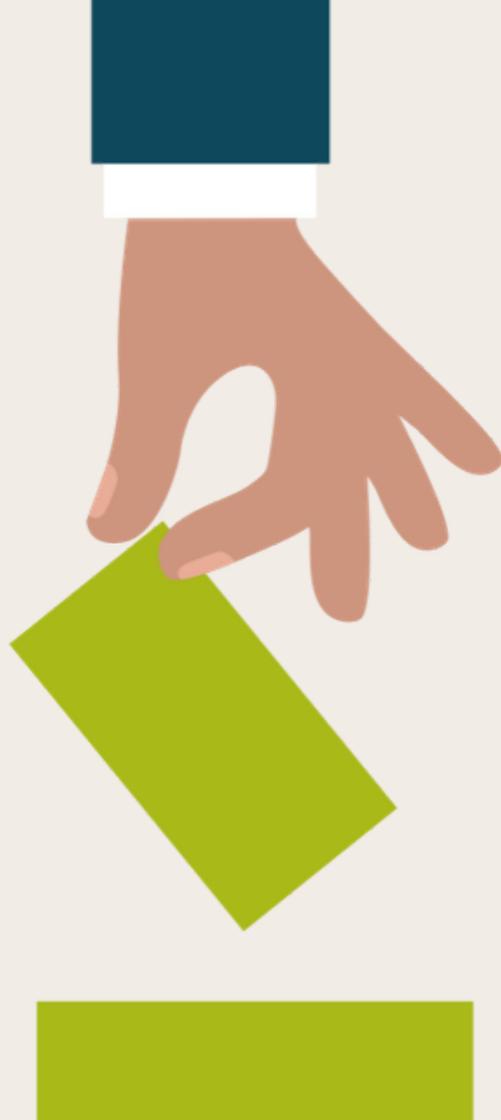


The logo for 'tree' is a dark teal circle containing the word 'tree' in a white, lowercase, sans-serif font.

2026/2027 Tax Year

Key Changes

Employee Tax codes for 2026/27

HMRC has confirmed there will be no uplifts of tax codes for the new tax year. The standard tax code remains at **1257L**.

Income Tax Rates and Thresholds in England, Northern Ireland, Wales and Scotland for 2026/27

The standard employee personal allowance for the 26/27 tax year is as follows:

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

The tax rates for individuals earning above the personal allowance are:

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

National Insurance Contributions

The rates and thresholds for the employee and employer calculations remain unchanged from the previous tax year, however the LEL (Lower Earnings Limit) has increased to **£129 a week**.

National Minimum Wage

The national minimum wage rates have been lifted as of April 2026.

The uplifted rates from April 2026:

Age Bracket	2025/2026 Rates	2026/2027 Rates	Difference in Rates
21+ (National Living Wage)	£12.21	£12.71	+£0.50
18 - 20	£10.00	£10.85	+£0.85
16 - 17	£7.55	£8.00	+£0.45
Apprentice (in first year)	£7.55	£8.00	+£0.45

New Statutory Sick Pay Rules and Rates

- **Employees that are absent from work for one single day of sickness or more, now qualify for SSP.**
- SSP is now payable from the first complete day of sickness.
- SSP is paid at a weekly rate of **£123.25 or 80% of the employee's average weekly earnings**, whichever is lower.
- The rule stating that employees must be paid above the lower earnings limit to qualify for SSP is no longer.

Statutory Parenting Pay and Employer Reclaim Percentages

- SPP, SMP, SAP, ShPP, Parental Bereavement and Neonatal care weekly rate has risen from **£187.18 to £194.32**.
- The rate of compensation will increase from **8.5% to 9%**.
(Employers who qualify for Small Employers Relief will be able to reclaim a total of 109% from HMRC).

Student Loan and Postgraduate Loans.

- The **type 1** loan threshold rises from **£26,065 to £26,900** per year.
- The **type 2** loan threshold rises from **£28,470 to £29,385** per year.
- The **type 4** loan threshold rises from **£32,745 to £33,795** per year.
- The new **type 5** student loan is introduced with a threshold of **£25,000** per year and a repayment of 9%.
- The threshold for Postgraduate loans remains at **£21,000 per year**.
- All rates remained the same for the 26/27 tax year.

Employment Allowance

The Employment Allowance will be maintained at **£10,500** in the new tax year.

Qualifying Earnings Thresholds for Auto Enrolment Pensions

The 26/27 Qualifying earnings threshold remains the same as the 25/26 tax year threshold.

- The **lower level** of qualifying earnings remains at **£120 per week** or **£520 a month**.
- The **upper level** of qualifying earnings remains at **£967 per week** or **£4189 a month**.
- The **trigger point** for auto enrolment remains at **£10,000 per year**.

All the changes outlined in this document will be monitored, checked and processed by our payroll team.

If you have any questions about any of the payroll changes for the 26/27 tax year, please get in touch with our payroll team directly, or call the office on: **01612202920**.

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