

2022/2023 National Insurance Contribution changes re Health & Social Care Levy

The Government have increased National Insurance Contributions (NIC) for anybody under State Pension Age from the start of 2022/2023 tax year. The NIC incorporates for the current tax year the new Health & Social Care Levy.

From 2023/2024 tax year the Health & Social Care Levy will be shown as a separate item on pay statements and the NIC rates will revert back to 2021/2022 % points. The separate Health & Social Care Levy will also be payable by those over State Pension Age.

The increase means a 1.25% points of additional NIC for April to June 2022 on earnings above the current Primary Threshold of £823 per month.

For April to June payments some examples of what the increase to NIC are given below:

How will this impact the NICs?				
NICs comparison for employees				
Year	Nilable Pay	Minus PT	NI due on	NICs due
2021-22	£2,000	£797	£1,203 @ 12%	£144.36
2022-23	£2,000	£823	£1,177 @ 13.25%	£155.95
Total difference				£11.59 (8%)

Health and Social Care Levy			
Annual Salary	£20,000	Annual Salary	£40,000
Monthly Salary	£1,666.67	Monthly Salary	£3,333.33
NI (12%)	£101.24	NI (12%)	£301.24
NI (13.25%)	£111.79	NI (13.25%)	£332.62
Difference	£10.55	Difference	£31.38
Annual Salary	£30,000	Annual Salary	£50,000
Monthly Salary	£2,500	Monthly Salary	£4,166.67
NI (12%)	£201.24	NI (12%)	£401.24
NI (13.25%)	£222.20	NI (13.25%)	£443.04
Difference	£20.96	Difference	£41.80

Good news from **July 2022** onwards. In the Spring Statement, the Chancellor announced a further change so that the NI Primary Threshold is being increased in line with the PAYE personal allowance (£12570pa = £1047.50pm) so although the 1.25% points increase remains it will reduce the NIC deducted.

For comparison:

Annual Salary: £30,000pa = £2,500pm less PT (1047.50); NI due on £1452.50@13.25%=£192.40 pm.

Any queries please contact your payroll team:

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20 April 2022