

## Tax Sheet 2020/21

Personal Allowances	2019/20	2020/21
Personal allowance (1)	12,500	12,500
Income Limit For Personal Allowance (2)	100,000	100,000
Income Limit for Married couples allowance (3)	29,600	30,200
Married couple's allowance (maximum allowance) (4)	8,915	9,075
Married couple's allowance (minimum allowance) (5)	3,450	3,510
Blind Person's Allowance	2,450	2500

(1)(2) Since 2016/17 everyone is entitled to the same personal allowance and income limit, irrespective of age.

(3) These allowances reduce where the income is above the income limit by £1 for every £2 of income above the £30,200 limit.

(3) Tax relief for the Married Couple's Allowance is given at the rate of 10 percent.

Income Tax Rates and Bands		2019/20 £	2020/21 £
Basic rate	20%	0 - 37,500	0 - 37,500
Higher rate	40%	37,501-150,000	37,501-150,000
Additional rate	45%	Over 150,000	Over 150,000

National Insurance Contributions for Sole Traders		2019/20 £	2020/21 £
Class 2		3.00 per week	3.05 per week
Class 2	Small earnings exemption	6,365 per annum	6475 per annum
Class 4	Lower profits limit	8,632 per annum	9501 per annum

	Upper profits limit	50,000 per annum	50,000 per annum
	Rate between upper and lower profits limit	9%	9%
	Rate above upper profits limit	2%	2%



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## TAX SHEET 2020/21

### Calculation of estimated monthly tax 2020/2021 (£)

This can be used as a guide to how much you need to put aside for tax and national insurance within your business and household budget. There is an example on page 3/4 of this fact sheet. There is no provision for Additional Rate if income is greater than £150,000 (taxed at 45%) - please speak to an accountant.			
Your monthly business income or 'drawings'		A	
Multiply by 12 to get the annual figure		B	
Tax allowance (refer to personal allowances)		C	
Taxable amount (B-C)		D	
First £37,500 of D x 20%		E	
D - £37,500 (if answer is greater than 0) x 40%		F	
E + F = estimated tax liability		G	
Divide G by 12 to get monthly amount		H	
<b>The calculated figure in H is your 'estimated monthly Income tax amount'</b>			
<b>Calculation of estimated National Insurance Contributions 2020/21 (£)</b>			
Class 2 - Use a flat-rate of £3.05 per week (£13.22 per month) for your class 2 National Insurance figure.			
Class 4			
1	Figure B from the tax calculation table above (If above the maximum of £50,000 then insert £50,000)		I

2	Less £9,501		J
3	$J \times 9\%$ = rate payable between upper and lower limits		K
4	Figure B from above minus £50,000 (if figure is less than 0 insert 0)		L
5	$L \times 2\%$ = rate payable above upper limit		M
6	$K + M$ = total annual class 4 contributions		N
7	Divide N by 12 to get monthly amount		O
<b>The calculated figure in O is your 'estimated monthly National Insurance Class 4 amount'</b>			

## TAX SHEET 2020/21

**This is an example of the calculation for tax and national insurance where you have worked through your business budget and your monthly drawings is £3,950.**

1	Your monthly business income or 'drawings'	3,950	A
2	Multiply by 12 to get the annual figure	47,400	B
3	Tax allowance (refer to personal allowances)	12,500	C
4	Taxable amount (B-C)	34,900	D
5	First - £37,500 of D x 20%	6,980	E
6	$D - £37,500$ (if answer is greater than 0) x 40%	0	F
7	$E + F$ = estimated tax liability	6,980	G
8	<b>Divide G by 12 to get monthly amount</b>	<b>581.67</b>	H

**The calculated figure in H of £581.67 is your 'estimated monthly Income tax amount'**

**Calculation of estimated National Insurance Contributions 2020/2021 (£)**

**Class 2**

Use a flat-rate of £3.05 per week (£13.22 per month) for your class 2 National Insurance figure.

To calculate your class 4 National Insurance liability, you can use the guide below.

Class 4			
1	Figure B from above (If above the maximum of £50,000 then insert £50,000)	47,400	I
2	Less £9,501	37,899	J
3	J x 9% = rate payable between upper and lower limits	3,410.91	K
4	Figure B from above minus £50,000 (if less than 0 insert 0)	Nil	L
5	L x 2% = rate payable above upper limit	Nil	M
6	K + M = total annual class 4 contributions	3,410.91	N
7	<b>Divide N by 12 to get monthly amount</b>	<b>284.24</b>	<b>O</b>

The calculated figure in O of £284.24 is your 'estimated monthly National Insurance Class 4 amount'

## TAX SHEET 2020/21

Corporation Tax	2019/20	2020/21
Small profits rate £0 – £300,000	19%	19%
Main Rate £1,500,001 or more	19%	19%

Value Added Tax (VAT)	2019/20	2020/21
Standard Rate	20%	20%
Reduced Rate	5%	5%
Zero Rate	0%	0%
Registration Level	85,000	85,000
De-registration	83,000	83,000

National Insurance Contributions Class 1	2019/20	2020/21
<b>Directors and employees</b>		

Lower earnings limit primary Class 1	£118 per week	£120 per week
Upper earnings limit primary Class 1	£962 per week	£962 per week
Primary threshold	£166 per week	£183 per week
Secondary threshold	£166 per week	£169 per week
<b>Rates</b>		
Class 1 rate between primary threshold and upper	12%	12%
Class 1 rate above upper earnings limit	2%	2%
Class 1A rate on employer provided benefits	13.8%	13.8%
<b>Employers rates</b>		
Secondary class 1 rate above second threshold	13.8%	13.8%

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