



28/09/21 – Health and Social Care Levy

On 7th September 2021, the Government announced the introduction of a new Health and Social care levy, which commences 6th April 2022. The revenue raised will go directly to support the NHS and equivalent bodies across the UK. It is anticipated that the levy will raise £36 billion over the next 3 years.

From April 2022 to March 2023, the levy will be collected by way of a 1.25% increase in Class 1, 1A, 1B and Class 4 National Insurance* for both employer and employees. Therefore, the National insurance will increase to 13.25% (Employees) and 15.05% (Employers) for the 2022-23 tax year. There will also be a 1.25% increase in dividend tax rates.

From April 2023, this levy will be shown as a separate line on payslips and self-employment statements, and the National Insurance will revert to the current rates. When this comes into effect, the 1.25% levy will also apply to those above state pension age who are still working (who currently do not pay NIC).

Employers who are entitled to claim the £4000 per year Employment Allowance can use this allowance towards the new levy as well as NIC.

*Class 1- Employer and Employee National Insurance on earnings

Class 1A – Employer National Insurance on Taxable benefits in kind

Class 1B – Employer National Insurance on PAYE Settlement Agreements

Class 4 – Self Employed National Insurance – based on profits

Further information

Follow this link to find out more information

[Health and Social Care Levy - GOV.UK \(www.gov.uk\)](https://www.gov.uk/health-social-care-levy)