Wright Vigar

WRIGHT VIGAR
CHARTERED ACCOUNTANTS

The Autumn Budget 2021

AUTUMN BUDGET 2021

The Chancellor Rishi Sunak presented his third Budget on 27 October 2021. In his speech he set out the plans to "build back better" with ambitions to level up and reduce regional inequality.

Main Budget proposals

Tax measures include:

- a new temporary business rates relief in England for eligible retail, hospitality and leisure properties for 2022/23
- a change in the earliest age from which most pension savers can access their pension savings without incurring a tax charge. From April 2028 this will rise to 57
- the retention of the £1 million annual investment allowance until 31 March 2023
- individuals disposing of UK property on or after 27 October 2021 now have a 60 day CGT reporting and payment deadline, following the completion of the disposal.

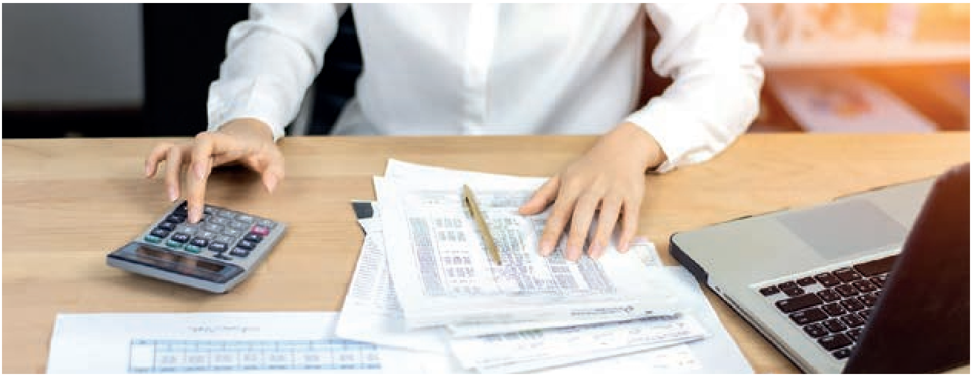
Other measures include:

- a complete overhaul of alcohol duties that will see drinks taxed on their strength
- the cancellation of the previously announced rise in fuel duties
- pubs supported with a reduction in draught beer and cider duty
- increases in the National Living Wage and the National Minimum Wage rates
- an ultra-long-haul band of air passenger duty introduced.

Some Budget proposals may be subject to amendment in the Finance Bill 2021-22. Should you need any further help or support please contact us.

Contents

PERSONAL TAX



The personal allowance

The personal allowance is currently £12,570. The Chancellor announced in the March 2021 Budget that the personal allowance will be frozen at £12,570 for the tax years 2022/23 to 2025/26.

There is a reduction in the personal allowance for those with 'adjusted net income' over £100,000. The reduction is £1 for every £2 of income above £100,000. So there is no personal allowance where adjusted net income exceeds £125,140.

The marriage allowance

The marriage allowance permits certain couples, where neither party pays tax in the tax year at a rate other than the basic rate, to transfer £1,260 of their personal allowance to their spouse or civil partner.

Comment

The marriage allowance reduces the recipient's tax bill by up to approximately £250 a year. To benefit from the marriage allowance one spouse or civil partner must normally have no income or income below the personal allowance for the year. The marriage allowance was first introduced for 2015/16 and there are couples who are entitled to claim but have not yet done so. It is possible to claim for all years back to 2017/18 where the entitlement conditions are met. The total tax saving for all years up until 2021/22 could be over £1,000. A claim for 2017/18 will need to be made by 5 April 2022.

Tax bands and rates

The basic rate of tax is 20%. In 2021/22 the band of income taxable at this rate is £37,700 so that the threshold at which the 40% band applies is £50,270 for those who are entitled to the full personal allowance.

At Spring Budget 2021, the Chancellor announced that the basic rate band will be frozen at £37,700 for the tax years 2022/23 to 2025/26. The National Insurance contributions Upper Earnings Limit and Upper Profits Limit will remain aligned to the higher rate threshold at £50,270 for these years.

Individuals pay tax at 45% on their income over £150,000.

Scottish residents

The tax on income (other than savings and dividend income) is different, for taxpayers who are resident in Scotland, from that paid by taxpayers resident elsewhere in the UK. The Scottish income tax rates and bands apply to income such as employment income, self-employed trade profits and property income.

In 2021/22 there are five income tax rates which range between 19% and 46%. Scottish taxpayers are entitled to the same personal allowance as individuals in the rest of the UK. The two higher rates are 41% and 46% rather than the 40% and 45% rates that apply to such income for other UK residents. Currently the 41% band applies to income over £43,662 for those who are entitled to the full personal allowance. The 46% rate applies to income over £150,000.

The Scottish Government will announce the Scottish income tax rates and bands for 2022/23 in the Scottish Budget on 9 December.

Welsh residents

From April 2019, the Welsh Government has had the right to vary the rates of income tax payable by Welsh taxpayers (other than tax on savings and dividend income). The UK government has reduced each of the three rates of income tax paid by Welsh taxpayers by 10 pence. For 2021/22 the Welsh Government has set the Welsh rate of income tax at 10 pence which has been added to the reduced rates. This means the tax payable by Welsh taxpayers is the same as that payable by English and Northern Irish taxpayers.

The Welsh Government will publish its Draft Budget for 2022/23 on 20 December.

Tax on savings income

Savings income is income such as bank and building society interest.

The Savings Allowance applies to savings income and the available allowance in a tax year depends on the individual's marginal rate of income tax. Broadly, individuals taxed at up to the basic rate of tax have an allowance of £1,000. For higher rate taxpayers the allowance is £500. No allowance is due to additional rate taxpayers.

Some individuals qualify for a 0% starting rate of tax on savings income up to £5,000. However, the rate is not available if taxable non-savings income (broadly earnings, pensions, trading profits and property income, less allocated allowances and reliefs) exceeds £5,000.

Tax on dividends

The first £2,000 of dividends is chargeable to tax at 0% (the Dividend Allowance). Dividends received above the allowance are taxed at the following rates for 2021/22:

- 7.5% for basic rate taxpayers
- 32.5% for higher rate taxpayers
- 38.1% for additional rate taxpayers.

In September 2021 the government announced an increase to the rates of dividend tax by 1.25% from 6 April 2022 to help fund the new planned investment in health and social care. The new rates will therefore be 8.75% for basic rate taxpayers, 33.75% for higher rate taxpayers and 39.35% for additional rate taxpayers.

Dividends within the allowance still count towards an individual's basic or higher rate band and so may affect the rate of tax paid on dividends above the Dividend Allowance.

To determine which tax band dividends fall into, dividends are treated as the last type of income to be taxed.

Comment

Dividends on shares held in ISAs and pension schemes are not subject to dividend tax and thus will not be affected by the increase in rates.

Green National Savings and Investment (NS&I) product

In the Spring Budget 2021 the government announced a green retail savings product through NS&I. The Bonds are now available to buy online and offer savers a chance to support green projects at a fixed rate of 0.65% pa over a three-year term. The Bonds are available to those aged 16 or over, with a minimum investment of £100 and a maximum limit of £100,000 per person. The interest is taxable in the tax year the Bond matures.

The UK's inaugural sovereign green bond (or 'green gilt') was launched in September 2021, and was followed by a second issuance in October 2021. They are the first sovereign green retail product of their kind in the world.

Universal Credit

The Universal Credit taper rate is reduced from 63% to 55%, meaning Universal Credit claimants will be able to keep an additional 8p for every £1 of net income they earn.

Increase to the normal minimum pension age

The current earliest age at which most pension savers can access their pension savings without incurring a tax charge is age 55. From April 2028 this earliest age will rise to 57.

This measure will affect individuals born after 5 April 1973 whose earliest date to access their pension benefits will see a two-year delay to those born on or before that date.

Pensions - Scheme Pays

Although there are no limits to how much an individual can save or accrue in a registered pension scheme, there is an overall limit on the amount of an individual's tax-relieved annual pension savings or accrual which includes employer contributions. This is known as the annual allowance and the standard annual allowance is currently £40,000, but in some circumstances this is reduced, with the maximum reduction taking it down to £4,000.

An individual's unused annual allowance from the three previous tax years can be carried forward and added to the annual allowance. However, if the individual's pension savings for the tax year exceed their annual allowance, the annual allowance tax charge is applied to the excess.

Although this tax liability would normally be the individual's liability it is possible for them to elect for the pension scheme administrator to be jointly liable.

Where an individual has inputted more than £40,000 and their annual allowance charge exceeds £2,000 the individual can request that their pension company pays the charge for them in return for an equivalent reduction in the value of their pension pot. This is called mandatory Scheme Pays.

From April 2022 there will be a change to the rules for certain pension schemes to remove anomalies where the tax charge has arisen due to a retrospective change of facts, the tax charge is £2,000 or more and the individual requests the pension scheme pays the amount. This measure applies retrospectively from 6 April 2016.

EMPLOYMENT

National Insurance Contributions (NICs)

In September 2021 the government published its proposals for new investment in health and social care in England. The proposals will lead to a permanent increase in spending not only in England but also by the devolved governments. To fund the investment the government will introduce a UK-wide 1.25% Health and Social Care Levy based on the NIC system but ring fenced for health and social care.

The Health and Social Care Levy Act provides for a temporary 1.25% increase to both the main and additional rates of Class 1, Class 1A, Class 1B and Class 4 NICs for 2022/23. From April 2023 onwards, the NIC rates will decrease back to 2021/22 levels and will be replaced by a new 1.25% Health and Social Care Levy.

Broadly, the new Health and Social Care Levy will be subject to the same reliefs, thresholds and requirements as NIC. However the Levy (as opposed to the temporary increase in NICs for 2022/23) will also apply to those above State Pension age who are still in employment.

Existing reliefs for NICs to support employers will apply to the Levy. Companies employing apprentices under the age of 25, all people under the age of 21, veterans and employers in Freeports will not pay the Levy for these employees as long as their yearly gross earnings are less than £50,270, or £25,000 for new Freeport employees.

The Employment Allowance, which reduces employers' Class 1 NICs by up to £4,000, will also be available for the employers' liability to the Levy.

Comment

A novel aspect of the Levy is the application to employees above State Pension age. This does not apply in respect of the temporary increase for 2022/23. The Levy will not apply to Class 2 (a flat rate paid by many self-employed) and Class 3 (voluntary contributions for taxpayers to fill gaps in their contribution records).

The main burden of the 1.25% increase falls on the collective shoulders of the employer and employee as each will have higher contributions to make.

Those with property income will be relieved that they are not being included in the Levy.

National Living Wage (NLW) and National Minimum Wage (NMW)

Following the recommendations of the independent Low Pay Commission, the government will increase the NLW for individuals aged 23 and over by 6.6% from 1 April 2022. The government has also accepted the recommendations for the other NMW rates to be increased.

From 1 April 2022, the hourly rates of NLW and NMW will be:

- £9.50 for those 23 years old and over
- £9.18 for 21-22 year olds
- £6.83 for 18-20 year olds
- £4.81 for 16-17 year olds
- £4.81 apprentice rate for apprentices under 19, and those 19 and over in their first year of apprenticeship.

Comment

In total, the annual gross earnings of a full-time worker on the NLW will have increased by over £5,000 since its introduction in April 2016.

Power to make temporary modifications of taxation of employment income

This will allow HM Treasury, under ministerial direction, to make regulations to make temporary modifications to existing legislation for a period of up to two tax years in the event of a disaster or emergency of national significance as determined by HM Treasury. This will enable the government to support taxpayers, for example by:

- exempting benefits in kind of a specified description from income tax where appropriate
- changing the qualifying conditions for exemptions on benefits in kind
- exempting specified reimbursements from the charge to income tax
- providing relief for specified expenses.

This will have effect on and after the date of Royal Assent to the Finance Bill 2021-22.

BUSINESS

Making Tax Digital for income tax

The Making Tax Digital (MTD) regime is based on businesses being required to maintain their accounting records in a specified digital format and submit extracts from those records regularly to HMRC. It had been expected that sole trader businesses and landlords with business income of more than £10,000 per annum would be required to enter the MTD regime for income tax purposes from 6 April 2023. However, HMRC recently announced that this will be deferred until 6 April 2024. Early adoption of digital record keeping and voluntary submission of MTD for income tax data remains possible.

Following the deferral for sole trader businesses and landlords, general partnerships will not be required to comply with MTD for income tax until 6 April 2025 and the date other types of partnerships (for example limited liability partnerships) will be required to comply will be confirmed in the future.

HMRC has also confirmed that the new system of penalties for the late filing and late payment of tax for income tax self assessment will be aligned with when a taxpayer becomes mandated into MTD for income tax. For individuals without trade or property income or otherwise exempt from MTD for income tax, the new penalty regime will apply to their income tax affairs from 6 April 2025.

MTD for corporation tax

HMRC has previously announced that MTD for corporation tax will not be mandated before 2026.

Accounting periods that are not aligned to tax years

Aligned to the revised start date for MTD for income tax, changes will be made to simplify the rules under which trading profits made by self-employed individuals and partnerships are allocated to tax years.

The changes mainly affect unincorporated businesses that do not draw up annual accounts to 31 March or 5 April. The transition to the new rules will take place in the 2023/24 tax year and the new rules will come into force from 6 April 2024.

Affected self-employed individuals and partnerships may retain their existing accounting period but the trade profit or loss that they report to HMRC for a tax year will become the profit or loss arising in the tax year itself, regardless of the chosen accounting date. Broadly, this will require apportionment of accounting profits into the tax years in which they arise.

Example

A business prepares accounts to 30 June every year. Currently, income tax calculations for 2024/25 would be wholly based on the profits for the year ended 30 June 2024. The change will mean that the income tax calculations for 2024/25 will be based on 3/12 of the profits for the year ended 30 June 2024 and 9/12 of the profits for the year ended 30 June 2025.

This change will potentially accelerate when business profits are taxed but transitional adjustments in 2023/24 are designed to ease any cashflow impact of the change.

Comment

An estimated 93% of sole traders and 67% of trading partnerships draw up their accounts to 31 March or 5 April and thus the current rules are straightforward and the proposed changes will not affect them. Those with a different year end might wish to consider changing their accounting year end to simplify compliance with tax rules.

Corporation tax rates

The main rate of corporation tax is currently 19%. In the Spring Budget 2021, the Chancellor announced the rate would remain at 19% until 1 April 2023 but the rate will then increase to 25% for companies with profits over £250,000. The 19% rate will become a small profits rate payable by companies with profits of £50,000 or less. Companies with profits between £50,001 and £250,000 will pay tax at the main rate reduced by a marginal relief, providing a gradual increase in the effective corporation tax rate.

Capital allowances

Plant and machinery

Most corporate and unincorporated businesses are able to utilise a £200,000 annual investment allowance (AIA) to claim 100% tax relief on their qualifying expenditure on plant and machinery. The allowance was temporarily increased to £1 million for expenditure incurred on or after 1 January 2019 and was due to revert back to £200,000 from 1 January 2022.

The £1 million allowance will now be retained until 31 March 2023.

Transitional rules will apply to accounting periods that span 1 April 2023.

For companies, this aligns the end of the temporary AIA with the end of the 'super-deductions' as announced by the government in Spring Budget 2021.

A reminder of super-deductions

Between 1 April 2021 and 31 March 2023, companies investing in qualifying new plant and machinery are able to benefit from new capital allowances, termed 'super-deductions' or 'first year allowances', as follows:

- a super-deduction of 130% can be claimed on most new plant and machinery investments that ordinarily qualify for the 18% main rate writing down allowances
- a first year allowance of 50% can be claimed on most new plant and machinery investments that ordinarily qualify for the 6% special rate writing down allowances.

These reliefs are not available for unincorporated businesses.

Comment

Businesses incurring expenditure on plant and machinery should carefully consider the timing of their acquisitions to optimise their cashflow. In 2023 the tax relief rules for expenditure on plant and machinery will change and for companies the percentage corporation tax relief saving on the expenditure may change as well.

Structures and Buildings

A Structures and Buildings Allowance (SBA) was introduced with effect from 29 October 2018 to relieve costs for new structures and buildings used for qualifying purposes. A business must hold an allowance statement containing certain information to be eligible to claim SBA. Minor changes will be made to the allowance statement requirements to clarify the information required to be kept.

Annual Tax on Enveloped Dwellings

The Annual Tax on Enveloped Dwellings (ATED) charges increase automatically each year in line with inflation. The ATED annual charges will rise by 3.1% from 1 April 2022 in line with the September 2021 Consumer Price Index.

Residential Property Developer Tax

A new tax will be applied from 1 April 2022 on company profits derived from UK residential property development. The tax will be charged at 4% on profits exceeding an annual allowance of £25 million. For companies that are part of a group, the £25 million allowance will be allocated by the group between its companies.

Cultural relief

The government has announced that it will temporarily increase cultural tax reliefs for theatres, orchestras, museums and galleries across the UK from 27 October 2021 to 31 March 2024, increasing the relief organisations can claim as they invest in new productions and exhibitions.

Changes will also be introduced to better target the cultural reliefs and ensure that they continue to be safeguarded from abuse. These will apply from 1 April 2022.

Research and Development relief reform

Research and Development (R&D) tax reliefs for companies will be reformed to:

- support modern research methods by expanding qualifying expenditure to include data and cloud costs
- more effectively capture the benefits of R&D funded by the reliefs through refocusing support towards innovation in the UK
- target abuse and improve compliance.

These changes will take effect from April 2023.

Cross-border group relief

Following the UK's exit from the European Union (EU), the government is bringing the corporation tax group relief rules relating to European Economic Area (EEA) resident companies into line with those for non-UK companies resident elsewhere in the world. This applies to accounting periods ending on or after 27 October 2021 and will affect UK groups with subsidiary companies established in the EEA along with EEA-resident companies that are trading in the UK through a permanent establishment.

Online Sales Tax

The government has announced its plans to consult and explore the arguments for and against the introduction of an 'Online Sales Tax'.

Should such a tax be introduced in future, it would raise revenue to fund business rates reductions.

Business rates review

Business rates have been devolved to Scotland, Northern Ireland and Wales.

The government announced at Budget 2020 that it would conduct a fundamental review of the business rates system in England. The government's objectives for the review were reducing the overall burden on business, improving the current business rates system and allowing the consideration of more fundamental changes in the long term.

In March 2021, the government published the Interim Report of the review. The Final Report was published on 27 October 2021. Collectively, these set out the government's commitments by:

- Supporting local high streets as they adapt and recover from the pandemic by introducing a new temporary business rates relief in England for eligible retail, hospitality and leisure properties for 2022/23. Over 90% of retail, hospitality and leisure businesses will receive at least 50% off their business rates bills in 2022/23. This amounts to support worth more than double the relief that was announced pre-COVID for the 2020 to 2021 financial year and includes additional businesses such as hotels, gyms and bowling alleys.
- Cutting the burden of business rates for all businesses by freezing the multiplier for 2022 to 2023.
- Introducing a new relief to support investment in property improvements, enabling occupying businesses to invest in expanding their properties and making them work better for customers and employees.
- Introducing new measures to support green investment and the decarbonisation of non-domestic buildings. This will provide exemptions for eligible green plant and machinery such as solar panels, wind turbines and battery storage used with renewables and electric vehicle charging points, as well as a 100% relief for low-carbon heat networks that have their own rates bill.
- Making the system fairer by moving to three-yearly revaluations from 2023.
- Providing stability ahead of the 2023 revaluation by extending Transitional Relief and the Supporting Small Business Scheme for 2022 to 2023 to protect small businesses from significant bill increases in the final year of the current revaluation cycle.

CAPITAL TAXES

Capital gains tax (CGT) rates

No changes to the current rates of CGT have been announced. This means that the rate remains at 10%, to the extent that any income tax basic rate band is available, and 20% thereafter. Higher rates of 18% and 28% apply for certain gains, mainly chargeable gains on residential properties, with the exception of any element that qualifies for Private Residence Relief.

There is still potential to qualify for a 10% rate, regardless of available income tax basic rate band, up to a lifetime limit for each individual. This is where specific types of disposals qualify for:

- Business Asset Disposal Relief (BADR). This is targeted at directors and employees who own at least 5% of the ordinary share capital in the company, provided other minimum criteria are also met. It can also apply to owners of unincorporated businesses.
- Investors' Relief. The main beneficiaries of this relief are investors in unquoted trading companies who have newly-subscribed shares but are not employees.

Current lifetime limits are £1 million for BADR and £10 million for Investors' Relief.

CGT annual exemption

The CGT annual exemption will be maintained at the current level of £12,300 for 2022/23 and up to and including 2025/26.

CGT reporting and payment following a property disposal

UK resident individuals who dispose of UK residential property are sometimes required to deliver a CGT return to HMRC and make a payment on account of CGT within 30 days of completion of the property disposal. Broadly, this only applies where the property disposal gives rise to a CGT liability and as such usually excludes the disposal of a property to which private residence relief applies.

Non-UK residents are subject to similar deadlines in respect of the disposal of all types of UK land and property.

In both cases, for disposals that complete on or after 27 October 2021, the reporting and payment deadline is extended to 60 days following the completion of the disposal.

From the same date, changes will clarify that for UK residents disposing of a mixed use property, only the portion of the gain that is the residential property gain is required to be reported and paid.

Inheritance tax (IHT) nil rate bands

The nil rate band has been frozen at £325,000 since 2009 and this will now continue up to 5 April 2026. An additional nil rate band, called the 'residence nil rate band' (RNRB) is also frozen at the current £175,000 level until 5 April 2026. A taper reduces the amount of the RNRB by £1 for every £2 that the 'net' value of the death estate is more than £2 million. Net value is after deducting permitted liabilities but before exemptions and reliefs. This taper will also be maintained at the current level.

OTHER MATTERS

Tonnage Tax

The UK's tonnage tax regime will be reformed from April 2022 to help the UK shipping industry grow and compete in the global market. The reform is intended to make it easier for shipping companies to move to the UK, ensure they are not disadvantaged compared with firms operating in other countries, and reduce unnecessary administrative burdens.

Landfill Tax

As announced at Spring Budget 2021 both the standard and lower rates of Landfill Tax will increase from 1 April 2022 in line with the Retail Prices Index (RPI).

Gaming Duty

The government will raise the bandings for Gaming Duty in line with inflation. The new bandings will affect Gaming Duty accounting periods commencing on or after 1 April 2022.

Vehicle Excise Duty (VED)

The government will increase VED rates for cars, vans, motorcycles, and motorcycle trade licences in line with RPI with effect from 1 April 2022.

For heavy goods vehicles, VED continues to be frozen in 2022/23. The HGV Levy is suspended for another 12 months from 1 August 2022.

Tobacco Duty

Increases in Tobacco Duty rates take effect from 27 October 2021 and the government will legislate in Finance Bill 2021-22 to introduce tougher sanctions to tackle Tobacco Duty evasion.

Alcohol Duty

Rates of Alcohol Duty were not changed in this Budget. The government is publishing a consultation on its detailed proposals for Alcohol Duty reform. These include:

- changes to duty structures
- new rates for some products sold on draught

- extension of small producer reliefs
- simplification of the administrative regime.

In addition alcohol duties have been frozen to February 2022.

Air Passenger Duty (APD)

The government will introduce a new domestic band for APD for reduced rate and standard rate travel, covering flights within the UK. In addition, a new ultra-long-haul band will be introduced, covering destinations with capitals located more than 5,500 miles from London. These changes will take effect from 1 April 2023.

Freeports

The government announced its plans for Freeports in 2020. Freeports are specified geographical areas that allow certain benefits to businesses operating within them. The main VAT benefit is that businesses selling goods within free zones will be able to zero-rate their supplies. Services carried out on goods in those zones may also be zero-rated subject to conditions. The government will introduce an additional element to the VAT free zone model for Freeports. This will implement a free zone exit charge to ensure businesses do not gain an unintended tax advantage from the zero-rate in the free zone model. The measure will take effect from 3 November 2021.

VAT on second-hand cars sold in Northern Ireland

In a measure that will be backdated to 1 January 2021, motor dealers in Northern Ireland will be able to include motor vehicles sourced from Great Britain in their second-hand margin scheme calculations. This measure will apply should a relevant agreement be reached with the EU.

Second-hand Motor Vehicle Export Refund Scheme

Under this scheme, businesses that remove used motor vehicles from Great Britain for resale in Northern Ireland or the EU may be able to claim a refund of VAT following export. The power will come into effect on Royal Assent of Finance Bill 2021-22. Legislation outlining the detail of the scheme will be introduced in 2022.

VAT treatment of fund management fees

A consultation will take place on options to simplify the VAT treatment of fund management fees.

VAT penalties

Budget documents confirm that the new late submission and late payment penalties for VAT will still come into effect for VAT registered businesses for accounting periods starting on or after 1 April 2022, as announced at Spring Budget 2021.

Plastic Packaging Tax

Legislation will be issued to ensure that the existing legislation for the Plastic Packaging Tax operates as intended. The tax applies to plastic packaging produced in or imported into the UK, that does not contain at least 30% recycled plastic. Plastic packaging is packaging that is predominantly plastic by weight.

The tax rate will be £200 per tonne of non-compliant plastic packaging. There will be an exemption for businesses that manufacture or import less than ten tonnes of plastic packaging per year. The tax will take effect from April 2022.

Income Tax

Rates and bands (other than savings and dividend income)

2022/23		2021/22	
Band £	**Rate %**	**Band £**	**Rate %**
0 - 37,700	20	0 - 37,700	20
37,701 - 150,000	40	37,701 - 150,000	40
Over 150,000	45	Over 150,000	45

Income tax rates in Scotland and Wales on income other than savings and dividend income have been devolved.

Savings income	2022/23 and 2021/22
Savings allowance basic rate	£1,000
Savings allowance higher rate	£500

A starting rate of 0% may be available unless taxable non-savings income exceeds £5,000.

Dividend income	2022/23	2021/22
Dividend allowance	£2,000	£2,000
Dividend ordinary rate	8.75%	7.5%
Dividend upper rate	33.75%	32.5%
Dividend additional rate	39.35%	38.1%

Income Tax Reliefs

	2022/23	2021/22
Personal allowance	£12,570	£12,570
Personal allowance income limit	£100,000	£100,000
Marriage allowance	£1,260	£1,260
Married couple's allowance	£9,415	£9,125
- minimum amount	£3,640	£3,530
- income limit	£31,400	£30,400
Blind person's allowance	£2,600	£2,520

Individual Savings Accounts

	2022/23	2021/22
Overall investment limit	£20,000	£20,000
Junior account investment limit	£9,000	£9,000

Pensions

	2022/23	2021/22
Lifetime Allowance limit	£1,073,100	£1,073,100
Annual Allowance limit	£40,000	£40,000
Money Purchase Annual Allowance	£4,000	£4,000

Corporation Tax

	Rate %		Rate %
Year to 31.3.23	19	Year to 31.3.22	19

Different rates apply for ring-fenced (broadly oil industry) profit.

Devolved Income Tax

Scotland rates and bands - tbc for 2022/23 in Scottish Budget on 9 December 2021

2022/23		2021/22	
Band £	**Rate %**	**Band £**	**Rate %**
0 - xxx	-	0 - 2,097	19
xxx - xxx	-	2,098 - 12,726	20
xxx - xxx	-	12,727 - 31,092	21
xxx - xxx	-	31,093 - 150,000	41
Over xxx	-	Over 150,000	46

Wales rates and bands - tbc for 2022/23 in Welsh Budget on 20 December 2021

2022/23		2021/22	
Band £	**Rate %**	**Band £**	**Rate %**
0 - 37,700	-	0 - 37,700	20
37,701 - 150,000	-	37,701 - 150,000	40
Over 150,000	-	Over 150,000	45

National Insurance

2022/23 Class 1 (employed) rates

Employee		Employer	
Earnings per week	**%**	**Earnings per week**	**%**
Up to £190	Nil	Up to £175	Nil
£190.01 - £967	13.25	Over £175	15.05
Over £967	3.25		

Entitlement to contribution-based benefits for employees retained for earnings between £123 and £190 per week. The employer rate is 0% for certain military veterans, employees under 21 and apprentices under 25 on earnings up to £967 per week.

Class 1A (employers)	15.05% on employee taxable benefits
Class 1B (employers)	15.05% on PAYE Settlement Agreements
Class 2 (self-employed)	flat rate per week £3.15 small profits threshold £6,725 per annum
Class 3 (voluntary)	flat rate per week £15.85
Class 4 (self-employed)	10.25% on profits between £9,880 and £50,270 plus 3.25% on profits over £50,270

Inheritance Tax

Death rate	Lifetime rate	Chargeable transfers 2022/23 and 2021/22
Nil	Nil	0 - £325,000 (nil rate band)
40%	20%	Over £325,000

A further nil rate band of £175,000 may be available in relation to current or former residences.

Car, Van and Fuel Benefits

2022/23		
CO_2 emissions g/km		% of list price taxed
0		2
1-50		
Electric range	130 or more	2
	70 - 129	5
	40 - 69	8
	30 - 39	12
	under 30	14
51-54		15
For every extra 5		+1
160 and above		37

For fully diesel cars generally add a 4% supplement (unless the car is registered on or after 1 September 2017 and meets the Euro 6d emissions standard) but the maximum is still 37%. For emissions of 75g/km or more if the CO_2 figure does not end in a 5 or 0 round down to the nearest 5 or 0.

	2022/23
Car fuel benefit	£25,300
Van benefit	£3,600
Van fuel benefit	£688

Capital Allowances

Corporation tax super-deduction on certain plant and machinery	**130%**
First Year Allowance (FYA) on certain plant, machinery and cars of 0g/km	**100%**
Corporation tax FYA on long-life assets, integral features of buildings, etc.	**50%**
Annual Investment Allowance (AIA) £1,000,000 (£200,000 from 1 April 2023)	
Excludes cars	
Writing Down Allowance	
Long-life assets, integral features of buildings, cars over 50g/km	**6%**
Other plant and machinery	**18%**
Structures and Buildings Allowance	**3%**

Value Added Tax

	From 1.4.22	From 1.4.21
Standard rate	20%	20%
Reduced rate	5%	5%*
Annual Registration Limit	£85,000	£85,000
Annual Deregistration Limit	£83,000	£83,000

*12.5% for hospitality and tourism from 1 October 2021 - 31 March 2022.

Capital Gains Tax

Individuals	2022/23	2021/22
Exemption	£12,300	£12,300
Standard rate	10%	10%
Higher/additional rate	20%	20%
Trusts		
Exemption	£6,150	£6,150
Rate	20%	20%

Higher rates (18/28%) may apply to the disposal of certain residential property and carried interest.

Business Asset Disposal Relief

The first £1m of qualifying gains are charged at 10%.

Property Taxes

Across the whole of the UK, residential rates may be increased by 3% (4% in Scotland and Wales) where further residential properties are acquired.

Stamp Duty Land Tax Land and buildings in England and N. Ireland

Residential Band £	Rate %	Non-residential Band £	Rate %
0 - 125,000	0	0 - 150,000	0
125,001 - 250,000	2	150,001 - 250,000	2
250,001 - 925,000	5	Over 250,000	5
925,001 - 1,500,000	10		
Over 1,500,000	12		

First-Time Buyer relief may apply to residential purchases up to £500,000.

Land and Buildings Transaction Tax Land and buildings in Scotland

Residential Band £	Rate %	Non-residential Band £	Rate %
0 - 145,000	0	0 - 150,000	0
145,001 - 250,000	2	150,001 - 250,000	1
250,001 - 325,000	5	Over 250,000	5
325,001 - 750,000	10		
Over 750,000	12		

First-Time Buyer relief may apply on the first £175,000 of residential purchases.

Land Transaction Tax Land and buildings in Wales

Residential Band £	Rate %	Non-residential Band £	Rate %
0 - 180,000	0	0 - 225,000	0
180,001 - 250,000	3.5	225,001 - 250,000	1
250,001 - 400,000	5	250,001 - 1,000,000	5
400,001 - 750,000	7.5	Over 1,000,000	6
750,001 - 1,500,000	10		
Over 1,500,000	12		

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