	3.7%
COMP	F	NIL	0%	9.4%	11%	1%	1.6%	NIL	0%	11.4%	12.8%	12.8%	1.4%
	G	NIL	0%	4.85%	4.85%	1%	NIL	NIL	0%	11.4%	12.8%	12.8%	1.4%
	S (deferment - contracted-out)	NIL	0%	1%	1%	1%	1.6%	NIL	0%	11.4%	12.8%	12.8%	1.4%

Employer's rates for mariners should be reduced by 0.5%

## Statutory Sick Pay (SSP)

The **weekly** rate of SSP is £79.15 for employees with average weekly earnings of £97 or more.

The SSP **daily** rate is the weekly rate of SSP divided by the number of qualifying days in the week and then multiplied by the number of qualifying days of incapacity in the week, rounded up to the nearest penny. For SSP purposes, weeks begin on Sunday and end on Saturday.

* Unrounded daily rates £	Number of qualifying days in week	Number of qualifying days of incapacity for work in the week						
		1	2	3	4	5	6	7
11.3071	7	11.31	22.62	33.93	45.23	56.54	67.85	79.15
13.1916	6	13.20	26.39	39.58	52.77	65.96	79.15	
15.8300	5	15.83	31.66	47.49	63.32	79.15		
19.7875	4	19.79	39.58	59.37	79.15			
26.3833	3	26.39	52.77	79.15				
39.5750	2	39.58	79.15					
79.1500	1	79.15						

\*Unrounded daily rates are shown for employers with computerised payroll systems.

### Recovery of SSP

In certain circumstances you may be able to recover some of the SSP you pay under the Percentage Threshold Scheme.

You can get back any SSP you have paid over and above **13%** of your NICs liability for the same tax month in which you have paid SSP. For further information, see the E14(2010) *Employer Helpbook for Statutory Sick Pay*.

## Statutory Maternity Pay (SMP)

Women expecting a baby on or before 3 April 2010 who satisfy the qualifying conditions are entitled to a maximum of 39 weeks SMP. These include having average weekly earnings of:

- £90 if their baby is due between 20 July 2008 and 18 July 2009
- £95 if their baby is due between 19 July 2009 and 17 July 2010.

Women expecting a baby on or after 4 April 2010 who satisfy the qualifying conditions are entitled to a maximum of 39 weeks SMP. These include having average weekly earnings of:

- £95 if their baby is due between 19 July 2009 and 17 July 2010
- £97 if their baby is due between 18 July 2010 and 16 July 2011.

First six weeks of payment	90% of employee's average weekly earnings.
Remaining weeks	Pay the <b>lesser of</b> : <ul style="list-style-type: none"> <li>– 90% of average weekly earnings, or</li> <li>– £124.88.</li> </ul>

For more information see the E15(2010) *Employer Helpbook for Statutory Maternity Pay*, or go to [www.hmrc.gov.uk/payee/employees/statutory-pay/smp-overview.htm](http://www.hmrc.gov.uk/payee/employees/statutory-pay/smp-overview.htm)

## Statutory Paternity Pay (SPP)

SPP is paid for a maximum of two weeks to employees who satisfy the qualifying conditions.

These include having average weekly earnings of:

- £95 if their baby is due on or before 17 July 2010, or if they are notified that they have been matched with a child or received official notification that they are eligible to adopt a child from abroad on or before 3 April 2010
- £97 if their baby is due on or after 18 July 2010, or if they are notified that they have been matched with a child or received official notification that they are eligible to adopt a child from abroad on or after 4 April 2010.

The weekly rate is the **lesser of** £124.88 or 90% of the employee's average weekly earnings.

For more information see the E19(2010) *Employer Helpbook for Statutory Paternity Pay* if your employee is entitled to SPP because a baby was born or they were entitled to SPP because they were adopting a child in the UK or from abroad.

## Statutory Adoption Pay (SAP)

Employees who are adopting a child and are notified that they have been matched with a child or received official notification that they are eligible to adopt a child from abroad on or after 4 April 2010, and who satisfy the qualifying conditions, are entitled to a maximum of 39 weeks SAP. These include having average weekly earnings of:

- £95 if they are notified that they have been matched with a child or received official notification that they are eligible to adopt a child from abroad on or before 3 April 2010
- £97 if they are notified that they have been matched with a child or received official notification that they are eligible to adopt a child from abroad on or after 4 April 2010.

The weekly rate is the **lesser of** £124.88 or 90% of the employee's average weekly earnings.

For more information see the E16(2010) *Employer Helpbook for Statutory Adoption Pay*.

## Funding of SMP/SPP/SAP

All employers are entitled to recover 92% of the SMP/SPP/SAP they pay.

If you qualify for Small Employer's Relief you are entitled to recover 100% of the SMP/SPP/SAP you pay plus 4.5% for payments made on or after 6 April 2010.

The Small Employer's Relief Threshold is £45,000 for payments made on or after 6 April 2010.

For more information see:

- E15(2010) *Employer Helpbook for Statutory Maternity Pay*
- E16(2010) *Employer Helpbook for Statutory Adoption Pay*
- E19(2010) *Employer Helpbook for Statutory Paternity Pay*
- learning packages on your Employer CD-ROM.

## National Minimum Wage

### From 1 October 2009

- **Main rate £5.80** per hour (aged 22 years and over)
- **18–21 year old rate £4.83** per hour
- **16–17 year old rate £3.57** per hour (for workers under 18 who are above compulsory school leaving age).

These rates are likely to change from 1 October 2010. You should check the Business Link website below for up to date information.

### For further details and up to the minute information

- call the Pay and Work Rights Helpline on **0800 917 2368**  
8.00am to 8.00pm Monday to Friday  
9.00am to 1.00pm Saturday, or
- go to the Business Link website at **[www.businesslink.gov.uk](http://www.businesslink.gov.uk)**

## Collection of Student Loans

The annual threshold, above which Student Loan repayments become due, is £15,000.

If you are using the P11 Calculator on your Employer CD-ROM this will calculate the Student Loan deductions for you as long as you indicate that the employee is a Student Borrower in the database.

Alternatively, you can use the Student Loan calculator on the CD-ROM or the SL3 *Student Loan Deduction Tables* to calculate deductions.

There is more detailed guidance in the Employer Helpbook E17(2010) *Collection of Student Loans*.

## Further help and guidance

Further help and guidance for employers is available from the following sources.

### The Internet

Go to [www.hmrc.gov.uk/payee](http://www.hmrc.gov.uk/payee) in the 'PAYE for employers' section where you'll find:

- a 'Getting started with PAYE' section for new employers
- advice on setting up and operating your payroll
- step-by-step guidance on filing your Employer Annual Return
- links to key PAYE forms, tools and publications.

### Online services

For information about our online services go to [www.hmrc.gov.uk/online](http://www.hmrc.gov.uk/online)

For help and assistance using our online services contact the Online Services Helpdesk:

- email [helpdesk@ir-efile.gov.uk](mailto:helpdesk@ir-efile.gov.uk)
- phone **0845 60 55 999** open 8.00am to 8.00pm seven days a week.

### Your Employer CD-ROM

**Your CD-ROM has:**

- most of the forms and guidance you will need to run your payroll throughout the year
- a P11 Calculator that will work out and record your employees' tax, NICs and Student Loan deductions every payday with a linked P32 *Employer Payment Record* that works out what you need to pay us
- a range of other calculators that work out car and car fuel benefit, statutory payments and Student Loan deductions.

### Employer Annual Return

Almost all employers are required to file their 2009-10 Employer Annual Return (P35 and P14s) online.

If you have used the P11 Calculator for all your employees during the year and have nine or less employees at 5 April you can send us your Employer Annual Return online direct from your Employer CD-ROM.

### Starter and leaver information

You can also send starter and leaver information P45(Part 1), P45(Part 3), P46 and P46(Expat) online using the CD-ROM.

**There is also:**

- a Learning Zone to help you understand payroll topics such as statutory payments, Student Loan deductions and PAYE Online
- a PAYE for Employers section for new and less experienced employers explaining what to do when employing someone for the first time.

### Your HM Revenue & Customs (HMRC) office

Your own HMRC office can also help you if you have a query about your PAYE scheme. All our office contact details are on our website, go to

[www.hmrc.gov.uk/local/employers/index.htm](http://www.hmrc.gov.uk/local/employers/index.htm)

Please tell us your employer reference which you will find on correspondence from your HMRC office.

### Employer helpbooks

Our Employer helpbooks are designed to help you understand and operate PAYE, NICs and other payroll related matters.

The helpbooks are for guidance only, they are not comprehensive and have no legal force.

We also have many other leaflets and booklets that give further guidance, for example:

- CWG2(2010) *Employer Further Guide to PAYE and NICs*
- CWG5(2010) *Class 1A NICs on benefits in kind*
- 480(2010) *Expenses and benefits - A tax guide*
- 490 *Employee travel - A tax and NICs guide for employers.*

You can view, download or order most of the helpbooks, booklets and other guidance from:

- our website go to [www.hmrc.gov.uk/employers/emp-form.htm](http://www.hmrc.gov.uk/employers/emp-form.htm) or
- your Employer CD-ROM.

Or you can order copies from the Employer Orderline by phoning **08457 646 646**.

### Yr Iaith Gymraeg

Ffoniwch **0845 302 1489** i dderbyn fersiynau Cymraeg o ffurflenni a chanllawiau.

### Business Link

As an employer you will have wider issues to consider such as health and safety, working time and time off and so on. Business Link, managed by the Small Business Service, provides a wide range of information and various tools to help you.

For more information:

- go to [www.businesslink.gov.uk](http://www.businesslink.gov.uk)
- phone **0845 600 9006**, 8.30am to 5.30pm Monday to Friday.

These notes are for guidance only and reflect the position at the time of writing. They do not affect any right of appeal.

***Issued by***

Customer Information Delivery

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**HM Revenue  
& Customs**

