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Policy team update

*Legislative update to prepare you for
the 2025-26 tax year*



How it all fits together

An overview of products and services offered by the CIPP and IPP Education (a subsidiary of CIPP)

Agenda

- Income Tax
- National Insurance
- Statutory payments and deductions
- Neonatal Care Leave and Pay
- NMW / NLW
- Pension
- Benefits
- What's next?



Tax Thresholds 2025-26

Personal Allowance **£12,570** - frozen until April 2028 (freeze not to be extended)
Standard Tax Code **1257L**

	Taxable Earnings Banding from	Taxable Earnings Banding to	Tax payable
Basic	£1	£37,700	20%
Higher	£37,701	£125,140	40%
Additional	Above £125,140	Unlimited	45%

Welsh rates remaining at parity with rUK

Tax Thresholds 2025-26 - Scotland

	Taxable Earnings Banding from	Taxable Earnings Banding to	Tax payable
Starter	£1	£2,827	19%
Basic	£2,828	£14,921	20%
Intermediate	£14,922	£31,092	21%
Higher	£31,093	£62,430	42%
Advanced	£62,431	£125,140	45%
Top	Above £125,140	Unlimited	48%

Income Tax Allowances 2025-26

	2025-26
Personal Allowance Income Limit	£100,000
Married Couples allowance (born before 6 April 1935)	£4,360 min £11,270 max
Marriage Allowance	£1,260
Blind Person's Allowance	£3,130
Dividend Allowance	£500

National Insurance Thresholds 2025-26

Class 1	Weekly	Monthly	Annual
Lower Earnings Limit (LEL)	£125	£542	£6,500
Primary Threshold (PT)	£242	£1,048	£12,570
Secondary Threshold (ST)	£96	£417	£5,000
Upper Earnings Limit (UEL)	£967	£4,189	£50,270
Upper Secondary Threshold for under 21s	£967	£4,189	£50,270
Apprentice Upper Secondary Threshold (AUST)	£967	£4,189	£50,270
Veteran's Upper Secondary Threshold (VUST)	£967	£4,189	£50,270
Freeport Upper Secondary Threshold (FUST)	£481	£2,083	£25,000
Investment Zones Upper Secondary Threshold (IZUST)	£481	£2,083	£25,000

National Insurance Rates 2025-26

Category	When to Use	Employees (LEL to PT)	Employees (PT to UEL)	Employees (Above UEL)	Employers (LEL to ST)	Employers (ST to UEL)	Employers (Above UEL)
A	Standard category letter	0%	8%	2%	0%	15%	15%
B	Married woman and widows entitled to pay reduced NI	0%	1.85%	2%	0%	15%	15%
C	Reached state pension age	Nil	Nil	Nil	0%	15%	15%
H	Apprentice under age 25	0%	8%	2%	0%	0%	15%
J	Deferred NI	0%	2%	2%	0%	15%	15%
M	Aged under 21	0%	8%	2%	0%	0%	15%
Z	Deferred NI (under 21)	0%	2%	2%	0%	0%	15%
X	Employees who do not have to pay NI e.g. under 16s, employee deceased	Nil	Nil	Nil	Nil	Nil	Nil
V	Eligible veteran	0%	8%	2%	0%	0%	15%

National Insurance Rates 2025-26

Freeports and investment zones

Category	When to Use	Employees (LEL to PT)	Employees (PT to UEL)	Employees (Above UEL)	Employers (LEL to ST)	Employers (ST to IZUST)	Employers (IZUST to UEL)	Employers (Above UEL)
Freeports employers								
F	Standard category letter	0%	8%	2%	0%	0%	15%	15%
I	Married woman and widows entitled to pay reduced NI	0%	1.85%	2%	0%	0%	15%	15%
S	Reached state pension age	Nil	Nil	Nil	0%	0%	15%	15%
L	Deferred NI	0%	2%	2%	0%	0%	15%	15%
Investment Zones employers								
N	Standard category letter	0%	8%	2%	0%	0%	15%	15%
E	Married woman and widows entitled to pay reduced NI	0%	1.85%	2%	0%	0%	15%	15%
K	Reached state pension age	Nil	Nil	Nil	0%	0%	15%	15%
D	Deferred NI	0%	2%	2%	0%	0%	15%	15%

Employment allowance

£10,500 for 2025-26

- Increased from £5,000
- Introduced in conjunction with decrease to ST to “support employers”

£100,000 threshold removed

Open to more employers subject to eligibility criteria

Ensure you're aware of connected company rules

Claim via EPS

Statutory Payments 2025-26 - SSP

Applicable from 6 April 2025

Unrounded daily rates	Qualifying days in week	1 day	2 days	3 days	4 days	5 days	6 days	7 days
£16.9642	7	£16.97	£33.93	£50.90	£67.86	£84.83	£101.79	£118.75
£19.7916	6	£19.80	£39.59	£59.38	£79.17	£98.96	£118.75	
£23.7500	5	£23.75	£47.50	£71.25	£95.00	£118.75		
£29.6875	4	£29.69	£59.38	£89.07	£118.75			
£39.5833	3	£39.59	£79.17	£118.75				
£59.3750	2	£59.38	£118.75					
£118.7500	1	£118.75						

Statutory Payments 2025-26 – parental leave

Applicable from Sunday 6 April 2025

Payment Type	Rate
Maternity Pay**	£187.18*
Paternity Pay	£187.18*
Adoption Pay**	£187.18*
Shared Parental Pay	£187.18*
Parental Bereavement Pay	£187.18*
Neonatal Care Pay**	£187.18*

*or 90% of the employee's AWE, whichever is lower

**rate for first 6 weeks is 90% of AWE

Statutory Neonatal Care pay and leave



Key policy details

- In addition to other leave and pay entitlements
- Taken in week increments up to a maximum of 12 weeks
- Where a child enters neonatal care within 28 days of birth and completes a stay of at least seven days
- Available to each parent (not a shared 12 weeks)
- Leave is a day one right
- Pay will require continuity of service / employment and earnings tests

Neonatal Care Leave and Pay – Tier one

Leave

- Entitlement gained in arrears
- Leave available to take while child is receiving neonatal care and the week following discharge
- Can be taken in an unlimited number of blocks, but each block must be a continuous week
- If SNCL would overlap with another pre-booked leave, such as shared parental, SNCL can be paused until after the other leave has been taken

Notice

- Must give employer notice of leave:
- Before they are due to start work on their first day of absence from work in that week, OR
- As soon as reasonably practicable following the child's admission to signify their intention to take SNCL after the child has been in neonatal care for seven continuous days
- Notice of pay must be given with 28 days following the start of the leave

Neonatal Care Leave and Pay – Tier two

Leave

- Any situation outside of tier one, such as when already on maternity leave
- Available from the second week following release up to 68 weeks following the child's birth
- Must be taken as one continuous block

Notice

Must give employer notice of leave:

- For one week of leave, notice will be needed two weeks and one day in advance
- For two weeks or more of leave, this is capped at 4 weeks' notice
- Notice of pay must be given with 28 days following the start of the leave, same as tier one

The first seven days: what to do?

Neonatal Care Leave is earned in arrears, therefore, the first seven days that a child is in care cannot be classed as Neonatal Care Leave

What are the options?

- Emergency family leave
 - (employer choice of contractual pay above statutory)
- Other Statutory leave
 - (such as paternity, must be mutual choice due to notice requirements)
- Annual Leave entitlement
 - (employer cannot force this, due to notice requirements)



Statutory Payments 2025-26 – parental leave

Applicable from Sunday 6 April 2025

Small Employers' Relief (SER) reclaim amended to 108.5%

The threshold will remain at £45,000

Business that paid £45,000 or less in Class 1 National Insurance (excluding any reductions like Employment Allowance) in the last complete tax year can qualify for SER

The 8.5% compensation rate will apply to Statutory Parental Payments

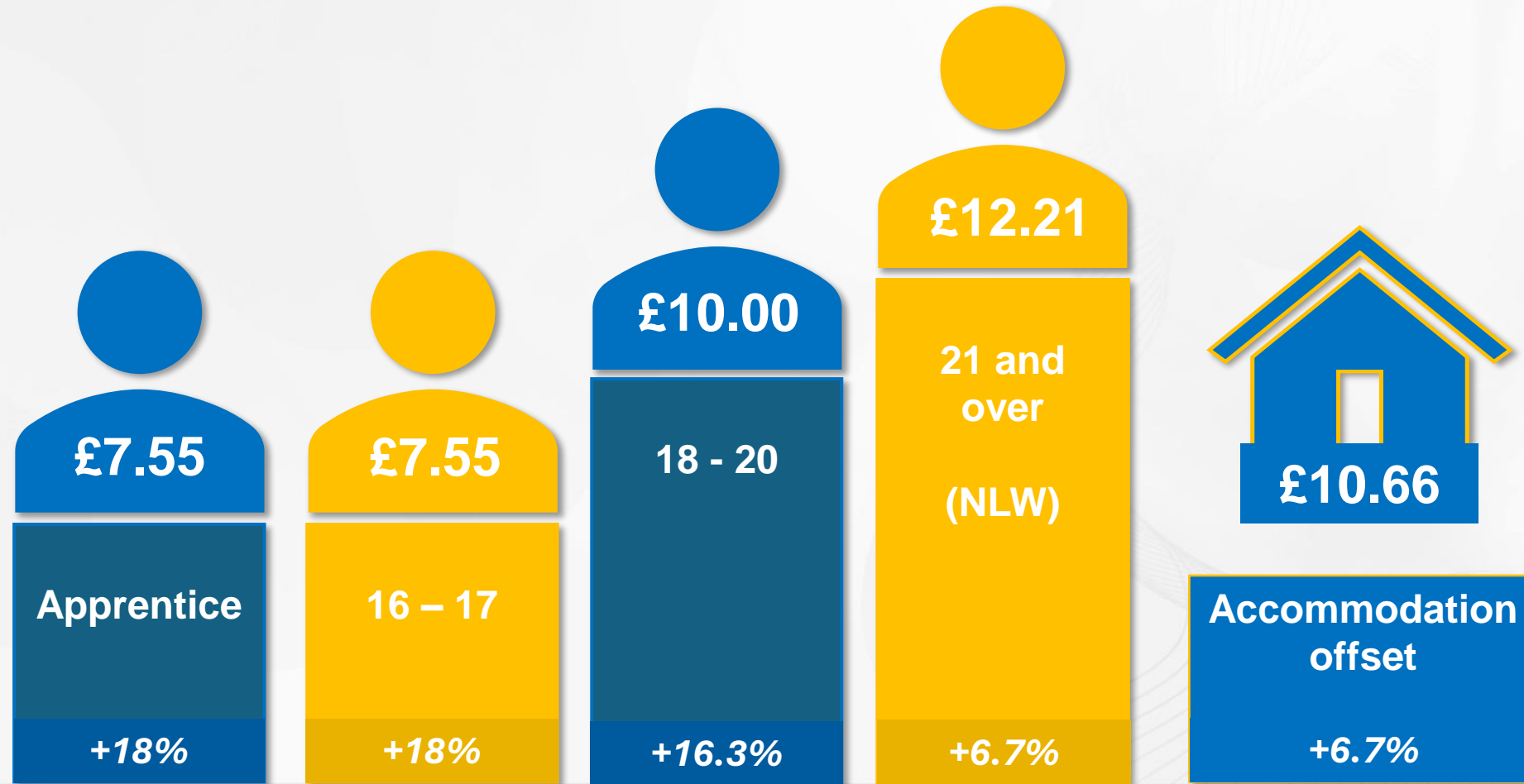
Student Loans 2025-26

Loan Type	Annual Threshold	Rate
Plan 1	£26,065	9%
Plan 2	£28,470	9%
Postgraduate	£21,000	6%
Plan 4	£32,745	9%
Plan 5	£25,000	9%

Plan 5 for new students from September 2023, processing from April 2026

Minimum Wage Rates 2025-26

To apply from 1 April 2025



Pension update



The new government has no current plans to explore a lifetime provider model



Plans for small pot consolidation of less than £1,000



Triple lock guaranteed for the duration of present government in the Autumn 2024 budget, 4.1% increase for 2025-26

Company car rates

set for 2028-29 and 2029-30

- Electric company car tax rates increase at 2% in 2028-29 and 2029-30 - reaching 9% in 2029-30
- Cars with emissions of 1-50g of Co2 rise by 18% in 2028-29 and 19% in 2029-30, all other bands increase by 1% per year
- Van Benefit Charge and Van Fuel Benefit charge both uprate for April 2025, along with the Fuel benefit multiplier for company cars
- Company car fuel fixed multiplier
 - £27,800 for tax year 2024-25
 - £28,200 for tax year 2025-26
- Diesel supplement: 4% in addition
 - Except Euro 6d standard and hybrids (compulsory from January 2021)
- Ultra low emissions vehicles not subject to OpRA rules



Payrolling reminder



If employers wish to payroll benefits and expenses from the new tax year, they must register with HMRC before **6 April 2025**.

Coming 2026: mandating of payrolling

Mandating payrolling of benefits to commence from April 2026
Payrolling of loans and accommodation will be voluntary initially

What's next?

- Additional hours worked data reporting not going ahead
- Payrolling benefits becomes mandatory in 2026
- Spring forecast – 26 March 2025

Any questions?



**Thank you and
have a great day**