

Income tax allowances

| | 2021/22 | 2020/21 |
|--|----------|----------|
| Personal allowance | £12,570 | £12,500 |
| Income limit | £100,000 | £100,000 |
| Transferable marriage allowance¹ | £1,260 | £1,250 |
| Married couple's allowance¹ (relief at 10%) | | |
| Either partner born before 6.4.1935 | £9,125 | £9,075 |
| Income limit | £30,400 | £30,200 |
| Minimum where income exceeds limit | £3,530 | £3,510 |
| Blind person's allowance | £2,520 | £2,500 |
| Dividend allowance | £2,000 | £2,000 |
| Personal savings allowance | | |
| Basic rate taxpayers | £1,000 | £1,000 |
| Higher rate taxpayers | £500 | £500 |

Income tax rates

| Taxable income | | | |
|------------------|------------------|------|---------------|
| 2021/22 | 2020/21 | Rate | Dividend Rate |
| £0–£37,700 | £0–£37,500 | 20% | 7.5% |
| £37,701–£150,000 | £37,501–£150,000 | 40% | 32.5% |
| Over £150,000 | Over £150,000 | 45% | 38.1% |

Scottish taxpayers (non-savings, non-dividend income only)

| Taxable income | | |
|------------------|------------------|------|
| 2021/22 | 2020/21 | Rate |
| £0–£2,097 | £0–£2,085 | 19% |
| £2,098–£12,726 | £2,086–£12,658 | 20% |
| £12,727–£31,092 | £12,659–£30,930 | 21% |
| £31,093–£150,000 | £30,931–£150,000 | 41% |
| Over £150,000 | Over £150,000 | 46% |

Welsh taxpayers

For 2021/22 and 2020/21, the Welsh rates and bands are the same as for the rest of the UK (except Scotland).

A 0% starting rate for savings income only applies to the extent that such income falls within the first £5,000 of taxable income. If taxable non-savings income exceeds the limit, the starting rate does not apply. A 0% rate applies to savings income falling within the personal savings allowance. Income taxable at the starting rate for savings does not fall within the personal savings allowance. A 0% rate applies to dividend income within the dividend allowance.

The trust rate of income tax is 45%. The dividend trust rate is 38.1%.

¹ Available for civil partners.

National insurance contributions

2021/22

Class 1 (Earnings related)

Employees

| Weekly earnings | |
|-----------------|-----|
| First £184 | Nil |
| £184.01–£967 | 12% |
| Over £967 | 2% |

Employers

| Weekly earnings | |
|-----------------|-------|
| First £170 | Nil |
| Over £170 | 13.8% |

Employees' rates are reduced to 5.85% for married women with valid certificates of election but the 2% rate above £967 still applies. Rates are nil for employees over state pensionable age. Normal employers' contributions are still payable. Employers' rates for employees under 21 and apprentices under 25 are nil on earnings up to £967 per week.

Employment allowance

(per employer) – £4,000 a year. Available only where the employer's NIC liability for the previous tax year was less than £100,000.

Class 1A and Class 1B–13.8%

Class 2 (Self-employed)–Flat rate £3.05 a week.

Small profits threshold £6,515 a year.

Class 3 (Voluntary contributions)–£15.40 a week.

Class 4 (Self-employed)–9% of profits between £9,568 and £50,270 a year. 2% of profits above £50,270 a year.

Inheritance tax

| | 2021/22 | 2020/21 |
|--------------------------------------|------------------|------------------|
| Nil-rate band ¹ | £325,000 | £325,000 |
| Residence nil-rate band ¹ | £175,000 | £175,000 |
| Rate of tax on excess | 40% ² | 40% ² |
| Chargeable lifetime transfers | 20% | 20% |

Annual gifts of up to £3,000 per donor are exempt.

¹ Unused nil-rate band is transferable to spouse or civil partner.

² 36% where 10% or more of the net estate is left to charity.

Capital gains tax

| Annual exempt amounts 2021/22 | |
|---|---------|
| Individuals, disabled trusts, personal representatives for year of death and two years thereafter | £12,300 |
| Trusts generally | £ 6,150 |

| Rates 2021/22 | |
|--|--------|
| Individuals: Standard rate | 10% |
| Higher rate | 20% |
| Trustees and personal representatives | 20% |
| Gains on residential property and carried interest | 18/28% |
| Gains to which business asset disposal relief applies ¹ | 10% |
| Gains to which investors' relief applies ² | 10% |

Corporation tax

| Financial Year to | 31/3/2022 | 31/3/2021 |
|-------------------|-----------|-----------|
| Rate | 19% | 19% |

Stamp taxes

| | |
|----------------------------------|-------------------|
| Shares and marketable securities | 0.5% ³ |
|----------------------------------|-------------------|

Transfers of land and buildings⁴

Residential (on band of consideration)^{5,6,7}

| | |
|---------------------|-----|
| £0–£500,000 | 0% |
| £500,001–£925,000 | 5% |
| £925,001–£1,500,000 | 10% |
| Over £1,500,000 | 12% |

Non-residential (on band of consideration)

| | |
|-------------------|----|
| £0–£150,000 | 0% |
| £150,001–£250,000 | 2% |
| Over £250,000 | 5% |

Leases (Rent-on band of net present value)^{4,6}

| Residential | Non-residential | |
|---------------|---------------------|----|
| £0–£500,000 | £0–£150,000 | 0% |
| Over £500,000 | £150,001–£5,000,000 | 1% |
| N/A | Over £5,000,000 | 2% |

Premiums⁴

Duty on premiums is the same as for transfers of land.

Freeport tax sites

Qualifying purchases receive full SDLT relief.

¹ Subject to lifetime limit on gains of £1 million.

² Subject to lifetime limit on gains of £10 million.

³ Rounded up to the nearest multiple of £5. Transactions of £1,000 or less exempt.

⁴ Transfers of land and leases in Scotland are chargeable to land and buildings transaction tax, and in Wales to land transaction tax. Different rates of tax may apply.

⁵ Where the consideration exceeds £500,000 and the purchase is by – or by a partnership including – a company or collective investment scheme enveloping the property, the rate is 15% of the total consideration.

⁶ The 0% band for residential properties will be reduced to £250,000 for transactions on or after 1.7.21 and to £125,000 for transactions on or after 1.10.21. A 2% rate for transfers (but not leases) will apply on the band of consideration from £125,000 to £250,000 from 1.10.21. Relief for certain first-time buyers will apply from 1.7.21.

⁷ Rates are increased by 3 percentage points for certain purchases, including purchases of additional residential properties by individuals. Transactions under £40,000 are excluded. Rates are increased by 2 percentage points for purchases by non-UK residents.

Car benefit

2021/22–cars first registered after 5 April 2020

| CO ₂ emissions g/km | Electric range (miles) | % of list price |
|--------------------------------|------------------------|-----------------|
| 0 | N/A | 1% |
| 1–50 | >130 | 1% |
| 1–50 | 70–129 | 4% |
| 1–50 | 40–69 | 7% |
| 1–50 | 30–39 | 11% |
| 1–50 | <30 | 13% |
| 51–54 | | 14% |
| 55–59 | | 15% |
| 60–64 | | 16% |
| 65–69 | | 17% |
| 70–74 | | 18% |
| 75–79 | | 19% |
| 80–84 | | 20% |
| 85–89 | | 21% |
| 90–94 | | 22% |
| 95–99 | | 23% |
| 100–104 | | 24% |
| 105–109 | | 25% |
| 110–114 | | 26% |

Car benefit continued

2021/22—cars first registered after 5 April 2020

| CO ₂ emissions g/km | Electric range (miles) | % of list price |
|--------------------------------|------------------------|-----------------|
| 115-119 | | 27% |
| 120-124 | | 28% |
| 125-129 | | 29% |
| 130-134 | | 30% |
| 135-139 | | 31% |
| 140-144 | | 32% |
| 145-149 | | 33% |
| 150-154 | | 34% |
| 155-159 | | 35% |
| 160-164 | | 36% |
| 165 or more | | 37% |

Except for zero-emissions cars, rates are 1% higher (up to max 37%) for cars first registered before 6 April 2020.

4% supplement (up to max 37%) applies to diesel cars which do not meet the RDE2 standard.

Car fuel benefit

For 2021/22, car fuel benefit is calculated by applying the above car benefit percentage to a figure of £24,600.

Tax-free mileage allowances

Employee's own vehicle

| Motorcars and vans | 2021/22 |
|---------------------------------|---------|
| Up to 10,000 business miles | 45p |
| Over 10,000 business miles | 25p |
| Each passenger making same trip | 5p |
| Motorcycles | 24p |
| Cycles | 20p |

Advisory fuel rates for company car from 1 March 2021

| Cylinder capacity | Petrol | Diesel | LPG |
|-------------------|--------|--------|-----|
| 0-1,400 cc | 10p | - | 7p |
| 0-1,600 cc | - | 9p | - |
| 1,401 cc-2,000 cc | 12p | - | 8p |
| 1,601 cc-2,000 cc | - | 11p | - |
| Over 2,000 cc | 18p | 12p | 12p |

Advisory Electricity Rate for fully electric cars is 4p per mile.

Fixed rate deductions: unincorporated businesses

| Vehicle expenditure | Amount per mile |
|------------------------------|-----------------|
| Motorcars and goods vehicles | |
| Up to 10,000 business miles | 45p |
| Over 10,000 business miles | 25p |
| Motorcycles | 24p |

Business use of home

| Hours worked per month | Amount per month |
|------------------------|------------------|
| 25 or more | £10 |
| 51 or more | £18 |
| 101 or more | £26 |

Private use of business premises Disallowable

| Number of occupants | Amount per month |
|---------------------|------------------|
| 1 | £350 |
| 2 | £500 |
| 3 or more | £650 |

Individual savings accounts

| Limits | 2021/22 | 2020/21 |
|-------------------------------|---------|---------|
| Annual limit | £20,000 | £20,000 |
| Junior ISA annual limit | £9,000 | £9,000 |
| Lifetime ISA annual limit | £4,000 | £4,000 |
| Help to Buy ISA monthly limit | £200 | £200 |

Investment reliefs

| | Investment limit | Income tax relief rate |
|---|------------------|------------------------|
| Enterprise investment scheme ¹ | £1,000,000 | 30% |
| Venture capital trusts | £200,000 | 30% |
| Seed enterprise investment scheme | £100,000 | 50% |
| Social investment relief | £1,000,000 | 30% |

VAT

| | |
|---------------------------|-----|
| Standard rate | 20% |
| Reduced rate ² | 5% |

| | |
|---|---------------|
| Registration threshold | £85,000 pa |
| Deregistration limit | £83,000 pa |
| Annual accounting scheme turnover limit | £1,350,000 pa |
| Cash accounting scheme turnover limit | £1,350,000 pa |
| Flat rate scheme turnover limit | £150,000 pa |

¹ Investment limit is £2,000,000 if any amount over £1,000,000 is invested in knowledge-intensive companies.

² The temporary reduced rate for hospitality, holiday accommodation and attractions of 5% is extended until 30 September 2021. A new rate of 12.5% will then be introduced to end on 31 March 2022.

Capital allowances

| Allowance type | Rate |
|---|------|
| Dredging (straight-line basis) | |
| Writing-down allowance | 4% |
| Know-how (reducing balance basis) | |
| Writing-down allowance | 25% |
| Mineral extraction (reducing balance basis) | |
| Writing-down allowances | |
| General | 25% |
| Acquisition of mineral asset | 10% |
| Patent rights (reducing balance basis) | |
| Writing-down allowance | 25% |
| Plant and machinery (reducing balance basis) | |
| Annual investment allowance—max £1,000,000 pa (max £200,000 pa from 1/1/2022) | 100% |
| First-year allowances | |
| New cars with CO ₂ emissions 0 g/km | 100% |
| New gas refuelling stations | 100% |
| New zero-emission goods vehicles | 100% |
| New assets for use in designated areas of enterprise zones (companies only) | 100% |
| New electric charge-point equipment Super deduction (companies only) | 100% |
| New main rate assets | 130% |
| New special rate assets | 50% |
| New assets for use in freeport tax sites (companies only) | 100% |
| Writing-down allowances | |
| General | 18% |
| Cars (other than low-emission cars) | 6% |
| Special rate expenditure (including integral features and thermal insulation) | 6% |
| Long-life assets | 6% |

Capital allowances continued

| Allowance type | Rate |
|---|------|
| Research and development | |
| Allowance | 100% |
| Structures and buildings (straight-line basis) | |
| Writing-down allowance | |
| General | 3% |
| Freeport tax sites | 10% |

Registered pension schemes

Individual contributions

Maximum tax-relievable contributions are the higher of:

- 100% of taxable UK earnings; or
- £3,600 (where the scheme applies tax relief at source).

| 2021/22 | |
|------------------------------------|------------|
| Annual allowance | £40,000 |
| Threshold income limit | £200,000 |
| Adjusted income limit | £240,000 |
| Minimum where income exceeds limit | £4,000 |
| Lifetime allowance | £1,073,100 |

| 2020/21 | |
|------------------------------------|------------|
| Annual allowance | £40,000 |
| Threshold income limit | £200,000 |
| Adjusted income limit | £240,000 |
| Minimum where income exceeds limit | £4,000 |
| Lifetime allowance | £1,073,100 |

Any unused annual allowance can be carried forward for up to three years.

Tax credits

| Annual amounts 2021/22 | |
|---|-------------|
| Child tax credit | |
| Family element | £545 |
| Child element (for each child) | £2,845 |
| Disabled child element | £3,435 |
| Severely disabled child element | £4,825 |
| Working tax credit | |
| Basic element | £2,005 |
| Lone parent and couple element | £2,060 |
| 30-hour element | £830 |
| Disability element | £3,240 |
| Severe disability element | £1,400 |
| Childcare element (up to 70% of costs) | |
| maximum eligible cost (1 child) | £175 Weekly |
| maximum eligible cost (2 or more) | £300 Weekly |
| Income thresholds | |
| Income threshold eligible for child tax credit only | £6,565 |
| Income threshold eligible for child tax credit only | £16,480 |
| Withdrawal rate | 41% |
| Income rise disregard | £2,500 |
| Income fall disregard | £2,500 |

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