

TAX and NI Rates 20-21

A good place to start when trying to understand tax and rates charged is to take a look at the rates set for types and levels of income. The table below is a standard rate table for income tax

for the year	2020/21
Income tax rate	£
Starting rate / Allowance	10% 5,000
Personal Allowance	12500
Basic rate band	20%
Higher rate /Threshold	40% 37,501
Personal allowance withdrawal	60% 37,501 To 150,000
Super Tax rate /threshold	45% over 150,000

Dividend income received within

starting and basic rate	7.5%
Higher rate	32.5%
Above higher rate	38.1%

These rates are applied to the grossed up dividend (1/9)

National Insurance Rates

Upper earnings limit	2% 41,865
Secondary threshold	SE £3.05 pw. @ 9516 / ee's 12% / ERs 13.8%
Employment allowance	2,000
Class 2 per week	2.75

People with profits of less than the Small Profit Threshold (£6,475 for 2020/21 , will not have to pay any class 2 National Insurance. They will not need to claim an exemption in advance.

In some case, you may wish to voluntarily pay class 2 National Insurance. This can be done on the self-assessment tax return.

Small earnings exception	6475.00
Class 3 per week	15.30

These are the basic rates and allowances which affect most incomes.

The accuracy cannot be guaranteed and so far as any error made is necessary for the reader to check against HMRC in the following link or self search on HMRC websites. I take no responsibility for any suggestion as this is not advice and is simply a description of reading the regulation concerned to make things understandable

[HMRC NI](#)