Accord.

Chartered Certified Accountants

2021 - 2022 TAX RATES

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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*PA is withdrawn at £1 for every £2 by which 'adjusted income' exceeds £100,000.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		
Rates differ for General/Savings/Dividend income	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.

Income Tax (continued)

Remittance basis charge	2021/22	2020/21
For non-UK domiciled individuals who have been UK resident in at least:		
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	

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.

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

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).

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%

Vehicle Benefits

Cars

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

		2021/22 percentage for petrol cars first registered	
CO_2 g/km	Electric Range miles	Pre 6.04.2020 %	Post 5.04.2020 %
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_2 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_2-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).

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

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.

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).

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 CO_2 (g/km)	Pre 1.4.21 CO_2 (g/km)	Allowance
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 £000	Rate	LBTT - Scotland £000	Rate	LTT - Wales £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 £000	Rate	LBTT - Scotland £000	Rate	LTT - Wales £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.

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- Capital Gains Tax
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