



**TAX RATES 2021-22**

## Income Tax

### Allowances

|                          | 2021/22 | 2020/21 |
|--------------------------|---------|---------|
| Personal Allowance (PA)* | £12,570 | £12,500 |
| Marriage Allowance†      | 1,260   | 1,250   |
| Blind Person's Allowance | 2,520   | 2,500   |
| Rent a room relief**     | 7,500   | 7,500   |
| Trading Income**         | 1,000   | 1,000   |
| Property Income**        | 1,000   | 1,000   |

\*PA is withdrawn at £1 for every £2 by which 'adjusted income' exceeds £100,000. There is no allowance given above £125,140.

†The part of the PA that is transferable to a spouse or civil partner who is not a higher or additional rate taxpayer.

\*\*If gross income exceeds this, the limit may be deducted instead of actual expenses.

### Rate bands

|                        | 2021/22          | 2020/21          |
|------------------------|------------------|------------------|
| Basic Rate Band (BRB)  | £37,700          | £37,500          |
| Higher Rate Band (HRB) | 37,701 – 150,000 | 37,501 – 150,000 |
| Additional rate        | over 150,000     | over 150,000     |

### Personal Savings Allowance (PSA)

|                         |       |       |
|-------------------------|-------|-------|
| – Basic rate taxpayer   | 1,000 | 1,000 |
| – Higher rate taxpayer  | 500   | 500   |
| Dividend Allowance (DA) | 2,000 | 2,000 |

BRB and additional rate threshold are increased by personal pension contributions (up to permitted limit) and Gift Aid donations.

### Tax rates

|   | 2021/22 & 2020/21 |     |       |
|---|-------------------|-----|-------|
| <i>Rates differ for General/Savings/Dividend income</i> | G                 | S   | D     |
| Basic rate  | 20%               | 20% | 7.5%  |
| Higher rate   | 40%               | 40% | 32.5% |
| Additional rate   | 45%               | 45% | 38.1% |

General income (salary, pensions, business profits, rent) usually uses personal allowance, basic rate and higher rate bands before savings income (mainly interest). Scottish taxpayers are taxed at different rates on general income (see below).

To the extent that savings income falls in the first £5,000 of the basic rate band, it is taxed at nil rather than 20%.

The PSA taxes interest at nil, where it would otherwise be taxable at 20% or 40%.

Dividends are normally taxed as the 'top slice' of income. The DA taxes the first £2,000 of dividend income at nil, rather than the rate that would otherwise apply.

### Income tax - Scotland

|                   |     | 2021/22          | 2020/21          |
|-------------------|-----|------------------|------------------|
| Starter rate      | 19% | £2,097           | £2,085           |
| Basic rate        | 20% | 2,098 – 12,726   | 2,086 – 12,658   |
| Intermediate rate | 21% | 12,727 – 31,092  | 12,659 – 30,930  |
| Higher rate       | 41% | 31,093 – 150,000 | 30,931 – 150,000 |
| Top rate          | 46% | over 150,000     | 150,000          |

The Scottish rates and bands do not apply for savings and dividend income, which are taxed at normal UK rates.

### High Income Child Benefit Charge (HICBC)

1% of child benefit for each £100 of adjusted net income between £50,000 and £60,000.

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## Income Tax (continued)

### Remittance basis charge

For non-UK domiciled individuals who have been UK resident in at least:

|                                  | 2021/22                   | 2020/21 |
|----------------------------------|---------------------------|---------|
| 7 of the preceding 9 tax years   | £30,000                   | £30,000 |
| 12 of the preceding 14 tax years | 60,000                    | 60,000  |
| 15 of the preceding 20 tax years | Deemed to be UK domiciled |         |

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## Pensions

### Registered Pensions

|                         | 2021/22    | 2020/21    |
|-------------------------|------------|------------|
| Lifetime Allowance (LA) | £1,073,100 | £1,073,100 |
| Annual Allowance (AA)*  | 40,000     | 40,000     |

Annual relievable pension inputs are the higher of earnings (capped at AA) or £3,600.

\*Usually tapered down, to a minimum of £4,000, when adjusted income exceeds £240,000.

### State pension (per week)

|                                   | 2021/22 | 2020/21 |
|-----------------------------------|---------|---------|
| Old state pension – Single person | £137.60 | £134.25 |
| – Married couple                  | 220.05  | 214.70  |
| New state pension†                | 179.60  | 175.20  |

†Applies to those reaching state retirement age after 5 April 2016.

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## Annual investment limits

|  | 2021/22   | 2020/21   |
|--|-----------|-----------|
| Individual Savings Account (ISA)         |           |           |
| – Overall limit                          | £20,000   | £20,000   |
| – Lifetime ISA                           | 4,000     | 4,000     |
| Junior ISA                               | 9,000     | 9,000     |
| EIS – 30% relief                         | 2,000,000 | 2,000,000 |
| Seed EIS (SEIS) – 50% relief             | 100,000   | 100,000   |
| Venture Capital Trust (VCT) – 30% relief | 200,000   | 200,000   |

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## National Insurance Contributions

### Class 1 (Employees)

|                                     | Employee | Employer |
|-------------------------------------|----------|----------|
| Main NIC rate                       | 12%      | 13.8%    |
| No NIC on first                     | £184pw   | £170pw   |
| Main rate charged up to*            | £967pw   | no limit |
| 2% rate on earnings above           | £967pw   | N/A      |
| Employment allowance per business** | N/A      | £4,000   |

\*Nil rate of employer NIC for employees aged under 21 and apprentices aged under 25, up to £967pw.

\*\*Some businesses do not qualify, including certain sole director companies and employers who have an employer's Class 1 NIC liability of £100,000 or more for 2020/21. Employer contributions (at 13.8%) are also due on most taxable benefits (Class 1A) and on tax paid on an employee's behalf under a PAYE settlement agreement (Class 1B).

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## National Insurance Contributions (continued)

### Class 2 (Self-employed)

|                         |        |
|-------------------------|--------|
| Flat rate per week      | £3.05  |
| Small profits threshold | £6,515 |

### Class 3 (Voluntary)

|                             |        |
|-----------------------------|--------|
| Class 3: Flat rate per week | £15.40 |
|-----------------------------|--------|

### Class 4 (Self-employed)

|                             |    |
|-----------------------------|----|
| On profits £9,568 – £50,270 | 9% |
| On profits over £50,270     | 2% |

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## Vehicle Benefits

### Cars

Taxable benefit: List price of car multiplied by chargeable percentage.

**2021/22 percentage  
for petrol cars first registered**

| CO <sub>2</sub><br>g/km | Electric<br>Range<br>miles | Pre<br>6.04.2020<br>% | Post<br>5.04.2020<br>% |
|-------------------------|----------------------------|-----------------------|------------------------|
| 0                       | N/A                        | 1                     | 1                      |
| 1-50                    | >130                       | 2                     | 1                      |
| 1-50                    | 70 -129                    | 5                     | 4                      |
| 1-50                    | 40 - 69                    | 8                     | 7                      |
| 1-50                    | 30 - 39                    | 12                    | 11                     |
| 1-50                    | <30                        | 14                    | 13                     |
| 51-54                   | N/A                        | 15                    | 14                     |

Then a further 1% for each 5g/km CO<sub>2</sub> emissions, up to a maximum of 37%.

Diesel cars that are not RDE2 standard suffer a 4% supplement on the above figures but are still capped at 37%.

### Vans

Chargeable value of £3,500 (2020/21: £3,490) if private use is more than home-to-work. Zero-emission vans charged at £Nil (2020/21: £2,792).

### Fuel

Employer provides fuel for private motoring in an employer-owned:

Car: CO<sub>2</sub>-based percentage from above table multiplied by £24,600 (2020/21: £24,500).

Van: £669 (2020/21: £666).

Employee contributions do not reduce taxable figure unless all private fuel is paid for by the employee (in which case there is no benefit charge).

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## Tax-free mileage allowances

### Employee's own transport

|                         | per business mile |
|-------------------------|-------------------|
| Cars first 10,000 miles | 45p               |
| Cars over 10,000 miles  | 25p               |
| Business passengers     | 5p                |
| Motorcycles             | 24p               |
| Bicycles                | 20p               |

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## Capital Gains Tax

### Annual exempt amount

|                      | 2021/22 | 2020/21 |
|----------------------|---------|---------|
| Individuals, estates | £12,300 | £12,300 |
| Most trusts          | 6,150   | 6,150   |

### Tax rate

|   |     |     |
|---|-----|-----|
| Individual (to basic rate limit)*       | 10% | 10% |
| Individual (above basic rate limit)*    | 20% | 20% |
| Trusts, estates*                        | 20% | 20% |
| Business Asset Disposal Relief (BADR)** | 10% | 10% |
| Investors' Relief (IR)**                | 10% | 10% |

\*Individuals are taxed at 18%/28% on gains on residential property and receipts of carried interest. Trusts and estates are taxed at 28% in these circumstances.

\*\*Lifetime limit for qualifying gains: BADR £1m; IR £10m.

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## Corporation Tax

### Year to

**31.3.2022****31.3.2021**

|                      |     |     |
|----------------------|-----|-----|
| Corporation Tax rate | 19% | 19% |
|----------------------|-----|-----|

### Research and development relief

|  |      |      |
|--|------|------|
| SME enhanced expenditure deduction scheme*           | 130% | 130% |
| Large company R&D Expenditure Credit (RDEC) scheme** | 13%  | 13%  |

\*Additional deduction for qualifying R&D.

\*\*Taxable expenditure credit for qualifying R&D.

SMEs that make losses can surrender the deduction to HMRC in exchange for a payment of 14.5% of the loss (capped at £20,000 plus 3 x PAYE & NIC for periods beginning from 1.4.21).

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## Main capital allowances

### Plant and machinery allowances

**Rate**

|  |            |      |
|--|------------|------|
| Expenditure 1.4.21 - 31.3.23 (companies only)                |            |      |
| – Super-deduction (main pool expenditure)                    |            | 130% |
| – First-year allowance (special rate pool expenditure)       |            | 50%  |
| Annual Investment Allowance (AIA)                            |            |      |
| – expenditure 1.1.19 - 31.12.21                              | £1,000,000 | 100% |
| – expenditure from 1.1.22                                    | 200,000    | 100% |
| New zero-emission vans                                       |            | 100% |
| Writing down allowance: general pool (reducing balance)      |            | 18%  |
| Writing down allowance: special rate pool (reducing balance) |            | 6%   |

### Motor cars

**From 1.4.21****Pre 1.4.21****Allowance**

|                      | CO <sub>2</sub> (g/km) | CO <sub>2</sub> (g/km) |      |
|----------------------|------------------------|------------------------|------|
| New cars only        | Nil                    | up to 50               | 100% |
| In general pool      | up to 50               | up to 110              | 18%  |
| In special rate pool | above 50               | above 110              | 6%   |

### Structures and buildings allowance

|                           |    |
|---------------------------|----|
| Fixed deduction per annum | 3% |
|---------------------------|----|

## Property Taxes

### Annual Tax on Enveloped Dwellings (ATED)

ATED applies to 'high value' residential properties owned via a corporate structure, unless the property is used for a qualifying purpose.

| Property value | Annual charge to 31.3.2022 | 31.3.2021 |
|----------------|----------------------------|-----------|
| £0.5m – £1m    | £3,700                     | £3,700    |
| £1m – £2m      | 7,500                      | 7,500     |
| £2m – £5m      | 25,300                     | 25,200    |
| £5m – £10m     | 59,100                     | 58,850    |
| £10m – £20m    | 118,600                    | 118,050   |
| Over £20m      | 237,400                    | 236,250   |

### Stamp Duty Land Tax (SDLT), Land and Buildings Transaction Tax (LBTT) and Land Transaction Tax (LTT) from 1 April 2021

#### Residential property (1st property only)

| SDLT - England & NI<br>£000 | Rate | LBTT - Scotland<br>£000 | Rate | LTT - Wales<br>£000 | Rate  |
|-----------------------------|------|-------------------------|------|---------------------|-------|
| Up to 125*                  | Nil  | Up to 145               | Nil  | Up to 180**         | Nil   |
| 125 – 250                   | 2%   | 145 – 250               | 2%   | 180 – 250           | 3.5%  |
| 250 – 925                   | 5%   | 250 – 325               | 5%   | 250 – 400           | 5.0%  |
| 925 – 1,500                 | 10%  | 325 – 750               | 10%  | 400 – 750           | 7.5%  |
| Over 1,500                  | 12%  | Over 750                | 12%  | 750 – 1,500         | 10.0% |
|                             |      |                         |      | Over 1,500          | 12.0% |

\*Nil rate band up to 30.6.21 is £500,000, between 1.7.21-30.9.21 is £250,000.

\*\*Nil rate band up to 30.6.21 is £250,000.

A supplement applies for all three taxes where an additional residential property interest is purchased for more than £40,000 (unless replacing a main residence). It is also payable by all corporate purchasers. The rate is 3% (LBTT and LTT: 4%) of the total purchase price.

SDLT: From 1.7.21, first-time buyers purchasing a property of up to £500,000 pay a nil rate on the first £300,000 of the purchase price.

LBTT: First-time buyer relief increases the nil rate band to £175,000 from 1.4.21.

SDLT: A rate of 15% may apply to the total purchase price, where the property is valued above £500,000 and purchased by a 'non-natural person' (e.g. a company).

#### Non-residential or mixed use property

| SDLT - England & NI<br>£000 | Rate | LBTT - Scotland<br>£000 | Rate | LTT - Wales<br>£000 | Rate |
|-----------------------------|------|-------------------------|------|---------------------|------|
| Up to 150                   | Nil  | Up to 150               | Nil  | Up to 225           | Nil  |
| 150 – 250                   | 2%   | 150 – 250               | 1%   | 225 – 250           | 1%   |
| Over 250                    | 5%   | Over 250                | 5%   | 250 – 1,000         | 5%   |
|                             |      |                         |      | Over 1,000          | 6%   |

## Value Added Tax

|   |                   |
|---|-------------------|
| Standard rate (1/6 of VAT-inclusive price)        | 20.0%             |
| Tourism and hospitality sector up to 30.9.21      | 5.0%              |
| Tourism and hospitality sector 1.10.21 to 31.3.22 | 12.5%             |
| Registration level from 1.4.2017                  | £85,000 per annum |
| Deregistration level from 1.4.2017                | 83,000 per annum  |

## Inheritance Tax

|   | 2021/22  | 2020/21  |
|---|----------|----------|
| Nil rate band (NRB)*                          | £325,000 | £325,000 |
| NRB Residential enhancement (RNRB)†*          | 175,000  | 175,000  |
| Tax rate on death**                           | 40%      | 40%      |
| Tax rate on lifetime transfers to most trusts | 20%      | 20%      |

\*Up to 100% of the proportion of a deceased spouse's/civil partner's unused NRB and RNRB band may be claimed to increment the current NRB and RNRB when the survivor dies.

†RNRB is available for transfers of a main residence to (broadly) direct descendants. It tapers away at the rate of £1 for every £2 of estate value above £2m.

\*\*Rate reduced to 36% if at least 10% of the relevant estate is left to charity.

Unlimited exemption for transfers between spouses/civil partners, except if UK domiciled transferor and foreign domiciled transferee, where maximum exemption £325,000.

100% Business Property Relief for shareholdings in qualifying unquoted trading companies, qualifying unincorporated businesses and certain farmland/buildings.

### Reduced tax charge on gifts within 7 years before death

|                                    |     |     |     |     |     |
|------------------------------------|-----|-----|-----|-----|-----|
| Years before death                 | 0-3 | 3-4 | 4-5 | 5-6 | 6-7 |
| % of full death tax charge payable | 100 | 80  | 60  | 40  | 20  |

Annual exemptions for lifetime gifts include £3,000 per donor and £250 per recipient.

## Key dates and deadlines

### Payment dates

| Self assessment        |            | 2021/22 | 2020/21 |
|------------------------|------------|---------|---------|
| 1st payment on account | 31 January | 2022    | 2021    |
| 2nd payment on account | 31 July    | 2022    | 2021    |
| Balancing payment      | 31 January | 2023    | 2022    |
| Capital Gains Tax*     | 31 January | 2023    | 2022    |

\*UK residential property: CGT due within 30 days of completion.

### Other payment dates

|              |            |      |      |
|--------------|------------|------|------|
| Class 1A NIC | 19 July    | 2022 | 2021 |
| Class 1B NIC | 19 October | 2022 | 2021 |

**Corporation tax** is due 9 months and 1 day from the end of the accounting period, unless a 'large' company paying by quarterly instalments.

### 2020/21 Filing deadlines

|   |             |      |
|---|-------------|------|
| Issue P60s to employees   | 31 May      | 2021 |
| P11D, P11D(b)   | 6 July      | 2021 |
| Self Assessment Tax Return (SATR)   |             |      |
| paper version   | 31 October  | 2021 |
| Online SATR if outstanding tax (up to £3,000) to be included in 2022/23 PAYE code                               | 30 December | 2021 |
| Online SATR   | 31 January  | 2022 |
| Non-resident CGT return is due within 30 days of completion of sale of UK land and buildings by a non-resident. |             |      |

You are advised to consult us before acting on any information contained herein.



Imperial House  
1A Standen Avenue  
Hornchurch  
Essex  
RM12 6AA

Tel: 0800 074 2896  
Email: [info@icpa.org.uk](mailto:info@icpa.org.uk)

[www.icpa.org.uk](http://www.icpa.org.uk)