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Guidance

Rates and thresholds for employers 2026 to 2027

Use these rates and thresholds when you operate your payroll or provide expenses and benefits to your employees.

From: **HM Revenue & Customs (/government/organisations/hm-revenue-customs)**

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Unless otherwise stated, the following figures apply from 6 April 2026 to 5 April 2027.

PAYE tax and Class 1 National Insurance contributions

You normally operate PAYE as part of your payroll (https://www.gov.uk/paye-for-employers) so HMRC can collect Income Tax and National Insurance from your employees.

Your payroll software will work out how much tax and National Insurance to deduct from your employees' pay. If you decide to run payroll yourself, you need to find payroll software (https://www.gov.uk/payroll-software) to do this.

Tax thresholds, rates and codes

The amount of Income Tax you deduct from your employees depends on their tax code (https://www.gov.uk/employee-tax-codes) and how much of their taxable income is above their Personal Allowance (https://www.gov.uk/income-tax-rates/current-rates-and-allowances).

England and Northern Ireland

The standard employee personal allowance for the 2026 to 2027 tax year is:

- £242 per week
- £1,048 per month
- £12,570 per year

PAYE tax rate	Rate of tax	Annual earnings the rate applies to (above the PAYE threshold)
Basic tax rate	20%	Up to £37,700
Higher tax rate	40%	From £37,701 to £125,140
Additional tax rate	45%	Above £125,140

Scotland

The standard employee personal allowance for the 2026 to 2027 tax year is:

- £242 per week
- £1,048 per month
- £12,570 per year

PAYE tax rate	Rate of tax	Annual earnings the rate applies to (above the PAYE threshold)
Starter tax rate	19%	Up to £3,967
Basic tax rate	20%	From £3,968 to £16,956
Intermediate tax rate	21%	From £16,957 to £31,092
Higher tax rate	42%	From £31,093 to £62,430
Advanced tax rate	45%	From £62,431 to £125,140
Top tax rate	48%	Above £125,140

Wales

The standard employee personal allowance for the 2026 to 2027 tax year is:

- £242 per week
- £1,048 per month

- £12,570 per year

PAYE tax rate	Rate of tax	Annual earnings the rate applies to (above the PAYE threshold)
Basic tax rate	20%	Up to £37,700
Higher tax rate	40%	From £37,701 to £125,140
Additional tax rate	45%	Above £125,140

Emergency tax codes

The emergency tax codes from 6 April 2026 are:

- 1257L W1
- 1257L M1
- 1257L X

Find out more about emergency tax codes (https://www.gov.uk/tax-codes/emergency-tax-codes).

Class 1 National Insurance thresholds

Class 1 National Insurance thresholds	2026 to 2027
Lower earnings limit	£129 per week £559 per month £6,708 per year
Primary threshold	£242 per week £1,048 per month £12,570 per year
Secondary threshold	£96 per week £417 per month £5,000 per year

Class 1 National Insurance thresholds	2026 to 2027
Freeport upper secondary threshold	£481 per week £2,083 per month £25,000 per year
Investment Zone upper secondary threshold	£481 per week £2,083 per month £25,000 per year
Upper secondary threshold (under 21)	£967 per week £4,189 per month £50,270 per year
Apprentice upper secondary threshold (apprentice under 25)	£967 per week £4,189 per month £50,270 per year
Veterans upper secondary threshold	£967 per week £4,189 per month £50,270 per year
Upper earnings limit	£967 per week £4,189 per month £50,270 per year

Class 1 National Insurance rates

Employee (primary) contribution rates

Deduct primary contributions (employee's National Insurance) from your employees' pay through PAYE.

National Insurance category letter	Earnings at or above lower earnings limit up to and including primary threshold	Earnings above primary threshold up to and including upper earnings limit	Balance of earnings above upper earnings limit
A	0%	8%	2%

National Insurance category letter	Earnings at or above lower earnings limit up to and including primary threshold	Earnings above primary threshold up to and including upper earnings limit	Balance of earnings above upper earnings limit
B	0%	1.85%	2%
C	nil	nil	nil
D (Investment Zone — deferment)	0%	2%	2%
E (Investment Zone — married women and widows reduced rate)	0%	1.85%	2%
F (Freeport)	0%	8%	2%
H (apprentice under 25)	0%	8%	2%
I (Freeport — married women and widows reduced rate)	0%	1.85%	2%
J	0%	2%	2%
K (Investment Zone — state pensioner)	nil	nil	nil
L (Freeport — deferment)	0%	2%	2%
M (under 21)	0%	8%	2%
N (Investment Zone)	0%	8%	2%

National Insurance category letter	Earnings at or above lower earnings limit up to and including primary threshold	Earnings above primary threshold up to and including upper earnings limit	Balance of earnings above upper earnings limit
S (Freeport — state pensioner)	nil	nil	nil
V (veteran)	0%	8%	2%
Z (under 21 — deferment)	0%	2%	2%

Employer (secondary) contribution rates

You pay secondary contributions (employer's National Insurance) to HMRC as part of your PAYE bill.

Find out more about running payroll and paying HMRC (https://www.gov.uk/running-payroll/paying-hmrc) and how to Pay employers' PAYE tax and National Insurance (https://www.gov.uk/pay-paye-tax).

National Insurance category letter	Earnings above secondary threshold up to and including lower earnings limit	Earnings above lower earnings limit up to and including Freeport and Investment Zone upper secondary thresholds	Earnings above Freeport and Investment Zone upper secondary thresholds up to and including upper earnings limit, upper secondary thresholds for under 21s, apprentices and veterans	Balance of earnings above upper earnings limit, upper secondary thresholds for under 21s, apprentices and veterans

A	15%	15%	15%	15%
B	15%	15%	15%	15%
C	15%	15%	15%	15%
D (Investment Zone — deferment)	0%	0%	15%	15%
E (Investment Zone — married women and widows reduced rate)	0%	0%	15%	15%
F (Freeport)	0%	0%	15%	15%
H (apprentice under 25)	0%	0%	0%	15%
I (Freeport — married women and widows reduced rate)	0%	0%	15%	15%
J	15%	15%	15%	15%
K (Investment Zone — state pensioner)	0%	0%	15%	15%
L (Freeport — deferment)	0%	0%	15%	15%

M (under 21)	0%	0%	0%	15%
N (Investment Zone)	0%	0%	15%	15%
S (Freeport — state pensioner)	0%	0%	15%	15%
V (veteran)	0%	0%	0%	15%
Z (under 21 — deferment)	0%	0%	0%	15%

Director’s contribution rates

The rates also apply to directors. You can read more information about:

- the methods used for working out National Insurance contributions for company directors (https://www.gov.uk/employee-directors)
- the rules for paying National Insurance contributions for company directors (https://www.gov.uk/government/publications/ca44-national-insurance-for-company-directors)

Class 1A National Insurance: expenses and benefits

You must pay Class 1A National Insurance on work benefits you give to your employees, for example a company mobile phone. You report and pay Class 1A on expenses and benefits at the end of each tax year.

> The National Insurance Class 1A rate on expenses and benefits for 2026 to 2027 is 15%.

Find out more about expenses and benefits for employers (https://www.gov.uk/employer-reporting-expenses-benefits).

Class 1A National Insurance: termination awards and sporting testimonial payments

Class 1A National Insurance contributions are due on the amount of termination awards (https://www.gov.uk/government/publications/income-tax-and-national-insurance-contributions-treatment-of-termination-payments) paid to employees which are over £30,000 and on the amount of sporting testimonial payments (https://www.gov.uk/guidance/sporting-testimonials-income-tax-and-national-insurance-payments) paid by independent committees which are over £100,000. You report and pay Class 1A on these types of payments during the tax year as part of your payroll.

> The National Insurance Class 1A rate on termination awards and sporting testimonial payments for 2026 to 2027 is 15%.

Pay employers' Class 1A National Insurance (https://www.gov.uk/pay-class-1a-national-insurance).

Class 1B National Insurance: PAYE Settlement Agreements (PSAs)

You pay Class 1B National Insurance if you have a PAYE Settlement Agreement (https://www.gov.uk/paye-settlement-agreements/overview). This allows you to make one annual payment to cover all the tax and National Insurance due on small or irregular taxable expenses or benefits for your employees.

> The National Insurance Class 1B rate for 2026 to 2027 is 15%.

Pay Class 1B National Insurance (https://www.gov.uk/pay-psa).

National Minimum Wage

The National Minimum Wage is the minimum pay per hour almost all workers are entitled to by law. Find out more about who can get the minimum wage (https://www.gov.uk/national-minimum-wage/who-gets-the-minimum-wage).

Use the National Minimum Wage calculator (https://www.gov.uk/minimum-wage-calculator-employers) to check if you're paying a worker the National Minimum

Wage or if you owe them payments from past years.

These rates apply from 1 April 2026.

Category of worker	Hourly rate
Aged 21 and above (national living wage rate)	£12.71
Aged 18 to 20 inclusive	£10.85
Aged under 18 (but above compulsory school leaving age)	£8
Apprentices aged under 19	£8
Apprentices aged 19 and over, but in the first year of their apprenticeship	£8

Check National Minimum Wage rates for previous years (https://www.gov.uk/national-minimum-wage-rates).

Statutory Maternity, Paternity, Adoption, Shared Parental, Parental Bereavement and Neonatal Care Pay

Work out your employee's Statutory:

- Maternity, Adoption or Paternity Pay using the Maternity, Adoption or Paternity Pay calculator for employers (https://www.gov.uk/maternity-paternity-calculator)
- Parental Bereavement Pay using the Statutory Parental Bereavement Pay calculator for employers (https://www.gov.uk/calculate-statutory-parental-bereavement-pay)
- Neonatal Care Pay using the Statutory Neonatal Care Pay calculator for employers (https://www.gov.uk/calculate-statutory-neonatal-care-pay)

The calculators will also help you to work out your employee's:

- qualifying week
- average weekly earnings
- leave period

The Statutory Maternity Pay (SMP) rate applies from 5 April 2026. All other rates apply from 6 April 2026.

Type of payment	2026 to 2027 rate
Statutory Maternity Pay (SMP) — weekly rate for first 6 weeks	90% of the employee's average weekly earnings
SMP — weekly rate for remaining weeks	£194.32 or 90% of the employee's average weekly earnings, whichever is lower
Statutory Paternity Pay (SPP) — weekly rate	£194.32 or 90% of the employee's average weekly earnings, whichever is lower
Statutory Adoption Pay (SAP) — weekly rate for first 6 weeks	90% of the employee's average weekly earnings
SAP — weekly rate for remaining weeks	£194.32 or 90% of the employee's average weekly earnings, whichever is lower
Statutory Shared Parental Pay (ShPP) — weekly rate	£194.32 or 90% of the employee's average weekly earnings, whichever is lower
Statutory Parental Bereavement Pay (SPBP) — weekly rate	£194.32 or 90% of the employee's average weekly earnings, whichever is lower
Statutory Neonatal Care Pay (SNCP) — weekly rate	£194.32 or 90% of the employee's average weekly earnings, whichever is lower

Statutory payments recovery

You can recover a proportion of your payments from HMRC (https://www.gov.uk/recover-statutory-payments) for SMP, SPP, ShPP, SAP, SPBP or SNCP.

The 2026 to 2027 recovery rate is:

- 92% if your total Class 1 National Insurance (both employee and employer contributions) is above £45,000 for the previous tax year
- 109% if your total Class 1 National Insurance for the previous tax year is £45,000 or lower

You cannot recover Statutory Sick Pay (SSP).

Statutory Sick Pay (SSP)

> The weekly rate of Statutory Sick Pay (SSP) (https://www.gov.uk/employers-sick-pay) for 2026 to 2027 is £123.25 or 80% of the employee's average weekly earnings, whichever is lower.

The amount of SSP you must pay an employee for each day they're off work from the first day of illness (the daily rate) depends on the:

- employee's average weekly earnings
- number of 'qualifying days' they work each week

A daily rate will apply either based on the standard weekly rate or will be specific to the employee. The SSP daily rates and amounts to pay in the tables are based on the standard weekly rate.

Use the Statutory Sick Pay calculator (https://www.gov.uk/calculate-statutory-sick-pay) to work out your employee's sick pay, or read how to work out your employee's Statutory Sick Pay manually (https://www.gov.uk/guidance/statutory-sick-pay-manually-calculate-your-employees-payments) using these rates.

Unrounded daily rates	Number of qualifying days in week
£17.6071	7
£20.5416	6
£24.65	5
£30.8125	4
£41.0833	3
£61.625	2

Unrounded daily rates	Number of qualifying days in week
£123.25	1

7 qualifying days in a week

Use these rates to work out how much Statutory Sick Pay you need to pay an employee who works 7 qualifying days in a week.

Number of days to pay	Amount to pay
1	£17.61
2	£35.22
3	£52.83
4	£70.43
5	£88.04
6	£105.65
7	£123.25

6 qualifying days in a week

Use these rates to work out how much Statutory Sick Pay you need to pay an employee who works 6 qualifying days in a week.

Number of days to pay	Amount to pay
1	£20.55
2	£41.09
3	£61.63
4	£82.17

Number of days to pay	Amount to pay
5	£102.71
6	£123.25

5 qualifying days in a week

Use these rates to work out how much Statutory Sick Pay you need to pay an employee who works 5 qualifying days in a week.

Number of days to pay	Amount to pay
1	£24.65
2	£49.30
3	£73.95
4	£98.60
5	£123.25

4 qualifying days in a week

Use these rates to work out how much Statutory Sick Pay you need to pay an employee who works 4 qualifying days in a week.

Number of days to pay	Amount to pay
1	£30.82
2	£61.63
3	£92.44
4	£123.25

3 qualifying days in a week

Use these rates to work out how much Statutory Sick Pay you need to pay an employee who works 3 qualifying days in a week.

Number of days to pay	Amount to pay
1	£41.09
2	£82.17
3	£123.25

2 qualifying days in a week

Use these rates to work out how much Statutory Sick Pay you need to pay an employee who works 2 qualifying days in a week.

Number of days to pay	Amount to pay
1	£61.63
2	£123.25

One qualifying day in a week

Use these rates to work out how much Statutory Sick Pay you need to pay an employee who works one qualifying day in a week.

Number of days to pay	Amount to pay
1	£123.25

Student loan and postgraduate loan recovery

If your employees' earnings are above the earnings threshold, record their student loan and postgraduate loan deductions (https://www.gov.uk/new-employee/student-loans) in your payroll software. It will automatically calculate and deduct repayments from their pay.

Rate or threshold	2026 to 2027 rate
Employee earnings threshold for student loan plan 1	£26,900 per year £2,241.66 per month £517.30 per week
Employee earnings threshold for student loan plan 2	£29,385 per year £2,448.75 per month £565.09 per week
Employee earnings threshold for student loan plan 4	£33,795 per year £2,816.25 per month £649.90 per week
Employee earnings threshold for student loan plan 5	£25,000 per year £2,083.33 per month £480.76 per week
Student loan deductions	9%
Employee earnings threshold for postgraduate loan	£21,000 per year £1,750 per month £403.84 per week
Postgraduate loan deductions	6%

Company cars: advisory fuel rates

Use advisory fuel rates to work out mileage costs if you provide company cars to your employees.

These rates apply from 1 September 2026.

Engine size	Petrol — amount per mile	Liquefied Petroleum Gas (LPG) — amount per mile
1400cc or less	14 pence	11 pence
1401cc to 2000cc	17 pence	13 pence

Engine size	Petrol — amount per mile	Liquefied Petroleum Gas (LPG) — amount per mile
Over 2000cc	27 pence	20 pence

Engine size	Diesel — amount per mile
1600cc or less	15 pence
1601cc to 2000cc	16 pence
Over 2000cc	22 pence

Hybrid cars are treated as either petrol or diesel cars for this purpose.

Check advisory fuel rates for previous periods (https://www.gov.uk/guidance/advisory-fuel-rates).

Advisory electricity rate for fully electric cars from 1 September 2026

Charging location	Electric — amount per mile
Home charger	7 pence
Public charger	15 pence

Electricity is not a fuel for car fuel benefit purposes.

Employee vehicles: mileage allowance payments

Mileage allowance payments are what you pay your employees for using their own vehicle for business journeys.

You can pay your employees an approved amount of mileage allowance payments each year without having to report them to HMRC. To work out the approved amount, multiply your employee's business travel miles for the year by the rate per mile for their vehicle.

Find out more about reporting and paying mileage allowance payments (https://www.gov.uk/expenses-and-benefits-business-travel-mileage/rules-for-tax).

Type of vehicle	Rate per business mile 2026 to 2027
Car	For tax purposes — 55 pence for the first 10,000 business miles in a tax year, then 25 pence for each subsequent mile For National Insurance purposes — 55 pence for all business miles
Motorcycle	24 pence for both tax and National Insurance purposes and for all business miles
Cycle	20 pence for both tax and National Insurance purposes and for all business miles

Employment Allowance

Employment Allowance allows eligible employers (https://www.gov.uk/claim-employment-allowance/eligibility) to reduce their annual National Insurance liability by up to the annual allowance amount.

> Employment Allowance for 2026 to 2027 is £10,500.

Apprenticeship Levy

Employers and connected companies with a total annual pay bill of more than £3 million, are liable to the Apprenticeship Levy (https://www.gov.uk/guidance/pay-apprenticeship-levy), which is payable monthly. Employers who are not connected to another company or charity will have an annual allowance that reduces the amount of Apprenticeship Levy you have to pay. Apprenticeship Levy is charged at a percentage of your annual pay bill.

Allowance or charge	2026 to 2027 rate
Apprenticeship Levy allowance	£15,000
Apprenticeship Levy charge	0.5%

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