

# Health & Social Care Levy



As you will no doubt be aware, the Government announced on 7th September 2021 they would introduce a temporary 1.25 point increase in both main and additional rates of Class 1, Class 1A, Class 1B and Class 4 National Insurance contributions for the 2022-2023 tax year.



The purpose of this increase is to support the NHS and equivalent bodies across the UK.

Then, in 2023-2024, a new Levy will be introduced which will be ring fenced to support UK health and social care bodies.

The main National Insurance increases from 6th April 2022 are as follows:

	Employee Class 1 NIC	Employer Class 1, Class 1A & Class 1B
<b>2021-2022</b>	12% & 2%	13.8%
<b>2022-2023</b>	13.25% & 3.25%	15.05%

The current increase will only affect individuals who are already paying National Insurance contributions. However, from 2023-2024, the new Levy will be applied to those in work and over state pension age (on C-rate National Insurance).

In 2023-2024, National Insurance rates will return to the rates in 2021-2022 and the Levy must then be shown as a separate line on an employee's payslip.

An example of how the increase will affect monthly National Insurance contributions is shown below:

<b>2021-22</b>	<b>£2,083.33</b>	<b>£3,750.00</b>	<b>£5,416.67</b>	<b>£8,333.33</b>
Ee NIC	£154.36	£354.36	£431.59	£489.93
Er NIC	£185.79	£415.79	£645.79	£1,048.29

<b>2022-23</b>	<b>£2,083.33</b>	<b>£3,750.00</b>	<b>£5,416.67</b>	<b>£8,333.33</b>
Ee NIC	£166.99	£387.83	£485.89	£580.69
Er NIC	£199.46	£450.30	£701.13	£1,140.09
Ee Diff	£12.63	£33.47	£54.30	£90.76
Er Diff	£13.67	£34.51	£55.34	£91.80

It should be noted, the increase in Class 1A NIC will apply to benefits relating to the 2022-23 tax year.

## Spring Statement 2022:

Following the Chancellor's statement on 23rd March 2022, the Primary Threshold for Employee National Insurance is being increased from 6th July 2022 from £9,880 to £12,570. This means, from July 2022, the Employee National Insurance Contributions will decrease as more earnings will be exempt from NIC. Please see a table below showing the effect this will have on monthly contributions:

<b>2022-23</b>	<b>£2,083.33</b>	<b>£3,750.00</b>	<b>£5,416.67</b>	<b>£8,333.33</b>
Ee NIC (March 22)	£154.36	£354.36	£431.59	£489.93
Ee NIC (April - June 22)	£166.99	£387.83	£485.89	£580.69
Ee NIC (from July 22)	£137.18	£358.02	£456.08	£550.87
NI Increase (to April 22)	-£12.63	-£33.47	-£54.30	-£90.76
NI Saving (June to July 22)	£29.81	£29.81	£29.81	£29.82
Total Change March to July 22	£17.18	-£3.66	-£24.49	-£60.94

The above table shows there is an increase in NI contributions in April 2022, but there is a saving of £29.81 for everyone when the Primary Threshold increases in July 2022. However, you can see there is only an overall saving for those on a lower salary with those earnings under £40k benefiting the most.

There are no changes to the Secondary (Employer) Thresholds so Employer National Insurance stays the same. However, the Spring Statement did include an increase in the Employment Allowance from £4,000 to £5,000 – there are no changes to qualifying conditions.

## Things to consider:

- **Employer NIC savings for Salary Sacrifice schemes** – if you have a salary sacrifice scheme, and pass on some or all of the Employer NI saving to the

employee's pension scheme, are you going to increase this to 15.05% from April 2022? What is written in the employees agreements/contract? Does it specify the saving percentage?

- **Employment Allowance** – current threshold to qualify is an Employer with an NI bill under £100,000 but with increased costs in 2022-2023, what effect will this have on qualification for the 2023-2024 tax year? Will you (the employer) still qualify for the allowance? Will Government increase the £100k threshold to reflect the increased costs?

For our payroll clients, we will upload a copy of this notice to MyEpayWindow and we will also upload a link to the HMRC website with further details of what your employee's will pay - [National Insurance: How much you pay - GOV.UK \(www.gov.uk\)](#)

If you have any questions on the above, please do not hesitate to [contact us](#).

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