

Tax Card **2021/22**



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INCOME TAX ALLOWANCES

| | 2021/22 | 2020/21 |
|---|---------|---------|
| Personal allowance* | £12,570 | £12,500 |
| Personal savings allowance | | |
| – Basic-rate taxpayer | £1,000 | £1,000 |
| – Higher-rate taxpayer | £500 | £500 |
| – Additional-rate taxpayer | £0 | £0 |
| Dividend allowance at 0% | £2,000 | £2,000 |
| Marriage/civil partner transferable allowance** | £1,260 | £1,250 |
| Trading and property allowance*** | £1,000 | £1,000 |
| Rent-a-room allowance | £7,500 | £7,500 |
| Blind person's allowance | £2,520 | £2,500 |

* The personal allowance is reduced by £1 for each £2 of income from £100,000 to £125,140.

** Any unused personal allowance may be transferred to a spouse or civil partner, where the recipient is not liable to higher or additional-rate tax.

*** Landlords and traders with gross income from each of these sources in excess of £1,000 can deduct the allowance from their gross income as an alternative to claiming expenses.

INCOME TAX BANDS AND RATES

| | 2021/22 | 2020/21 |
|-------------------------------------|---------------------|---------------------|
| Starting rate of 0% savings up to*: | £5,000 | £5,000 |
| Basic-rate band | £37,700 | £37,500 |
| Higher-rate band | £37,701 to £150,000 | £37,501 to £150,000 |
| Additional-rate band | Above £150,000 | Above £150,000 |
| Basic-rate | 20% | 20% |
| Higher-rate | 40% | 40% |
| Additional-rate | 45% | 45% |
| Dividend basic-rate | 7.5% | 7.5% |
| Dividend higher-rate | 32.5% | 32.5% |
| Dividend additional-rate | 38.1% | 38.1% |

* The starting rate does not apply if taxable income exceeds the starting rate limit.

Income tax in Scotland

| Band | 2021/22 | | 2020/21 | |
|--------------|--------------------|------|--------------------|------|
| | Taxable income | Rate | Taxable income | Rate |
| Starter* | £12,571 – £14,667 | 19% | £12,501 – £14,585 | 19% |
| Basic | £14,668 – £25,296 | 20% | £14,586 – £25,158 | 20% |
| Intermediate | £25,297 – £43,662 | 21% | £25,159 – £43,430 | 21% |
| Higher** | £43,663 – £150,000 | 41% | £43,431 – £150,000 | 41% |
| Top** | Above £150,000 | 46% | Above £150,000 | 46% |

* Assumes individual is in receipt of a personal allowance.

** The personal allowance is reduced by £1 for each £2 of income from £100,000 to £125,140.

VEHICLE AND FUEL BENEFITS-IN-KIND

The taxable benefit-in-kind is calculated as a percentage of the car's UK list price. The percentage depends on the car's CO₂ emissions in grams per kilometre (g/km).

| CO ₂ emissions (g/km) | Electric range (miles) | Cars reg'd before 6.4.20* | Cars reg'd on or after 6.4.20* |
|----------------------------------|------------------------|---------------------------|--------------------------------|
| 0 | n/a | 1% | 1% |
| 1 – 50 | 130 and over | 2% | 1% |
| 1 – 50 | 70 – 129 | 5% | 4% |
| 1 – 50 | 40 – 69 | 8% | 7% |
| 1 – 50 | 30 – 39 | 12% | 11% |
| 1 – 50 | Under 30 | 14% | 13% |
| 51 – 54 | n/a | 15% | 14% |
| Over 54 | n/a | +1% every 5g/km up to 37% | +1% every 5g/km up to 37% |

* Diesel vehicles not meeting the RDE2 standard will be liable to a 4% surcharge, up to a maximum of 37%.

The list price is on the day before first registration, including most accessories, and is reduced by any employee's capital contribution (max £5,000) when the car is first made available. Where the cost of all fuel for private use is borne by the employee, the fuel benefit is nil. Otherwise, the fuel benefit is calculated by applying the car benefit percentage to the car fuel benefit multiplier (below).

| Company car fuel | 2021/22 | 2020/21 |
|-----------------------------|---------|---------|
| Car fuel benefit multiplier | £24,600 | £24,500 |

| Company vans* | 2021/22 | 2020/21 |
|-----------------------------|---------|---------|
| Van benefit charge | £3,500 | £3,490 |
| Van fuel benefit multiplier | £669 | £666 |

*Applies where private use is more than home-to-work travel. Payments by employees for private use may reduce these benefits-in-kind. Zero-emission vans have a benefit value of £0 (£2,792 in 2020/21).

TAX-FREE MILEAGE ALLOWANCES

| | | |
|---------------------------------------|-----------------------------|-----|
| Cars and vans, inc. electric vehicles | First 10,000 business miles | 45p |
| | Thereafter | 25p |
| Motorcycles | 24p | |
| Bicycles | 20p | |
| Business passenger | 5p | |

The tax-free business mileage allowance rates apply for qualifying business journeys incurred by employees using their own vehicles over the course of the tax year.

For National Insurance purposes, a 45p rate might apply for all business miles incurred by cars and vans.

CAPITAL GAINS TAX

| | | 2021/22 | 2020/21 |
|---|----------------------------|---------|---------|
| Main rates | Individual basic-rate | 10% | 10% |
| | Individual over basic-rate | 20% | 20% |
| | Trusts and estates | 20% | 20% |
| Surcharge – for gains on chargeable residential property and carried interest | | 8% | 8% |
| Annual exemption | Individuals | £12,300 | £12,300 |
| | Trusts | £6,150 | £6,150 |
| Business asset disposal relief | Applicable rate | 10% | 10% |
| | Lifetime limit | £1m | £1m |
| Investors' relief | Applicable rate | 10% | 10% |
| | Lifetime limit | £10m | £10m |

INHERITANCE TAX

| | 2021/22 | 2020/21 |
|---|-------------|-------------|
| Nil-rate band threshold* | £325,000 | £325,000 |
| Main residence nil-rate band** | £175,000 | £175,000 |
| Combined threshold limit for married couples and civil partners, including main residence nil-rate band | £1m | £1m |
| Business property relief and agricultural property relief | 50% or 100% | 50% or 100% |

* Up to 100% of any unused part of a deceased person's nil-rate band can be claimed by the surviving spouse/civil partner on their death. This also applies to the main residence nil-rate band, albeit the main residence nil-rate is subject to the taper withdrawal below.

** For estates in excess of £2m, a 50% taper withdrawal applies to the excess.

Tax rates

| | 2021/22 | 2020/21 |
|--|---------|---------|
| Main rate | 40% | 40% |
| Chargeable on lifetime transfers | 20% | 20% |
| Transfers on or within seven years of death* | 40% | 40% |
| Reduced rate** | 36% | 36% |

* All lifetime transfers not covered by exemptions and made within seven years of death will be added back into the estate for the purposes of calculating the tax payable. This may then be reduced as shown in the table below.

** Applies if 10% or more of net-chargeable estate is left to certain registered charities.

| Years before death | 0 – 3 | 3 – 4 | 4 – 5 | 5 – 6 | 6 – 7 |
|--------------------|-------|-------|-------|-------|-------|
| Tax reduced by | 0% | 20% | 40% | 60% | 80% |

UK COMPANY TAXATION

| Financial year from 1 April | 2021 | 2020 |
|-----------------------------|-------|-------|
| Corporation tax main rate | 19% | 19% |
| Loans to participators | 32.5% | 32.5% |
| Diverted profits tax | 25% | 25% |

MAIN CAPITAL ALLOWANCES

Initial allowances

| | |
|---|------|
| Annual investment allowance: on first £1m (excludes cars)* | 100% |
| Super-deduction: qualifying plant and machinery | 130% |
| First-year allowance: special-rate pool | 50% |
| First-year allowance: including new and unused electric cars and zero-emission goods vehicles | 100% |

* Applies from 1 January 2019 to 31 December 2021, reverting to £200,000 from 1 January 2022. Transitional rules may apply for chargeable periods spanning these dates.

Writing-down allowances

| | | |
|---|------------------|-----|
| Plant and machinery main-rate expenditure | 18% | |
| Plant and machinery special-rate expenditure | 6% | |
| Cars | 1 – 50g/km | 18% |
| | More than 50g/km | 6% |
| Structures and buildings allowance – straight-line relief | 3% | |

VAT

| From 1 April 2021 | Rate | VAT fraction |
|-------------------------|-------|--------------|
| Standard rate | 20% | 1/6 |
| Reduced rate | 5% | 1/21 |
| Temporary reduced rate* | 12.5% | 1/9 |

*Applies in the hospitality and tourism sector from 1 October 2021 to 31 March 2022.

Taxable turnover limits

| From 1 April | 2021 | 2020 |
|--|----------|----------|
| Registration (last 12 months or next 30 days) over | £85,000 | £85,000 |
| Deregistration (next 12 months) under | £83,000 | £83,000 |
| Annual and cash accounting schemes turnover limit | £1.35m | £1.35m |
| Flat-rate scheme turnover limit | £150,000 | £150,000 |

RESEARCH AND DEVELOPMENT (R&D)

| | |
|---|-------|
| Revenue expenditure – SMEs | 230% |
| Capital expenditure – all companies | 100% |
| SME company R&D payable credit | 14.5% |
| Large company R&D expenditure credit (RDEC) | 13% |

TAX-EFFICIENT INVESTMENTS

| Annual investment limit | 2021/22 | 2020/21 |
|--|--------------------|----------|
| ISA | £20,000 | £20,000 |
| Lifetime ISA* | £4,000 | £4,000 |
| Help-to-buy ISA (existing savers only) | Up to £200 a month | |
| Junior ISA and child trust fund | £9,000 | £9,000 |
| Venture capital trust at 30% | £200,000 | £200,000 |
| Enterprise investment scheme at 30%** | £1m | £1m |
| Seed EIS (SEIS) at 50% | £100,000 | £100,000 |
| Social investment tax relief at 30% | £1m | £1m |

* Reduces ISA limit by amount invested in Lifetime ISA.

** Up to £2m in a knowledge-intensive company.

REGISTERED PENSIONS

| | 2021/22 | 2020/21 |
|------------------------------------|---------------------------|------------|
| Lifetime allowance limit | £1,073,100 | £1,073,100 |
| Money purchase annual allowance | £4,000 | £4,000 |
| Annual allowance limit* | £40,000 | £40,000 |
| Minimum age for accessing benefits | 55 | 55 |
| Maximum tax-free pension lump sum | 25% of pension fund value | |

* Tapered at a rate of 50% of excess income down to £4,000 if threshold income over £200,000 and adjusted income over £240,000. Restrictions can apply based on net-relevant earnings.

Subject to certain conditions, the unused amount of the annual allowance can be carried forward up to three years and used once the current year annual allowance has been fully utilised.

NATIONAL INSURANCE

| Class 1 | | | |
|------------------------|---------------|------------------------|---------------|
| Weekly earnings | Employee rate | Weekly earnings | Employer rate |
| Up to £184 | Nil* | Up to £170 | Nil |
| Over £184 – £967 | 12% | Over £170 – £967 | 13.8%** |
| Over £967 | 2% | Over £967 | 13.8% |
| Over state pension age | 0% | Over state pension age | 13.8% |

* Entitlement to contribution-based benefits are retained for earnings between £120 and £184 a week.

** 0% for staff under 21 and apprentices under 25 on earnings up to £967 a week.

| Class 1A | |
|---|-------|
| On relevant benefits, including car and fuel benefits | 13.8% |

| Class 2 | |
|---|---------------|
| Self-employed above small profits threshold | £3.05 a week |
| Small profits threshold | £6,515 a year |

| Class 3 | |
|-----------|---------------|
| Voluntary | £15.40 a week |

| Class 4* | |
|---|----|
| Self-employed on profits above £9,568 – £50,270 | 9% |
| Over £50,270 | 2% |

* Exemption applies if the state retirement age is reached by 6 April 2021.

Employment allowance

| | |
|------------------------|---------|
| Per employer, per year | £4,000* |
|------------------------|---------|

* One claim only for companies in a group or under common control. Not available where the director is the only employee paid earnings above the secondary threshold for class 1 NICs. Limited to employers with an employer NICs bill below £100,000 in the previous tax year.

Apprenticeship levy

A levy of 0.5% applies where the pay bill exceeds £3m. There is an allowance of £15,000. Further conditions apply, so please consult with us.

IMPORTANT NOTICE

These rates and allowances are based on Budget 2021 announcements made by the UK and Northern Ireland, Scottish and Welsh Governments and are for information only.

All information is subject to change before 6 April 2021 and confirmation by the respective governments. The above must not be considered advice and no warranty is given for the accuracy or completeness of the details. Professional advice should be sought before making any decisions.

Rates apply to the UK and Northern Ireland unless stated otherwise.

STAMP DUTY

| | |
|-------------------------------------|------|
| Consideration on shares over £1,000 | 0.5% |
|-------------------------------------|------|

PROPERTY TAXES

The incremental rate of tax is only payable on the part of the property price within each band. An additional 3% rate (4% in Scotland) applies to the purchase of an additional residential property above £40,000 and all corporate residential properties.

England & Northern Ireland: Stamp duty land tax (from 1.10.21)

| On the transfer of residential property* | | On the transfer of non-residential property | |
|--|-----|---|----|
| £0 – £125,000** | 0% | £0 – £150,000 | 0% |
| Over £125,000 – £250,000 | 2% | Over £150,000 – £250,000 | 2% |
| Over £250,000 – £925,000 | 5% | Above £250,000 | 5% |
| Over £925,000 – £1.5m | 10% | | |
| Above £1.5m | 12% | | |

* From 1 October 2021, first-time buyers pay nothing on the first £300,000 for properties up to £500,000. A 5% rate will also apply between £300,000 and £500,000.

**Until 30 June 2021, the nil-rate threshold is £500,000. On 1 July 2021, the nil-rate threshold reduces to £250,000 until 30 September 2021.

For residential purchases by 'non-natural persons' over £500,000 a rate of 15% applies, subject to certain exclusions.

Scotland: Land and buildings transaction tax

| On the transfer of residential property* | | On the transfer of non-residential property | |
|--|-----|---|----|
| £0 – £145,000 | 0% | £0 – £150,000 | 0% |
| Over £145,000 – £250,000 | 2% | Over £150,000 – £250,000 | 1% |
| Over £250,000 – £325,000 | 5% | Above £250,000 | 5% |
| Over £325,000 – £750,000 | 10% | | |
| Above £750,000 | 12% | | |

* First-time buyers pay nothing on the first £175,000.

Wales: Land transaction tax (from 1.7.21)

| On the transfer of residential property | | On the transfer of non-residential property | |
|---|------|---|----|
| £0 – £180,000* | 0% | £0 – £225,000 | 0% |
| Over £180,000 – £250,000** | 3.5% | Over £225,000 – £250,000 | 1% |
| Over £250,000 – £400,000 | 5% | Over £250,000 – £1m | 5% |
| Over £400,000 – £750,000 | 7.5% | Above £1m | 6% |
| Over £750,000 – £1.5m | 10% | | |
| Above £1.5m | 12% | | |

* Until 30 June 2021, the nil-rate threshold is £250,000.

**Until 30 June 2021, the 3.5% rate does not apply.