

# Income Tax and National Insurance 2020–2021

## Income tax 2020–2021

Everyone in the UK has a personal allowance. This is their annual amount of tax-free income. The standard personal allowance for 2020–2021 is £12 500

The rates of income tax you pay depend on how much taxable income you have **above** your personal allowance.

## Income tax rates and taxable bands 2020–2021

The following table is used to calculate your rate of tax.

Rates	Taxable income after allowances
Basic: 20%	up to £37 500
Higher: 40%	over £37 500
Additional: 45%	over £150 000

### To calculate your income tax:

Find your taxable income by subtracting your personal allowance from your annual gross income.

You pay income tax at 20% on the first £37 500 of your taxable income.

You pay income tax at 40% on your taxable income over £37 500

You pay income tax at 45% on your taxable income over £150 000

## National Insurance (NI) 2020–2021

Percentage NI due	Minimum monthly income	Maximum monthly income	Minimum yearly income	Maximum yearly income
0%		up to £792		£9500
12%	£792.01	£4167	£9500.01	£50 000
2%	above £4167		above £50 000	

### Examples

A person who had a monthly income of £1800 paid 12% on the amount above £792

A person who had a yearly income of £62 000 paid 12% on the amount between £9500 and £50 000 plus 2% of the amount above £50 000

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## Student loans

### Student loan repayment

If you have a student loan you make repayments when your gross income is greater than the threshold.

You pay 9% of the amount of your income which is above the threshold.

The threshold depends upon when you started university.

<b>Started university</b>	<b>Threshold</b>
Before 1/9/2012	£19 390
On or after 1/9/2012	£26 575