



The Government's new Health and Social Care Levy, to raise additional money for the NHS and Social care in the aftermath of the pandemic, starts in April 2022. So, what will the new levy look like and how will it affect umbrella company employees?

## What is the health and social care levy?

Initially, the levy will come in as an increase of 1.25% to all rates of National Insurance Contributions (NICs) and income tax on dividends. The Government believes this will raise an additional £12 billion a year, which will be ring fenced for front line NHS and social care services.

## Who will pay it?

From April 2022, the increase will be applied to:

- Employees NICs (paid by employees under state pension age)
- Employers NICs (paid by employers on payments made to their employees)
- Class 4 NICs (paid by self-employed workers)
- Income tax on dividends (paid by shareholders on dividend income).

The increase to employers NICs will affect all UK employers, including your umbrella company.

The only workers who won't be affected are those earning below the primary threshold for NICs, and those who are over state pension age, who are exempt from paying National Insurance.

From April 2023 the levy will no longer be attached to NICs and will instead be a separate tax. At this point, workers who are over state pension age will also have to pay it.

## What will you see on your umbrella company payslip?

From April 2022, the employee NICs that you pay, and the employers NICs paid by your umbrella company will increase. These will usually both show up in your umbrella company pay documents.

From 2023 NICs will return to their pre-levy rates, and instead you will see a separate Health and Social Care Levy on your payslip.

## How the levy will be calculated

As an employee, you will pay the levy as an increase in the rate of employee NI:

Employee Salary	NICs in Tax year 2021/22	NICs in Tax year 2022/23
£0 - £9,568	0%	0%
£9,568 - £50,270	12%	13.25%
Above 50,270	2%	3.25%

When the levy becomes a separate tax in tax year 2023/24, it will be subject to the same thresholds, reliefs and requirements as the relevant NIC, so barring further announcements from the Government, its effect on your pay will stay the same.



Umbrella  
Accredited  
Member



Limited  
Company  
Accredited  
Member



Self-Employed /  
CIS  
Accredited  
Member

**INVESTORS IN PEOPLE™**  
We invest in people Gold



**REC**

Business  
Partner