

Tax rates and allowances

Income tax allowances

	2021/22	2020/21
	£	£
Personal allowance	12,570	12,500
Income limit	100,000	100,000
Transferable marriage allowance¹	1,260	1,250
Married couple's allowance¹ (relief at 10%)		
Either partner born before 6.4.1935	9,125	9,075
Income limit	30,400	30,200
Minimum where income exceeds limit	3,530	3,510
Blind person's allowance	2,520	2,500
Dividend allowance	2,000	2,000
Personal savings allowance		
Basic rate taxpayers	1,000	1,000
Higher rate taxpayers	500	500

Income tax rates

Taxable income £	Rate %	Dividend rate %
2021/22		
2020/21		
0 – 37,700	0	7.5
37,701–150,000	40	32.5
Over 150,000	45	38.1

Scottish taxpayers (non-savings, non-dividend income only)

Taxable income £	Rate %
2021/22	
2020/21	
0 – 2,097	19
2,098 – 12,726	20
12,727 – 31,092	21
31,093 – 150,000	41
Over 150,000	46

Welsh taxpayers. For 2021/22 and 2020/21, the Welsh rates and bands are the same as for the rest of the UK (except Scotland).

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 38.1%.

¹ Available for civil partners.

National insurance contributions

2021/22

Class 1 (Earnings related)

Employees

Weekly earnings

First £184	Nil
£184.01 – £967	12%
Over £967	2%

Employers

Weekly earnings

First £170	Nil
Over £170	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 and apprentices under 25 are nil on earnings up to £967 per week.

Employment allowance

(per employer) – £4,000 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 £3.05 a week.

Small profits threshold £6,515 a year.

Class 3 (Voluntary contributions) – £15.40 a week.

Class 4 (Self-employed) – 9% of profits between £9,568 and £50,270 a year. 2% of profits above £50,270 a year.

Inheritance tax

	2021/22	2020/21
Nil-rate band ¹	£325,000	£325,000
Residence nil-rate band ¹	£175,000	£175,000
Rate of tax on excess	40% ²	40% ²
Chargeable lifetime transfers	20%	20%

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

¹ Unused nil-rate band is transferable to spouse or civil partner.

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

Capital gains tax

Annual exempt amounts 2021/22

	£
Individuals, disabled trusts, personal representatives for year of death and two years thereafter	12,300
Trusts generally	6,150

Rates 2021/22

Individuals: Standard rate	10%
Higher rate	20%
Trustees and personal representatives	20%
Gains on residential property and carried interest	18%/28%
Gains to which business asset disposal relief applies ¹	10%
Gains to which investors' relief applies ²	10%

Corporation tax

Financial Year to	31/3/2022	31/3/2021
Rate	19%	19%

Stamp taxes

Shares and marketable securities 0.5%³

Transfers of land and buildings⁴

Residential (on band of consideration) ^{5,6,7}	
£0 – £500,000	0%
£500,001 – £925,000	5%
£925,001 – £1,500,000	10%
Over £1,500,000	12%

Non-residential (on band of consideration)

£0 – £150,000	0%
£150,001 – £250,000	2%
Over £250,000	5%

Leases (Rent – on band of net present value)^{4,6}

Residential	Non-residential	
£0 – £500,000	£0 – £150,000	0%
Over £500,000	£150,001 – £5,000,000	1%
N/A	Over £5,000,000	2%

Premiums⁴

Duty on premiums is the same as for transfers of land.

Freeport tax sites

Qualifying purchases receive full SDLT relief.

¹ Subject to lifetime limit on gains of £1 million.

² Subject to lifetime limit on gains of £10 million.

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

⁴ Transfers of land and leases in Scotland are chargeable to land and buildings transaction tax, and in Wales to land transaction tax. Different rates of tax may apply.

⁵ 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.

⁶ The 0% band for residential properties will be reduced to £250,000 for transactions on or after 1.7.21 and to £125,000 for transactions on or after 1.10.21. A 2% rate for transfers (but not leases) will apply on the band of consideration from £125,000 to £250,000 from 1.10.21. Relief for certain first-time buyers will apply from 1.7.21.

⁷ 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

2021/22 – cars first registered after

5 April 2020	CO ₂ emissions g/km	Electric range (miles)	% of list price
	0	N/A	1
	1-50	>130	1
	1-50	70-129	4
	1-50	40-69	7
	1-50	30-39	11
	1-50	<30	13
	51-54		14
	55-59		15
	60-64		16
	65-69		17
	70-74		18
	75-79		19
	80-84		20
	85-89		21
	90-94		22
	95-99		23
	100-104		24
	105-109		25
	110-114		26
	115-119		27
	120-124		28
	125-129		29
	130-134		30
	135-139		31

140-144	32
145-149	33
150-154	34
155-159	35
160-164	36
165 or more	37

Except for zero-emissions cars, rates are 1% higher (up to max 37%) for cars first registered before 6 April 2020. 4% supplement (up to max 37%) applies to diesel cars which do not meet the RDE2 standard.

Car fuel benefit

For 2021/22, car fuel benefit is calculated by applying the above car benefit percentage to a figure of £24,600.

Tax-free mileage allowances

Employee's own vehicle

<i>Motorcars and vans</i>	2021/22
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 2021

<i>Cylinder capacity</i>	<i>Petrol</i>	<i>Diesel</i>	<i>LPG</i>
0-1,400 cc	10p	–	7p
0-1,600 cc	–	9p	–
1,401 cc - 2,000 cc	12p	–	8p
1,601 cc - 2,000 cc	–	11p	–
Over 2,000 cc	18p	12p	12p

*advisory Electricity Rate for fully electric cars is 4p 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

Number of occupants	Disallowable amount per month
1	£350
2	£500
3 or more	£650

Individual Savings Accounts

Limits	2021/22	2020/21
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 ¹	£1,000,000	30%
Venture capital trusts	£200,000	30%
Seed enterprise investment scheme	£100,000	50%
Social investment relief	£1,000,000	30%

VAT

Standard rate	20%
Reduced rate²	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

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

² The temporary reduced rate for hospitality, holiday accommodation and attractions of 5% is extended until 30 September 2021. A new rate of 12.5% will then be introduced to end on 31 March 2022.

Capital allowances

Dredging	Rate %
(straight-line basis)	
Writing-down allowance	4

Know-how

(reducing balance basis)	
Writing-down allowance	25

Mineral extraction

(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 (max £200,000 pa from 1/1/2022)	100

First-year allowances

New cars with CO ₂ 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 Super deduction (companies only)	100
New main rate assets	130
New special rate assets	50
New assets for use in freeport tax sites (companies only)	100

Writing-down allowances

General	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
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Structures and buildings

(straight-line basis)	
<i>Writing-down allowance</i>	
General	3
Freeport 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).

2021/22

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
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2020/21

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
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Any unused annual allowance can be carried forward for up to three years.

Tax credits

Annual amounts 2021/22	£
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Child tax credit

Family element	545
Child element (for each child)	2,845
Disabled child element	3,435
Severely disabled child element	4,825

Working tax credit

Basic element	2,005
Lone parent and couple element	2,060
30-hour element	830
Disability element	3,240
Severe disability element	1,400
Childcare element (up to 70% of costs) maximum eligible cost (1 child)	Weekly 175
maximum eligible cost (2 or more)	300

Income thresholds

Income threshold eligible for child tax credit only	6,565
Withdrawal rate	16,480
Income rise disregard	41%
Income fall disregard	2,500
	2,500