



NEW TAX YEAR EMPLOYEE GUIDE

2024





About this guide

This guide is designed to help you to understand the changes that happen to your pay and taxes as a result of the New Tax Year – which starts on 06 April 2024.

Lookout for these helpful icons throughout the guide...



Indicates an explanation of **what the section is about**



An explanation of **how this change works**



Indicates what this change might **mean for you personally**



A high-level view of the changes

What is changing?



Several things change in the new tax year, all of which have an overall effect on your take-home pay.

The changes to look out for this year include:

- An increase to the National Minimum Wage
- Changes to tax brackets and tax rates for Scotland
- National Insurance cut of 2p

This information is correct as of 6th March 2024, after the Chancellor's budget announcement.



National insurance **will be reduced by 2p**

What is this and what has changed?



From 6th April 2024, workers will now pay 8% of their taxable salary in national insurance contributions, down from 12% last year. Even if you don't get a pay rise in March or April, you will still see a net pay increase in your April payslips.

The table below outlines what your annual savings could be based on your income.

Annual salary	Take-home pay 24/25	Take-home pay 23/24	£ Increase
£15,000	£14,320	£14,235	£85
£20,000	£17,920	£17,660	£260
£25,000	£21,520	£21,085	£435
£30,000	£25,120	£24,510	£610
£35,000	£28,720	£27,935	£785
£40,000	£32,320	£31,360	£960
£45,000	£35,920	£34,786	£1,135
£50,000	£39,520	£38,210	£1,310
£55,000	£42,457	£41,138	£1,320
£60,000	£45,357	£44,038	£1,320



Your **personal allowance** (and probably your tax code) will stay the same

What is this?



There is something called your “Personal Allowance”, which is the amount of money that you are allowed to earn each year without paying any tax. Last year this was £12,570 – and there is no change for 2024.

However, it’s important to note that not everyone will receive a personal allowance (depending on their estimated income and those with incomes over £100,000+ will see personal allowance taper towards £0).

How it works



As an example, someone earning £25,000 gets a £12,570 personal allowance, so they will only pay tax on £12,430 of their income (£25,000 salary minus the £12,570 personal allowance).

This is administered through your tax code, so if your tax code was 1257L in 2023/24 and you paid the correct amount of tax and your personal circumstances haven’t changed – your tax code will probably remain the same from April 2024.

Your personal allowance (and probably your tax code) will stay the same.



Changes to **minimum wage and living wage**

What is this and what has changed?



The National Minimum Wage (NMW) & National Living Wage (NLW) is the minimum pay per hour most workers are entitled to by law. What you are paid varies depending on your age. Across the board, these are increasing in April 2024.

Age	Previous Rate (01 April 2023 to 31 March 2024)	NEW Rate from 01 April 2024	Percentage increase
21 to 22	£10.42	£11.44	9.8%
23 & over	£10.42	£11.44	9.8%
18-20	£7.49	£8.60	21.2%
16-17	£5.28	£6.40	21.2%
Apprentice	£5.28	£6.40	9.8%
Accommodation offset	£9.10	£9.99	9.8%

The minimum wage and national living wage levels increased for everyone from 1st April 2024, so if you are earning the minimum wage, you should see your pay increase in line with this table.



Income tax bands for England, Wales and Northern Ireland

What is this?



The basic rate of tax is 20% on all your earnings over your Personal Allowance. For higher earners, there are additional income tax rates of 40% and 45% - depending on how much you earn.

To check which tax band you fall under: S = Scotland, C = Wales, if neither, then falls under Rest of UK Table (England).

Tax Band	Tax Rate	Taxable income 2023-24*	Taxable income 2024-25
Personal allowance	0%	£0 - £12,570	£0 - £12,570
Basic rate	20%	£12,571 to £50,270	£12,571 to £50,270
Higher rate	40%	£50,271 to £125,140	£50,271 to £125,140
Additional rate	45%	Over £125,140	Over £125,140

*These tax bands assume that your personal allowance is £12,570 and that your Tax Code is 1257L. See further on in this guide for an example of how tax bands work if you have a different personal allowance.



Changes for **income tax in Scotland**

What is this?



If you have a letter “S” in front of your tax code, i.e. S1257L, then you are being taxed under the Scottish rates of Income Tax. Changes in 2024/25:

- The top income tax rate will be increased by 48p in every £1 for those earning over £125,140 per year.
- A new rate (an advanced rate) will apply those earning from £62,430 (£75,00 when factoring in personal allowance) up to £125,140 in taxable income per year.
- The basic and intermediate bands will be increased by inflationary figures to apply from £14,877 and £26,562 respectively.

Tax Band	Tax Rate	Taxable income 2023-24*	Taxable income 2024-25
Personal allowance	0%	£0 - £12,570 *	£0 - £12,570*
Starter rate	19%	£12,571 to £14,732	£12,571 to £14,876
Scottish basic rate	20%	£14,733 to £25,688	£14,877 - £26,561
Intermediate rate	21%	£25,689 to £43,662	£25,562 - £43,662
Higher rate	42%	£43,663 to £125,140**	£43,663 to £75,000
Advanced rate	45%	-	£75,001 - £125,140**
Top rate	48% (up 1%)	Over £125,140	Over £125,140

[Find out more about Scottish Income Tax here](#) ➔

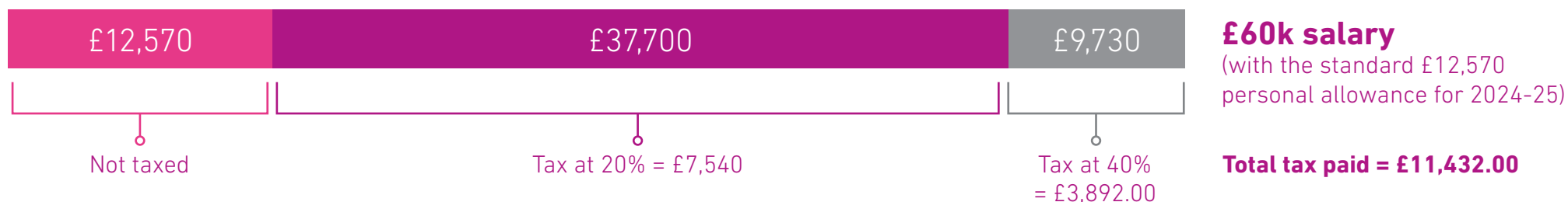
*These tax bands assume that your personal allowance is £12,570. See further on in this guide for an example of how tax bands work if you have a different personal allowance.

** Your Personal Allowance goes down by £1 for every £2 that your adjusted net income is above £100,000. This means your allowance is zero if your income is £125,140 or above.



How income tax bands and the personal allowance work...

Example 1: Person has a £12,570 personal allowance



Example 2: Person has a £10,000 personal allowance (due to underpaid tax last year)



(This is a rough indication of what tax would be paid based on an annual calculation. Your personal allowance and personal circumstances will dictate the calculation that is applicable to you).



Final things to **understand**

Examples of tax savings / changes in this guide are calculated without taking into account any additional salary deductions such as pension contributions or student loan repayments. It also reflects the standard tax code for the tax year.

The examples in this guide are only indicative, and your actual taxable pay and take-home pay will vary depending on your circumstances.

Circumstances that may cause your personal calculations to change include:

- **Whether** you have another source of income or a second job
- **Whether** you are claiming any state benefits or drawing your pension
- **When** you are repaying a student loan
- **Whether**, and how much, you are paying into a pension

Useful links

[HMRC Tax Codes Guide](#) ➔

[Department for Work and Pensions \(DWP\) Employee Guide](#) ➔



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