

PAYE and NICs rates and limits for 2011-12

Includes:

- PAYE thresholds and rates
- Emergency tax code
- Approved mileage allowance 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)
- Ordinary Statutory Paternity Pay (OSPP)
- Additional Statutory Paternity Pay (ASPP)
- Statutory Adoption Pay (SAP)
- Funding of SMP, OSPP, ASPP and SAP
- National Minimum Wage
- Collection of student loans

Help and guidance

Help and guidance is available from the following sources.

The Internet

Go to www.businesslink.gov.uk/paye

Online services

For more information about online services go to www.hmrc.gov.uk/online

For help using our online services contact the Online Service Helpdesk by:

- email helpdesk@ir-efiles.gov.uk or
- phone **0845 60 55 999**.

Basic PAYE Tools (formerly the Employer CD-ROM)

The Basic PAYE Tools contains a number of calculators and most of the forms you will need to help you run your payroll throughout the year including:

- a P11 Calculator that will work out and record your employee's 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 to work out Student Loan deductions and statutory payments and a learning zone to help you understand these and other payroll topics
- an employer database to record your employees' details
- interactive forms such as the P11D Working Sheets.

If you use the P11 Calculator in the Basic PAYE Tools you can:

- file your starter and leaver information P45 (Part 1), P45 (Part 3), P46 and P46 (Expat) online
- file your Employer Annual Return online if you have up to and including nine employees on the P11 Calculator at 5 April.

To download the Basic PAYE Tools, go to www.businesslink.gov.uk/basicpayetools

Employer helplines

- Employer for **less than 3** years, phone **0845 60 70 143**.
- Employer for **more than 3** years, phone **08457 143 143**.
- If you have a hearing or speech impairment and use a textphone, phone **0845 602 1380** (you need specialist equipment such as Minicom to use this service).

Employer helpbooks and forms

Helpbooks and forms are available to download. Go to www.businesslink.gov.uk/payeformsandpublications

Exceptionally, if you don't have access to the Internet, copies are available from the Employer Orderline on **08457 646 646**.

Yr laith Gymraeg

I lawrlwytho ffurflenni a llyfrynau cymorth Cymraeg, ewch i www.hmrc.gov.uk/cymraeg/employers/emp-pack.htm

Os, yn eithriadol, nad oes gennych gysylltiad i'r rhyngwyd, ffoniwch **0845 302 1489** er mwyn archebu ffurflenni a llyfrynau cymorth Cymraeg.

Forms and guidance in Braille, large print and audio

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

In person

We offer free workshops covering all payroll topics. These workshops are available at locations nationwide. For more information:

- go to www.hmrc.gov.uk/bst or
- phone our Advice Team on **0845 603 2691**.

Employer Bulletin online

Information and news for employers, published several times a year.

Go to www.businesslink.gov.uk/employerbulletin

Employer email alerts

We strongly recommend that you register to receive employer emails to prompt and direct you to:

- each new edition or news about the Basic PAYE Tools
- the Employer Bulletin
- important new information.

To register, go to

www.businesslink.gov.uk/hmrcemployeremailalerts

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

Please tell us your employer reference when you contact us. You will find it on correspondence from your HMRC office.

Your rights and obligations

Your Charter explains what you can expect from us and what we expect from you. For more information go to

www.hmrc.gov.uk/charter

PAYE and NICs rates and limits for 2011-12

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), Ordinary Statutory Paternity Pay (OSPP), Additional Statutory Paternity Pay (ASPP) and Statutory Adoption Pay (SAP) rates
- funding of SMP, OSPP, ASPP and SAP
- National Minimum Wage
- Collection of student loans.

If you are reading this helpbook following any 2011 Budget you must make sure that you are using the latest version.

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

Pay As You Earn (PAYE)	2
Thresholds	2
Rates	2
K codes	2
Emergency tax code	2
Deciding which tax code to use	2
Approved mileage allowance payments	3
Additional passenger payments	3
Class 1A NICs on benefits in kind	3
Class 1B NICs	3
Class 1 NICs	3
Earnings limits	3
Lower Earnings Limit (LEL)	3
Secondary Threshold (ST)	3
Primary Threshold (PT)	3
Upper Accrual Point (UAP)	3
Upper Earnings Limit (UEL)	3
National Insurance rates and earnings limits 2011-12	4-5
Statutory Sick Pay (SSP)	6
Recovery of SSP	6
Statutory Maternity Pay (SMP)	6
Ordinary Statutory Paternity Pay (OSPP)	7
Additional Statutory Paternity Pay (ASPP)	7
Statutory Adoption Pay (SAP)	7
Funding of SMP/OSPP/ASPP/SAP	7
National Minimum Wage	8
Collection of student loans	8

Pay As You Earn (PAYE)

Thresholds

The PAYE thresholds (the level of earnings at which tax becomes payable) are: £144.00 weekly
£623.00 monthly.

Rates

The tax rates are:

Basic rate	20%	from £1 to £35,000
Higher rate	40%	from £35,001 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 747L.

Deciding which tax code to use

To find out which tax code to use:

- go to www.businesslink.gov.uk/newemployeetaxcodes or
- use the information below together with the guidance on page 20 of the Employer Helpbook E13(2011) *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.

A Date of leaving on P45 (item 4)	B Date employee started working for you
Employee's P45 has a date of leaving between 6 April 2011 to 5 April 2012	Employee starts working for you on or after 6 April 2011 Use the tax code on the P45 and enter in Box L of the P11.
Employee's P45 has a date of leaving between 6 April 2010 to 5 April 2011	Employee starts working for you during the period 6 April 2011 to 24 May 2011 Use the tax code on the P45 and add 100 to any tax code ending in L, for example 647L becomes 747L , but do not carry forward any week 1/month 1 markings from the P45 and enter in Box L of the P11. Employee starts working for you on or after 25 May 2011 Use emergency tax code 747L 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 6 April 2010	Employee starts working for you during the period 6 April 2011 to 5 April 2012 Use emergency tax code 747L on a week 1/month 1 basis and enter it in Box L of the P11.

Approved mileage allowance 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.

Motor cars and vans	
First 10,000 business miles*	45p per mile
Over 10,000 business miles	25p per mile
Motorcycles	24p per mile
Cycles	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(2011) *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 2010-11 is **12.8%**.

Class 1A NICs for benefits provided in the 2010-11 tax year are due to be paid by 19 July 2011. 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 2011. See * top of next column. We may charge you penalties if you do not pay on time.

For more information about expenses and benefits go to www.businesslink.gov.uk/expensesandbenefits

Detailed information is also available in the following publications:

- CWG5(2011) *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(2011) *Expenses and benefits - A tax guide*
- 490 *Employee travel - A tax and NICs guide for employers*
- P11D(Guide)(2011)
- P11D Working Sheets.

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 2010-11 tax year is **12.8%**.

Class 1B NICs in respect of the 2010-11 tax year are due to be paid by 19 October 2011. 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 2011. See * top of next column. 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/pay/exb/schemes/PSA.htm
- CWG2(2011) *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, five levels of earnings are used:

- Lower Earnings Limit (LEL)
- Secondary Threshold (ST)
- Primary Threshold (PT)
- 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 NICs tables or the NICs calculators on our website, 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 State Pension and Jobseeker's Allowance. If an employee's earnings reach or exceed this level, but don't exceed the Primary 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.

Secondary Threshold (ST)

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

Primary Threshold (PT)

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

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 2% on those earnings above the UEL. The UEL doesn't apply to employer's NICs, which are payable on all earnings above the ST, including those above the UEL, at the appropriate rate.

National Insurance rates and earnings limits 2011-12 - you do not need to look at this table if you are using the NI Tables															
Lower Earnings Limit (LEL)			Secondary Threshold (ST)			Primary Threshold (PT)			Upper Accrual Point (UAP)			Upper Earnings Limit (UEL)			
	£		£			£			£			£			
	Weekly	Monthly	Annual	Weekly	Monthly	Annual	Weekly	Monthly	Annual	Weekly	Monthly	Annual	Weekly	Monthly	Annual
	102	442	5,304	136	589	7,072	139	602	7,225	770	3,337	40,040	817	3,540	42,475
Employee's contributions and NICs rebate												Employee's contributions and NICs rebate			
Contribution Table letter	Earnings below LEL	Earnings at or above LEL up to and including ST	Earnings above ST up to and including PT	Earnings above PT up to and including UAP	Earnings above UAP up to and including UEL	Balance of earnings above UEL	NICs rebate on earnings above LEL, up to and including PT	Earnings below LEL	Earnings at or above LEL up to and including ST	Earnings above ST up to and including PT	Earnings above PT up to and including UAP	Earnings above UAP up to and including UEL	Balance of earnings above UEL	NICs rebate on earnings above LEL, up to and including ST	
A	NIL	0%	0%	12%	12%	2%		NIL	0%	13.8%	13.8%	13.8%	13.8%		
B	NIL	0%	0%	5.85%	5.85%	2%	NICs rebate not due	NIL	0%	13.8%	13.8%	13.8%	13.8%	NICs rebate not due	
C (Pensioners)	NIL	NIL	NIL	NIL	NIL	NIL		NIL	0%	13.8%	13.8%	13.8%	13.8%		
J (deferment - not contracted-out)	NIL	0%	0%	2%	2%	2%		NIL	0%	13.8%	13.8%	13.8%	13.8%		
Employer's rates for mariners should be reduced by 0.5%															

National Insurance rates and earnings limits 2011-12 - you do not need to look at this table if you are using the NI Tables

Lower Earnings Limit (LEL)	Secondary Threshold (ST)	Primary Threshold (PT)	Upper Accrual Point (UAP)	Upper Earnings Limit (UEL)
£	£	£	£	£
Weekly 102	Weekly 136	Weekly 139	Weekly 770	Weekly 817
Monthly 442	Monthly 589	Monthly 602	Monthly 3,337	Monthly 3,540
Annual 5,304	Annual 7,072	Annual 7,225	Annual 40,040	Annual 42,475

Employee's contributions and NICs rebate

Employer's contributions and NICs rebate

Contribution Table letter	Earnings below LEL	Earnings at or above LEL up to and including ST	Earnings above ST up to and including PT	Earnings above UAP up to and including UEL	Balance of earnings above UEL	NICs rebate on earnings above LEL, up to and including ST	NICs rebate on earnings above ST, up to and including PT	Earnings below LEL	Earnings at or above LEL up to and including ST	Earnings above PT up to and including UAP	Earnings above UAP up to and including UEL	Balance of earnings above UEL	NICs rebate on earnings above LEL, up to and including ST
D	NIL	0%	10.4%	12%	2%	1.6%	1.6%	NIL	0%	10.1%	13.8%	13.8%	3.7%
E	NIL	0%	5.85%	5.85%	2%	NIL	NIL	NIL	0%	10.1%	13.8%	13.8%	3.7%
L (deferment - contracted-out)	NIL	0%	2%	2%	2%	1.6%	1.6%	NIL	0%	10.1%	13.8%	13.8%	3.7%
F	NIL	0%	10.4%	12%	2%	1.6%	1.6%	NIL	0%	12.4%	13.8%	13.8%	1.4%
G	NIL	0%	5.85%	5.85%	2%	NIL	NIL	NIL	0%	12.4%	13.8%	13.8%	1.4%
S (deferment - contracted-out)	NIL	0%	2%	2%	2%	1.6%	1.6%	NIL	0%	12.4%	13.8%	13.8%	1.4%

Statutory Sick Pay (SSP)

The **weekly** rate of SSP is £81.60 for employees with average weekly earnings of £102.00 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
£11.6571	7	£11.66	£23.32	£34.97	£46.62	£58.28	£69.94	£81.60
£13.6000	6	£13.60	£27.20	£40.80	£54.40	£68.00	£81.60	
£16.3200	5	£16.32	£32.64	£48.96	£65.28	£81.60		
£20.4000	4	£20.40	£40.80	£61.20	£81.60			
£27.2000	3	£27.20	£54.40	£81.60				
£40.8000	2	£40.80	£81.60					
£81.6000	1	£81.60						

* 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 that 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(2011) *Employer Helpbook for Statutory Sick Pay*.

Statutory Maternity Pay (SMP)

Women expecting a baby on or before 2 April 2011 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 up to 2 April 2011	Pay the lesser of: – 90% of average weekly earnings, or – £124.88

Women expecting a baby on or after 3 April 2011 who satisfy the qualifying conditions are entitled to a maximum of 39 weeks SMP. These include having average weekly earnings of:

- £97 if their baby is due between 18 July 2010 and 16 July 2011
- £102.00 if their baby is due between 17 July 2011 and 14 July 2012.

First six weeks of payment	90% of employee's average weekly earnings.
Remaining weeks from 3 April 2011	Pay the lesser of: – 90% of average weekly earnings, or – £128.73.

For more information see the E15(2011) *Employer Helpbook for Statutory Maternity Pay*, or go to www.hmrc.gov.uk/paye/employees/statutory-pay/smp-overview.htm

Ordinary Statutory Paternity Pay (OSPP)

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

Birth

If the new average weekly earnings amount is at least:

- £97.00 for babies due between 18 July 2010 and 16 July 2011, or
- £102.00 for babies due between 17 July 2011 and 14 July 2012

your employee's earnings are high enough to get OSPP.

Adoption

If the new average weekly earnings amount is at least:

- £97.00 and the adoption agency told the adopter that they had been matched with a child between 4 April 2010 and 2 April 2011, or
- £102.00 and the adoption agency told the adopter that they had been matched with a child between 3 April 2011 and 31 March 2012

your employee's earnings are high enough to get OSPP.

The weekly rate up to 2 April 2011 is the **lesser of** £124.88 or 90% of the employee's average weekly earnings.

The weekly rate up from 3 April 2011 is the **lesser of** £128.73 or 90% of the employee's average weekly earnings.

For more information see the E19(2011) *Employer Helpbook for Ordinary and Additional Statutory Paternity Pay* if your employee is entitled to OSPP because a baby was born or they were entitled to OSPP because they were adopting a child in the UK or from abroad.

Additional Statutory Paternity Pay (ASPP)

ASPP is paid for a maximum of 19 weeks (or more in the event of the death of the mother or adopter) to employees who satisfy the qualifying conditions. These include having average weekly earnings of £102.00 if their baby is due on or after 3 April 2011, or if they are notified that they have been matched with a child, or for overseas adoptions, the child entered the UK from abroad on or after 3 April 2011.

Birth

If the new average weekly earnings is at least:

- £97.00 for babies due between 18 July 2010 and 16 July 2011, or
- £102.00 for babies due between 17 July 2011 and 14 July 2012

your employee's earnings are high enough to get ASPP.

Adoption

If the new average weekly earnings amount is at least £102.00 and the adoption agency told the adopter that they had been matched with a child between 3 April 2011 and 31 March 2012 your employee's earnings are high enough to get ASPP.

The weekly rate from 3 April 2011 is the **lesser of** £128.73 or 90% of the employee's average weekly earnings.

For more information see the E19(2011) *Employer Helpbook for Ordinary and Additional Statutory Paternity Pay* if your employee is entitled to ASPP because a baby was due, or because they were adopting a child in the UK, or the child entered the UK from abroad on or after 3 April 2011.

[Employer Helpbook E12\(2011\)](#)

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 3 April 2011, and who satisfy the qualifying conditions, are entitled to a maximum of 39 weeks SAP. These include having average weekly earnings of:

- at least £97.00 gross a week and the adoption agency told the adopter that they had been matched with a child between 4 April 2010 and 2 April 2011, or
- at least £102.00 gross a week and the adoption agency told the adopter that they had been matched with a child between 3 April 2011 and 31 March 2012.

The weekly rate up to 2 April 2011 is the **lesser of** £124.88 or 90% of the employee's average weekly earnings.

The weekly rate from 3 April 2011 is the **lesser of** £128.73 or 90% of the employee's average weekly earnings.

For more information see the E16(2011) *Employer Helpbook for Statutory Adoption Pay*.

Funding of SMP/OSPP/ASPP/SAP

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

If you qualify for Small Employer's Relief you are entitled to recover 100% of the SMP/OSPP/ASPP/SAP that you pay plus 3% for payments made on or after 6 April 2011.

The Small Employer's Relief Threshold is £45,000 for payments made on or after 6 April 2011.

For more information see the:

- E15(2011) *Employer Helpbook for Statutory Maternity Pay*
- E16(2011) *Employer Helpbook for Statutory Adoption Pay*
- E19(2011) *Employer Helpbook for Ordinary and Additional Statutory Paternity Pay*
- learning packages in the Basic PAYE Tools at www.businesslink.gov.uk/basicpayetools

National Minimum Wage

From pay reference periods starting on or after 1 October 2010 there are four different National Minimum Wage (NMW) rates. NMW rates are usually updated in October each year. The rates that apply from 1 October 2010 are as follows:

- Main Rate for workers aged 21 years and over - **£5.93 per hour**.
- For workers aged 18 to 20 inclusive - **£4.92 per hour**.
- For workers aged under 18 (but above compulsory school leaving age) - **£3.64 per hour**.
- Rate for apprentices who are aged under 19 years or over 19 years and in the first year of their apprenticeship - **£2.50 per hour**.

These rates are likely to change from 1 October 2011. You should check the Business Link website below for up to date information.

For further details and up to the minute information

- phone the Pay and Work Rights Helpline on **0800 917 2368**, or
- go to the Business Link website at **www.businesslink.gov.uk/nmw**

Collection of student loans

The annual threshold, above which student loan repayments become due, is £15,000.

If you are using the P11 Calculator in the Basic PAYE Tools at **www.businesslink.gov.uk/basicpayetools** this will calculate the Student Loan deductions for you as long as you indicate that the employee is a Student Loan Borrower in the database.

Or, you can use the Student Loan calculator in the Basic PAYE Tools at **www.businesslink.gov.uk/basicpayetools** or the SL3 *Student Loan Deduction Tables* to calculate deductions.

There is more detailed guidance in the Employer Helpbook E17(2011) *Collection of Student Loans*.



There are legal requirements that mean employers must comply with their obligations. At the time of writing, this guide sets out HMRC's view on how these legal requirements can be met. It will be updated annually and was last updated March 2011.

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