

Tax Facts

RATES AND ALLOWANCES GUIDE

2021 / 2022

TAX UNTANGLED

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DRIVING LIFELONG PROSPERITY

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PERSONAL TAX

INCOME TAX RATES AND ALLOWANCES

Personal allowances [#]	2021/22	2020/21
Personal allowance*	£12,570	£12,500
Transferable marriage allowance**	£1,260	£1,250
10% married couple's allowance***	£9,125	£9,075
Dividend allowance	£2,000	£2,000
Blind person's allowance	£2,520	£2,500
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 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 £30,400 (£30,200 for 2020/21) to a minimum of £3,530 (£3,510 for 2020/21).

Income tax rates – England, NI and Wales*	2021/22 Taxable income	2020/21 Taxable income
0% starting rate for savings**	£5,000	£5,000
20% basic rate	up to £37,700	up to £37,500
40% higher rate	£37,701 - £150,000	£37,501 - £150,000
45% additional rate [#]	over £150,000	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 2020/21 and 2021/22.

** 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 trusts.

INCOME TAX RATES AND ALLOWANCES

Income tax rates – Scotland	2021/22 Taxable income	2020/21 Taxable income
19% starter rate	up to £2,097	up to £2,085
20% basic rate	£2,098 - £12,726	£2,086 - £12,658
21% intermediate rate	£12,727 - £31,092	£12,659 - £30,930
41% higher rate	£31,093 - £150,000	£30,931 - £150,000
46% top/additional rate#	over £150,000	over £150,000

Rate applicable for trusts.

Dividend income*	2021/22	2020/21
Basic rate	7.5%	7.5%
Higher rate	32.5%	32.5%
Additional rate#	38.1%	38.1%

* A £2,000 dividend allowance is available, above which the rates shown are payable.

Rate applicable for trusts.

High income child benefit charge (HICBC)	2021/22	2020/21
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	2021/22	2020/21
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	2021/22	2020/21
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 2021	Second payment on account for 2020/21
5 October 2021	Deadline for notification of chargeability 2020/21
31 October 2021	File paper return for 2020/21 for HMRC
30 December 2021	File return for 2020/21 for a tax underpayment of less than £3,000 to be collected via PAYE during 2022/23
31 January 2022	File electronic return for 2020/21 Balancing payment for 2020/21 First payment on account for 2021/22

PENSIONS

	2021/22	2020/21
Maximum tax allowable contributions*	£40,000**	£40,000**
Maximum tax allowable contributions not restricted to earnings	£3,600	£3,600
Lifetime allowance – maximum pension fund	£1,073,100	£1,073,100

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

* Employee contributions are also limited to taxable earnings/trading income 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 £240,000 to a minimum of £4,000 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 linked to the individual's marginal rate.

A tax charge arises if the value of the pension at retirement exceeds the lifetime allowance of £1,073,100. The tax charge is 55% if the amount over the lifetime allowance is paid as a lump sum and 25% if it is not taken as a lump sum.

The annual allowance is reduced to £4,000 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	2021/22	2020/21
Individuals and personal representatives	£12,300	£12,300
Trusts generally	£6,150	£6,150
Rates of tax	2021/22	2020/21
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)	19%	19%
Trusts and personal representatives*	20%	20%

* 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 (12 months for disposals pre 6 April 2019)	36 months to date of disposal, (commencing from 6 April 2016 at the earliest)
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	2021/22	2020/21
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.

Major exemptions

Gifts to UK domiciled spouse	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 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%

INVESTMENTS

Enterprise investment scheme (EIS)	2021/22	2020/21
Maximum investment for income tax relief in qualifying 'knowledge intensive companies'	£2,000,000	£2,000,000
Maximum investment for income tax relief in non-qualifying 'knowledge intensive companies'	£1,000,000	£1,000,000
Rate of income tax relief	30%	30%

Seed enterprise investment scheme (SEIS)	2021/22	2020/21
Maximum investment for income tax relief	£100,000	£100,000
Rate of income tax relief	50%	50%

Venture capital trusts (VCT)	2021/22	2020/21
Maximum investment for income tax relief	£200,000	£200,000
Rate of income tax relief	30%	30%

Social investment tax relief (SITR)	2021/22	2020/21
Maximum investment for income tax relief	£1,000,000	£1,000,000
Rate of income tax relief	30%	30%

BUSINESS TAX

CORPORATION TAX

	Year ending 31 March 2022	Year ending 31 March 2021
Main rate	19%	19%
Loans to participants*	32.5%	32.5%

* Where not repaid within 9 months of the year end.

CAPITAL ALLOWANCES

	2021/22	2020/21
Annual investment allowance (AIA)*	100% on first £1,000,000/£200,000	100% on first £1,000,000
Writing down allowance (WDA)		
Super-deduction**	130%	N/A
Plant and machinery	18%	18%
Special rate pool – FYA***	50%	N/A
WDA – special rate pool	6%	6%
Structures and buildings allowance (SBA)	3%	3%
Motor cars****		
CO ₂ emissions of 0g/km	100%	100%
CO ₂ emissions 1g/km - 50g/km	18%	100%
CO ₂ emissions 50g/km - 110g/km	6%	18%
CO ₂ emissions >110g/km	6%	6%
Research and Development (R&D) allowances	100%	100%

* An AIA of £1 million applies to investments made up until 31 December 2021. From 1 January 2022 the AIA will reduce to £200,000. For accounting periods which straddle 1 January 2022, transitional arrangements will apply and should be checked as to the maximum amount of AIA that can be claimed.

** Claimable by companies for expenditure on plant and machinery.

*** Claimable by companies but excludes operating leases, second hand assets and cars.

**** 100% first year allowances are only available for new and unused cars.

R&D AND PATENT BOX

	Expenditure incurred on or after 1 April 2021	Expenditure incurred on 1 Jan 2020 to 31 March 2020
SME tax credit*	230%	230%
SME payable credit	14.5%	14.5%
R&D expenditure credit	13%	13%
Patent Box	10%	10%

* Relief capped at €7.5m per project.

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 and by associated companies).

Timetable for corporation tax self-assessment and quarterly payments

Event	Large companies due date From start of accounting period:	Very large companies due date 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 2021	2%

Company vans and fuel	2021/22	2020/21
Van benefit	£3,500	£3,490
Fuel benefit	£669	£666

Fuel benefit – cars

For 2021/22 the benefit is £24,600 (£24,500 2020/21) 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 in 2021/22	% of car's list price to be taxed in 2020/21*	CO ₂ emissions in g/km	% of car's list price to be taxed in 2021/22	% of car's list price to be taxed in 2020/21*
0	N/A	1	0	95-99	24	24
1-50	>130	2	2	100-104	25	25
1-50	70-129	5	5	105-109	26	26
1-50	40-69	8	8	110-114	27	27
1-50	30-39	12	12	115-119	28	28
1-50	<30	14	14	120-124	29	29
51-54		15	15	125-129	30	30
55-59		16	16	130-134	31	31
60-64		17	17	135-139	32	32
65-69		18	18	140-144	33	33
70-74		19	19	145-149	34	34
75-79		20	20	150-154	35	35
80-84		21	21	155-159	36	36
85-89		22	22	160+	37	37
90-94		23	23			

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

* For cars registered on or after 6 April 2020, the appropriate percentage will be 1% lower than the above rates for 2021/22 and 2% lower than the above rates for 2020/21. They will, however, be retained at 1% for zero emissions in 2021/22. A rate of 36% will apply for emissions of 160-164g/km (165-169g/km 2020/21) and capped at 37% for emissions of over 165g/km (169g/km for 2020/21).

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. For fully electric cars, the approved rate is 4p per mile.

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 - Employer's and employee's	2021/22	2020/21
Lower earnings limit (LEL) per week	£120	£120
Primary threshold per week	£184	£183
Secondary threshold per week	£170	£169
Upper earnings limit (UEL) per week	£967	£962

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 £184 per week (£9,568 per annum) and employer's NICs once earnings exceed the secondary threshold of £170 per week (£8,840 per annum).

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	£6,515	£6,475
	- Flat rate per week	£3.05	£3.05
Class 3 (voluntary)	- Flat rate per week	£15.40	£15.30
Class 4 (self-employed)	- Lower limit	£9,568	£9,500
	- Upper limit	£50,270	£50,000
	- Rate between limits	9%	9%
	- Rate above upper limit	2%	2%
Employment allowance (per employer)		£4,000	£4,000*

* From 1 April 2020, the Employment Allowance is only available to employers with an employer NICs bill of less than £100,000 in the previous tax year.

INDIRECT TAX

VAT

	2021/22	2020/21
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

* A temporary reduced rate of VAT of 5% applies to certain supplies within the hospitality and tourism sector until 30 September 2021 and 12.5% from 1 October 2021 to 31 March 2022.

LAND TRANSACTION TAXES

Residential property*# - England & NI**	SDLT rate***
Up to £125,000	Zero
Over £125,000 to £250,000	2%
Over £250,000 to £925,000	5%
Over £925,000 to £1,500,000	10%
Over £1,500,000	12%

*** From 1 April 2021 to 30 June 2021 a zero rate will apply to the first £500,000 and from 1 July 2021 to 30 September 2021 a zero rate will apply to the first £250,000. From 1 October 2021 the rates will revert to the above.

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

LAND TRANSACTION TAXES

Residential property*# - Scotland	LBTT rate
Up to £145,000	Zero
Over £145,000 to £250,000	2%
Over £250,000 to £325,000	5%
Over £325,000 to £750,000	10%
Over £750,000	12%

Residential property*# - Wales	LTT rate***
Up to £180,000	Zero
Over £180,000 to £250,000	3.5%
Over £250,000 to £400,000	5%
Over £400,000 to £750,000	7.5%
Over £750,000 to £1,500,000	10%
Over £1,500,000	12%

* 3% supplement (4% for LBTT) applies to the above rates for additional residential property purchases. From 1 April 2021, a further 2% SDLT surcharge also applies on residential property acquired by non-UK residents.

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

*** From 1 April 2021 to 30 June 2021 a zero LTT rate will apply to the first £250,000.

First time buyers purchasing a UK residential property (excluding Scotland) worth less than £300,000 are exempt from SDLT/LTT. First time purchases with a value of between £300,000 and £500,000 will pay SDLT/LTT at a rate of 5% on the amount in excess of £300,000. No relief is available for purchases above £500,000. In Scotland, first time buyer relief from LBTT is available on the first £175,000 of the property purchase.

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 £125,000	Zero
Over £125,000	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

Share purchases	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 2021 for properties in the charge to tax on 1 April 2021.

Property value (£)	1 April 2021 – 31 March 2022 ATED charge	1 April 2020 – 31 March 2021 ATED charge
500,001 – 1,000,000	£3,700	£3,700
1,000,001 – 2,000,000	£7,500	£7,500
2,000,001 – 5,000,000	£25,300	£25,200
5,000,001 – 10,000,000	£59,100	£58,850
10,000,001 – 20,000,000	£118,600	£118,050
20,000,001 +	£237,400	£236,250

NOTES

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