

# Tax rates and allowances

## Income tax allowances

	2022/23	2023/24
	£	£
<b>Personal allowance</b>	12,570	12,570
Income limit	100,000	100,000
<b>Transferable marriage allowance<sup>1</sup></b>	1,260	1,260
<b>Married couple's allowance<sup>1</sup></b> (relief at 10%)		
Either partner born before 6.4.1935	10,375	9,415
Income limit	31,400	34,600
Minimum where income exceeds limit	3,640	4,010
<b>Blind person's allowance</b>	2,600	2,870
<b>Dividend allowance</b>	2,000	1,000
<b>Personal savings allowance</b>		
Basic rate taxpayers	1,000	1,000
Higher rate taxpayers	500	500

## Income tax rates

Taxable income	£	2022/23	2023/24	Rate %
0 – 37,700	0 – 37,700			20
37,701 – 150,000	37,701 – 125,140			40
Over 150,000	Over 125,140			45

  

Dividend income	2022/23	2023/24
	Rate %	Rate %
Basic rate band	8.75	8.75
Higher rate band	33.75	33.75
Additional rate	39.35	39.35

Scottish rates and bands were announced in the Scottish Budget on 15 December 2022. Welsh rates were published in the Draft Welsh Budget on 13 December 2022.

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 39.35%.

<sup>1</sup> Available for civil partners.

## NICS

Class 1 (Earnings related)	2023/24
<b>Employees</b>	
Weekly earnings	
First £242	Nil
£242.01 – £967	12%
Over £967	2%

## Employers

Weekly earnings	
First £175	Nil
Over £175	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, apprentices under 25 and eligible veterans are nil on earnings up to £967 per week, and for eligible employees in freeport and investment zone tax sites on earnings up to £481 per week.

**Employment allowance** (per employer) – £5,000 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 £3.45 a week.

Small profits threshold (SPT) £6,725 a year. Lower profits threshold (LPT) £12,570 a year. No contributions due where profits fall between SPT and LPT.

**Class 3** (Voluntary contributions) – £17.45 a week.

**Class 4** (Self-employed) – 9% of profits between £12,570 and £50,270 a year. 2% of profits above £50,270 a year.

## Inheritance tax

	2022/23	2023/24
Nil-rate band <sup>1</sup>	£325,000	£325,000
Residence nil-rate band <sup>1</sup>	£175,000	£175,000
Rate of tax on excess	40% <sup>2</sup>	40% <sup>2</sup>
Chargeable lifetime transfers	20%	20%

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

<sup>1</sup> Unused nil-rate band is transferable to spouse or civil partner.

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

## Capital gains tax

Annual exempt amounts 2023/24	£
Individuals, disabled trusts and, for year of death and next two years, personal representatives	6,000
Trusts generally	3,000

  

Rates 2023/24	
<i>Individuals: Standard rate</i>	10%
<i>Higher rate</i>	20%
<i>Gains on residential property and carried interest</i>	18%/28%
<i>Trustees and PRs (ordinary gains)</i>	20%
<i>Trustees and PRs (residential property gains)</i>	28%
<i>Gains to which business asset disposal relief applies<sup>1</sup></i>	10%
<i>Gains to which investors' relief applies<sup>2</sup></i>	10%

## Corporation tax

Financial Year to	31/3/2023	31/3/2024
Main rate	19%	25%
Small profits rate	n/a	19%
19% rate limit	n/a	£50,000
marginal relief limit	n/a	£250,000
marginal relief fraction	n/a	3/200
effective marginal rate	n/a	26.5%

## Stamp taxes

<b>Shares and marketable securities</b>	0.5% <sup>3</sup>
<b>Transfers of land and buildings<sup>4</sup></b>	
<b>Residential (on band of consideration)<sup>5,6,7</sup></b>	
£0 – £250,000	0%
£250,001 – £925,000	5%
£925,001 – £1,500,000	10%
Over £1,500,000	12%
<b>Non-residential (on band of consideration)</b>	
£0 – £150,000	0%
£150,001 – £250,000	2%
Over £250,000	5%

**Leases (rent – on band of net present value)<sup>4</sup>**

Residential	Non-residential	
£0 – £250,000	£0 – £150,000	0%
Over £250,000	£150,001 – £5,000,000	1%
n/a	Over £5,000,000	2%

## Freeport and investment zone tax sites

Qualifying purchases receive full SDLT relief.

<sup>1</sup> Subject to lifetime limit on gains of £1 million.

<sup>2</sup> Subject to lifetime limit on gains of £10 million.

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

<sup>4</sup> In Scotland land and buildings transaction tax. In Wales land transaction tax.

<sup>5</sup> 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.

<sup>6</sup> Where the consideration is no more than £625,000 and the purchaser is a first-time buyer, the 0% band is increased to £425,000 (and the 5% rate applies to any consideration above £425,000 up to £625,000).

<sup>7</sup> 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

2023/24	CO <sub>2</sub> emissions	Electric range (miles)	% of list price
	g/km		
	0	N/A	2
	1-50	>130	2
	1-50	70-129	5
	1-50	40-69	8
	1-50	30-39	12
	1-50	<30	14
	51-54		15
	55-59		16
	60-64		17
	65-69		18
	70-74		19
	75-79		20
	80-84		21
	85-89		22
	90-94		23

CO <sub>2</sub> emissions g/km	% of list price
95-99	24
100-104	25
105-109	26
110-114	27
115-119	28
120-124	29
125-129	30
130-134	31
135-139	32
140-144	33
145-149	34
150-154	35
155-159	36
160 or more	37

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

### Car fuel benefit

For 2023/24, car fuel benefit is calculated by applying the above car benefit percentage to a figure of £27,800.

### Tax-free mileage allowances

Employee's own vehicle	2023/24
<i>Motorcars and vans</i>	
Up to 10,000 business miles	45p
Over 10,000 business miles	25p
Each passenger making same trip	5p
<i>Motorcycles</i>	24p
<i>Cycles</i>	20p

### Advisory fuel rates for company car from 1 March 2023

Cylinder capacity	Petrol	Diesel	LPG
0-1,400 cc	13p	-	10p
0-1,600 cc	-	13p	-
1,401 cc - 2,000 cc	15p	-	11p
1,601 cc - 2,000 cc	-	15p	-
Over 2,000 cc	23p	20p	17p

Advisory Electricity Rate for fully electric cars is 9p per mile.

### Fixed rate deductions: unincorporated businesses

Vehicle expenditure	Amount per mile
<i>Motorcars and goods vehicles</i>	
Up to 10,000 business miles	45p
Over 10,000 business miles	25p
<i>Motorcycles</i>	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	
<b>Disallowable</b>	
<b>Number of occupants</b>	<b>amount per month</b>
1	£350
2	£500
3 or more	£650

### Individual savings accounts

Limits	2022/23	2023/24
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 <sup>1</sup>	£1,000,000	30%
Venture capital trusts	£200,000	30%
Seed enterprise investment scheme	£200,000	50%

### VAT

Standard rate	20%
Reduced rate	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

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

### Capital allowances

Dredging (straight-line basis)	Rate %
Writing-down allowance	4
<b>Know-how</b> (reducing balance basis)	
Writing-down allowance	25
<b>Mineral extraction</b> (reducing balance basis)	
<i>Writing-down allowances</i>	
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	100

First-year allowances	
New cars with CO <sub>2</sub> 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	100
Full expensing (companies only)	
main rate expenditure	100
special rate expenditure	50

New assets for use in freeport or investment zone	
Tax sites (companies only)	100

Writing-down allowances	
Main rate expenditure	18
Cars (other than low-emission cars)	6
Special rate expenditure (including integral features and thermal insulation)	6
Long-life assets	6

Research and development	
Allowance	100

Structures and buildings (straight-line basis)	
<i>Writing-down allowance</i>	
General	3
Freeport and investment zone 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).

2023/24	
Annual allowance	£60,000
Threshold income limit	£200,000
Adjusted income limit	£260,000
Minimum where income exceeds limit	£10,000

2022/23	
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  
Unused annual allowance can be c/f for up to three years.

### Tax credits

Annual amounts 2023/24	£
<b>Child tax credit</b>	
Family element	545
Child element (for each child)	3,235
Disabled child element	3,905
Severely disabled child element	1,575

Working tax credit	
Basic element	2,280
Lone parent and couple element	2,340
30-hour element	950
Disability element	3,685
Severe disability element	1,595
Childcare element (up to 70% of costs) weekly	
maximum eligible cost (1 child)	175
maximum eligible cost (2 or more)	300

Income thresholds	
Income threshold	7,455
eligible for child tax credit only	18,725
Withdrawal rate	41%
Income rise disregard	2,500
Income fall disregard	2,500