

Tax Facts

RATES AND ALLOWANCES GUIDE

2023 / 2024

THE RIGHT TAX PATH

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PERSONAL TAX

INCOME TAX RATES AND ALLOWANCES

Personal allowances [#]	2023/24	2022/23
Personal allowance [*]	£12,570	£12,570
Transferable marriage allowance ^{**}	£1,260	£1,260
Married couple's allowance ^{***}	£10,375	£9,415
Dividend allowance	£1,000	£2,000
Blind person's allowance	£2,870	£2,600
Personal savings allowance for basic rate taxpayers	£1,000	£1,000
Personal savings allowance for higher rate taxpayers (nil for additional rate taxpayers)	£500	£500

£1,000 allowance each for property and trading income available, subject to various restrictions.

* The personal allowance is restricted by £1 for every £2 of income over £100,000, to a minimum of nil.

** Only available where both spouses/civil partners are basic rate taxpayers.

*** Married couple's allowance is available where either partner was born before 6/4/1935 and is reduced by £1 for every £2 of income over £34,600 (£31,400 for 2022/23) to a minimum of £4,010 (£3,640 for 2022/23).

Income tax rates – England, NI and Wales [*]	2023/24 Taxable income	2022/23 Taxable income
0% starting rate for savings ^{**}	£5,000	£5,000
20% basic rate	up to £37,700	up to £37,700
40% higher rate	£37,701 - £125,140	£37,701 - £150,000
45% additional rate [#]	over £125,140	over £150,000

* The Welsh Government has devolved powers to be able to set the rates of income tax but remains in alignment with England and NI rates for 2022/23 and 2023/24.

** The starting savings rate is restricted by non-savings taxable income. No allowance will be available if the non-savings income exceeds the personal allowance plus the £5,000 starting rate.

Rate applicable for accumulation or discretionary trusts for non-dividend income over £1,000.

INCOME TAX RATES AND ALLOWANCES

Income tax rates – Scotland	2023/24 Taxable income	2022/23 Taxable income
19% starter rate	up to £2,162	up to £2,162
20% basic rate	£2,163 - £13,118	£2,163 - £13,118
21% intermediate rate	£13,119 - £31,092	£13,119 - £31,092
41% higher rate	N/A	£31,093 - £150,000
42% higher rate	£31,093 - £125,140	N/A
46% top rate [#]	N/A	over £150,000
47% top rate [#]	over £125,140	N/A

Rate applicable for accumulation or discretionary trusts for non-dividend income over £1,000.

Dividend income*	2023/24	2022/23
Basic rate	8.75%	8.75%
Higher rate	33.75%	33.75%
Additional rate [#]	39.35%	39.35%

* A £1,000 dividend allowance (£2,000 for 2022/23) is available, above which the rates shown are payable.

Rate applicable for trusts for accumulation or discretionary trusts for dividend income over £1,000.

High income child benefit charge (HICBC)	2023/24	2022/23
HICBC paid by spouse/partner with higher income if income exceeds*	£50,000	£50,000
Income above which HICBC is full amount of child benefit received**	£60,000	£60,000

Every £100 of income above £50,000 adds one percentage point to the rate of HICBC. HICBC is charged on the amount of child benefit received.

* Taxable income net of gift aid and allowable pension contributions, but not personal reliefs.

** No HICBC if person entitled to child benefit elects not to receive child benefit.

Rent a room relief

Income threshold – gross receipts £7,500

INCOME TAX RATES AND ALLOWANCES

Individual savings account (ISA) limit	2023/24	2022/23
Maximum contribution	£20,000	£20,000
Junior ISA – maximum contribution*	£9,000	£9,000

* Available for children under age 18 who live in the UK and do not have a child trust fund.

Lifetime ISA	2023/24	2022/23
Upper age limit	40	40
Annual contribution limit	£4,000	£4,000
Government contribution	25%	25%

Withdrawals can be made after 12 months to buy a home or for any reason after the age of 60. Other withdrawals are subject to a 25% penalty.

TIMETABLE FOR SELF-ASSESSMENT

Date	Event
31 July 2023	Second payment on account for 2022/23
5 October 2023	Deadline for notification of chargeability 2022/23
31 October 2023	File paper return for 2022/23 to HMRC
30 December 2023	File return for 2022/23 for a tax underpayment of less than £3,000 to be collected via PAYE during 2024/25
31 January 2024	File electronic return for 2022/23 Balancing payment for 2022/23 First payment on account for 2023/24

PENSIONS

	2023/24	2022/23
Maximum tax allowable contributions*	£60,000**	£40,000**
Maximum tax allowable contributions not restricted to earnings	£3,600	£3,600
Lifetime allowance – maximum pension fund		£1,073,100

Special rules attribute value to defined benefit (final salary) and other pension arrangements.

* Personal contributions are also capped at relevant earnings if higher than the minimum contribution. Annual allowance will still be increased by unused relief for three previous tax years.

**The standard annual allowance will be reduced by £1 for every £2 of 'adjusted income' (which includes employer pension contributions) above £260,000 (£240,000 for 2022/23) to a minimum of £10,000 (£4,000 for 2022/23) but only if an individual also has 'threshold income' (broadly, an individual's taxable income) of over £200,000.

A charge is applied to any excess pension contributions over and above the total allowance. The charge is levied at the individual's marginal rate.

The annual allowance is reduced to £10,000 (£4,000 for 2022/23) if more than 25% pension commencement lump sum has been drawn from a defined contribution pot, flexible drawdown has commenced or the income limit for capped drawdown has been exceeded.

CAPITAL GAINS TAX

Annual exempt amounts	2023/24	2022/23
Individuals and personal representatives	£6,000	£12,300
Trusts generally	£3,000	£6,150
Rates of tax	2023/24	2022/23
Individuals – basic rate*	10%	10%
Individuals – higher or additional rate*	20%	20%
Business asset disposal relief	10%	10%
Business asset disposal relief lifetime limit on gains	£1,000,000	£1,000,000
Investors' relief	10%	10%
Investors' relief lifetime limit on gains	£10,000,000	£10,000,000
Companies (corporation tax rates)*	25%	19%
Trusts and personal representatives**	20%	20%

* Where profits are less than £250,000 different CT rates will apply (see corporation tax section for further details)

**8% surcharge for gains on residential property and carried interest.

Qualifying criteria for business asset disposal relief and investors' relief

Description	Business asset disposal relief	Investors' relief
Acquisition of shares	At any point from anyone	Subscription for new shares after 16 March 2016
Type of shares	Any	Ordinary
Holding period	24 months to date of disposal	36 months to date of disposal
Minimum shareholding	5% of ordinary share capital, voting rights and entitlement to proceeds on disposal* unless through EMI	N/A
Company requirement	Trading company or holding company of a trading group	Unlisted trading company or unlisted holding company of a trading group
Employment condition	Employees or officer for at least 24 months prior to disposal	Investor and its associates must not be an employee or officer (some exceptions apply)

* An alternative condition of beneficial entitlement to 5% of profits available for distribution and 5% of assets available on a winding up throughout the entire qualifying period can be met instead of the 5% entitlement to proceeds on disposal condition.

INHERITANCE TAX

Rates	2023/24	2022/23
0%	Up to £325,000	Up to £325,000
40% (death rate)*	Over £325,000	Over £325,000
20% (lifetime rate)	Over £325,000	Over £325,000
Residence nil-rate band**	Up to £175,000	Up to £175,000

Any unused percentage of the nil-rate band from the estate of a previously deceased spouse can be used on the death of the second spouse.

* A reduced rate of 36% applies where the deceased leaves at least 10% of their net estate to charity.

**The residence nil-rate band applies for a home passed to a direct descendent but is restricted where the estate is worth more than £2 million. The residence nil-rate band will reduce to zero for estates of £2.35 million or more.

Major exemptions

Gifts to UK domiciled spouse and civil partner	Unlimited
Gifts to non-UK domiciled spouse	£325,000
Gifts to charities	Unlimited
Annual gifts*	£3,000
Small gifts to different individuals	£250
Gift on marriage	
- By parent	£5,000
- By remoter ancestor	£2,500
- By other person	£1,000
Regular gifts out of surplus income	Unlimited
Most transfers between individuals, if donor survives for 7 years	

* Unused annual allowance can be carried forward for one year only.

Taper relief

Taper relief is given in respect of tax due on chargeable gifts made between 3 and 7 years before death.

Years between gift and death	Tax rate
Less than 3	40%
3 to 4	32%
4 to 5	24%
5 to 6	16%
6 to 7	8%
7 or more	0%

INHERITANCE TAX

Agricultural property relief*

Vacant possession available within 24 months	100%
Landlords' interest in let farmland	50%
- for new tenancies let after 31 August 1995	100%

Business property relief**

Unincorporated business	100%
Unquoted shares in a trading company	100%
Assets used in controlled business	50%

* The property must be either; owned and occupied for agricultural purposes by the same person for at least two years prior to disposal, or, owned for at least seven years prior to disposal where occupied by someone else for agricultural purposes.

** Assets must be held for at least two years to qualify.

INVESTMENTS

Enterprise investment scheme (EIS)	2023/24	2022/23
Maximum investment for income tax relief in qualifying 'knowledge intensive companies'	£2,000,000	£2,000,000
Maximum investment for income tax relief in qualifying non-knowledge intensive companies	£1,000,000	£1,000,000
Rate of income tax relief	30%	30%

Seed enterprise investment scheme (SEIS)	2023/24	2022/23
Maximum investment for income tax relief	£200,000	£100,000
Rate of income tax relief	50%	50%

Venture capital trusts (VCT)	2023/24	2022/23
Maximum investment for income tax relief	£200,000	£200,000
Rate of income tax relief	30%	30%

Social investment tax relief (SITR)	2023/24	2022/23
Maximum investment for income tax relief		£1,000,000
Rate of income tax relief		30%

BUSINESS TAX

CORPORATION TAX

	Year ending 31 March 2024	Year ending 31 March 2023
Main rate	25%	19%
Small profits rate	19%	N/A
Small profits limit	£50,000	N/A
Marginal relief limit	£250,000	N/A
Marginal rate	26.5%	N/A
Loans to participators*	33.75%	33.75%

* Where not repaid within nine months of the year end.

CAPITAL ALLOWANCES

	2023/24	2022/23
Annual investment allowance (AIA)	100% on first £1,000,000	100% on first £1,000,000
Writing down allowance (WDA)		
Super-deduction*	N/A	130%
Full expensing 100% FYA*	100%	N/A
Plant and machinery	18%	18%
Special rate pool – FYA**	50%	50%
WDA – special rate pool	6%	6%
Structures and buildings allowance (SBA)	3%	3%
Motor cars***		
CO ₂ emissions of 0g/km - FYA	100%	100%
CO ₂ emissions 1g/km - 50g/km - WDA	18%	18%
CO ₂ emissions > 50g/km - WDA	6%	6%
Research and Development (R&D) allowances	100%	100%

* Claimable by companies for expenditure on certain plant and machinery but excludes second hand assets and cars.

** Claimable by companies on special rate pool assets (e.g. integral features such as lighting and heating systems)

*** 100% first year allowances are only available for new and unused cars. 18% writing down allowance applies to second hand cars with zero emissions.

R&D AND PATENT BOX

	2023/24	2022/23
SME tax credit*	186%	230%
SME payable credit	10%	14.5%
R&D intensive SME payable credit**	14.5%	N/A
R&D expenditure credit	20%	13%
Patent Box	10%	10%

* Relief capped at €7.5m per project.

** Available for loss making companies where R&D expenditure totals at least 40% of total expenditure.

CORPORATION TAX SELF ASSESSMENT AND QUARTERLY PAYMENTS

Quarterly instalment payments apply to large companies (taxable profits of at least £1,500,000 p.a. reduced pro rata by the number of associated companies).

Accelerated instalment payments apply to 'very large' companies (taxable profits of at least £20,000,000 p.a. again reduced pro rata by associated companies).

Timetable for corporation tax self-assessment and quarterly payments

Event	Large companies due date	Very large companies due date
	From start of accounting period:	From start of accounting period:
First quarterly payment date	6 months and 13 days	2 months and 13 days
Second quarterly payment date	9 months and 13 days	5 months and 13 days
Third quarterly payment date	12 months and 13 days	8 months and 13 days
Fourth quarterly payment date	15 months and 13 days	11 months and 13 days
Payment date for companies not in quarterly instalments regime	9 months and 1 day after the end of the accounting period	
Filing date for tax return	Within 12 months of the end of the accounting period	

EMPLOYEE BENEFITS

Beneficial loans

Threshold	£10,000
Official rate of interest from 6 April 2023	2.25%

Company vans and fuel	2023/24	2022/23
Van benefit	£3,960	£3,600
Fuel benefit	£757	£688

Fuel benefit – cars

For 2023/24 the benefit is £27,800 (£25,300 2022/23) multiplied by the relevant percentage as shown over page (plus 4% diesel supplement where applicable but capped at 37%).

EMPLOYEE BENEFITS

Company cars

The car benefit is calculated by multiplying the list price of the car when new (not the purchase price) by a percentage that is dependent on the level of approved CO₂ emissions of the car.

CO ₂ emissions in g/km	Electric range (miles)	% of car's list price to be taxed	CO ₂ emissions in g/km	% of car's list price to be taxed
0	N/A	2	95-99	24
1-50	>130	2	100-104	25
1-50	70-129	5	105-109	26
1-50	40-69	8	110-114	27
1-50	30-39	12	115-119	28
1-50	<30	14	120-124	29
51-54		15	125-129	30
55-59		16	130-134	31
60-64		17	135-139	32
65-69		18	140-144	33
70-74		19	145-149	34
75-79		20	150-154	35
80-84		21	155-159	36
85-89		22	160+	37
90-94		23		

This percentage is increased by 4% for cars propelled solely by diesel that do not meet the Real Driving Emissions Step 2 (RDE2) standards but subject to an overall cap at 37%.

APPROVED MILEAGE RATES

45p per mile for the first 10,000 miles and 25p for additional mileage above that limit. Employers can also pay up to 5p per mile for each employee who travels as a passenger on a business journey.

HMRC's approved 'tax-free' business mileage rates for employees using company cars are reviewed quarterly, with any changes taking effect from 1 March, 1 June, 1 September and 1 December. The rates are the maximum amount that can be paid without a charge to tax and NIC for business miles. If an employee receives less than these rates, then they can claim tax relief on the difference.

The current rates can be found at:

www.hmrc.gov.uk/cars/advisory_fuel_current.htm

NATIONAL INSURANCE CONTRIBUTIONS

Class 1 - Employers and employees	2023/24	6/7/22-5/4/23	6/4/22-5/7/22
Lower earnings limit (LEL) per week	£123	£123	£123
Primary threshold per week	£242	£242	£190
Secondary threshold per week	£175	£175	£175
Upper earnings limit (UEL) per week	£967	£967	£967

Earnings over the LEL qualify an individual for certain state benefits and must be reported under PAYE, but no employee's NICs are payable until earnings exceed the primary threshold of £242 per week and £12,570 per annum and employer's NICs once earnings exceed the secondary threshold of £175 per week (£9,100 per annum).

Class 1 - Employers and employees	2023/24	2022/23	
Class 1 – Employer's**	- Rate above secondary threshold (no upper limit)	13.8%	13.8%
Class 1 – Employee's**	- Rate between primary threshold and UEL	12%	12%
	- Rate above UEL	2%	2%
	- Married women and widows rate above threshold, below UEL (2% above)	5.85%	5.85%
Class 1A (taxable benefits)**		13.8%	13.8%
Class 1B (PAYE settlement agreement)**		13.8%	13.8%
Class 2 (self-employed)	- Small profits threshold (SPT)	£6,725	£6,725
	- Flat rate per week between SPT and LPL	£0	£0
	- Flat rate per week above LPL	£3.45	£3.15
Class 3 (voluntary)	- Flat rate per week	£17.45	£15.85
Class 4 (self-employed)	- Lower profits limit (LPL)	£12,570	£11,908
	- Upper profits limit (UPL)	£50,270	£50,270
	- Rate between limits	9%	9.73%
	- Rate above upper limit	2%	2.73%
Employment allowance (per employer)*		£5,000	£5,000

* Businesses will not qualify for the Employment Allowance where they are sole director companies or have an employer's Class 1 NIC bill of more than £100,000 in the previous tax year.

** The 2022/23 Class 1 NIC rates were temporarily increased by 1.25% from 6/4/2022 to 6/11/2022 before reverting back to the rates listed above. Class 1 rates which apply annually (e.g. to directors) were set at 12.73% and 2.73% respectively for 2022/23.

INDIRECT TAX

VAT

	2023/24	2022/23
Standard rate	20%	20%
Reduced rate	5%	5%
Registration threshold	£85,000	£85,000
Deregistration threshold	£83,000	£83,000
Cash accounting entry limit	£1,350,000	£1,350,000
Cash accounting exit limit	£1,600,000	£1,600,000
Annual VAT returns entry limit	£1,350,000	£1,350,000
Annual VAT returns exit limit	£1,600,000	£1,600,000
Flat rate scheme taxable turnover entry limit	£150,000	£150,000
Flat rate scheme total business income exit limit	£230,000	£230,000

LAND TRANSACTION TAXES

Residential property** - England & NI**	SDLT rate	Additional property
Up to £250,000	Zero	3%
Over £250,000 to £925,000	5%	8%
Over £925,000 to £1,500,000	10%	13%
Over £1,500,000	12%	15%

Qualifying purchases in freeport tax sites will be eligible for full SDLT relief.

LAND TRANSACTION TAXES

Residential property** - Scotland	LBTT rate	Additional property
Up to £145,000	Zero	6%
Over £145,000 to £250,000	2%	8%
Over £250,000 to £325,000	5%	11%
Over £325,000 to £750,000	10%	16%
Over £750,000	12%	18%

Residential property** - Wales	LBT rate	Additional property
Up to £180,000	Zero	4%
Over £180,000 to £225,000	Zero	7.5%
Over £225,000 to £250,000	6%	7.5%
Over £250,000 to £400,000	6%	9%
Over £400,000 to £750,000	7.5%	11.5%
Over £750,000 to £1,500,000	10%	14%
Over £1,500,000	12%	16%

* A further 2% SDLT surcharge also applies on residential property acquired by non-UK residents.

** Residential properties in England and Northern Ireland purchased by a non-natural person (e.g. company) in excess of £500,000 are subject to a 15% rate on the entire consideration, subject to certain exemptions.

First time buyers purchasing a residential property in England worth less than £425,000 are exempt from SDLT. First time purchases with a value of between £425,000 and £625,000 will pay SDLT at a rate of 5% on the amount in excess of £425,000. No relief is available for purchases above £625,000. These bandings increased from £300,000 and £500,000 respectively with effect from 23 September 2022. In Scotland, first time buyers' relief from LBTT is available on the first £175,000 of the property purchase. There is no first time buyers' relief in Wales

Non-residential or mixed use property	England & NI (SDLT)	Scotland (LBTT)	Wales (LTT)
Up to £150,000	Zero	Zero	Zero
Over £150,000 to £225,000	2%	1%	Zero
Over £225,000 to £250,000	2%	1%	1%
Over £250,000 to £1,000,000	5%	5%	5%
Over £1,000,000	5%	5%	6%

LAND TRANSACTION TAXES

Residential leases*	SDLT rate
Up to £250,000	Zero
Over £250,000	1%

* Based on net present value of rents. Nil in Wales and generally exempt in Scotland.

Non-residential/ mixed-use leases*	England & NI (SDLT)	Scotland (LBTT)	Wales (LTT)
Up to £150,000	Zero	Zero	Zero
Over £150,000 to £225,000	1%	1%	Zero
Over £225,000 to £2,000,000	1%	1%	1%
Over £2,000,000 to £5,000,000	1%	2%	2%
Over £5,000,000	2%	2%	2%

* Based on net present value of rents.

STAMP DUTY

Other	SD rate
Share purchases over £1,000	0.5%*

* Rounded up to the nearest £5.

ANNUAL TAX ON ENVELOPED DWELLINGS

The filing date for ATED returns and payment is 30 April 2023 for properties in the charge to tax on 1 April 2023.

Property value (£)	1 April 2023 – 31 March 2024 ATED charge	1 April 2022 – 31 March 2023 ATED charge
500,001 – 1,000,000	£4,150	£3,800
1,000,001 – 2,000,000	£8,450	£7,700
2,000,001 – 5,000,000	£28,650	£26,050
5,000,001 – 10,000,000	£67,050	£60,900
10,000,001 – 20,000,000	£134,550	£122,250
20,000,001 +	£269,450	£244,750

PROPOSED CHANGES 2024/25

DIVIDEND ALLOWANCE

From April 2024, the tax free dividend allowance will reduce from £1,000 to £500.

CAPITAL GAINS TAX

From April 2024, the capital gains tax annual exemption will reduce to £3,000 for individuals and £1,500 for most trustees.

RESEARCH AND DEVELOPMENT TAX RELIEF

From April 2024, the Government is proposing that the current RDEC and SME regimes are merged into one scheme. Full details of the final regime are to be announced in due course.

NOTES



For further information please contact:
01242 680000

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