

Tax rates and allowances

Income tax allowances

	2022/23	2021/22
	£	£
Personal allowance	12,570	12,570
Income limit	100,000	100,000
Transferable marriage allowance¹	1,260	1,260
Married couple's allowance¹ (relief at 10%)		
Either partner born before 6.4.1935	9,415	9,125
Income limit	31,400	30,400
Minimum where income exceeds limit	3,640	3,530
Blind person's allowance	2,600	2,520
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 %
2022/23	2021/22	
0 – 37,700	0 – 37,700	20
37,701 – 150,000	37,701 – 150,000	40
Over 150,000	Over 150,000	45

Dividend income	2022/23	2021/22
	Rate %	Rate %
Basic rate band	8.75	7.5
Higher rate band	33.75	32.5
Additional rate	39.35	38.1

Scottish rates and bands are expected to be announced in the Scottish Budget on 9 December 2021. Welsh rates are expected to be published in the Welsh Draft Budget on 20 December 2021.

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%.

¹ Available for civil partners.

Corporation tax

Financial Year to	31/3/2023	31/3/2022
Rate	19% ³	19%

National insurance contributions

2022/23

Class 1 (Earnings related)

Employees	
<i>Weekly earnings</i>	
First £190	Nil
£190.01 – £967	13.25%
Over £967	3.25%
Employers	
<i>Weekly earnings</i>	
First £175	Nil
Over £175	15.05%

Employees' rates are reduced to 7.1% for married women with valid certificates of election but the 3.25% 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 – 15.05%

Class 2 (Self-employed) – Flat rate £3.15 a week. Small profits threshold £6,725 a year.

Class 3 (Voluntary contributions) – £15.85 a week.

Class 4 (Self-employed) – 10.25% of profits between £9,880 and £50,270 a year. 3.25% of profits above £50,270 a year.

Inheritance tax

	2022/23	2021/22
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 2022/23	£
Individuals, disabled trusts, personal representatives for year of death and next two years	12,300
Trusts generally	6,150
Rates 2022/23	
<i>Individuals: Standard rate</i>	10%
<i>Higher rate</i>	20%
<i>Trustees and PRs (ordinary gains)</i>	20%
<i>Trustees and PRs (residential property gains)</i>	28%
<i>Gains on residential property and carried interest</i>	18%/28%
<i>Gains to which business asset disposal relief applies¹</i>	10%
<i>Gains to which investors' relief applies²</i>	10%

Stamp taxes

Shares and marketable securities	0.5% ⁴
Transfers of land and buildings⁵	
Residential (on band of consideration)^{6,7,8}	
£0 – £125,000	0%
£125,001 – £250,000	2%
£250,001 – £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)⁵	
Residential	
£0 – £125,000	0%
Over £125,000	1%
N/A	2%
Non-residential	
£0 – £150,000	0%
£150,001 – £5,000,000	1%
Over £5,000,000	2%

Premiums⁵

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 From 1 April 2022, profits of UK residential property development companies over £25 million are subject to a 4% tax charge.
⁴ Rounded up to the nearest multiple of £5. Transactions of £1,000 or less exempt.
⁵ Transfers of land and leases in Scotland are chargeable to land and buildings transaction tax, and in Wales to land transaction tax.
⁶ 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.
⁷ Where the consideration is no more than £500,000 and the purchaser is a first-time buyer, the 0% band is increased to £300,000 (and the 5% rate applies to any consideration above £300,000 up to £500,000).
⁸ 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

2022/23	CO2 emissions g/km	Electric range (miles)	% of list price
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
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

CO ₂ emissions g/km	% of list price
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 2022/23, car fuel benefit is calculated by applying the above car benefit percentage to a figure of £25,300.

Tax-free mileage allowances

Employee's own vehicle

Motorcars and vans	2022/23
Up to 10,000 business miles	45p
Over 10,000 business miles	25p
Each passenger making same trip	5p
Motorcycles	24p
Cycles	20p

Advisory fuel rates for company car from 1 September 2021

Cylinder capacity	Petrol	Diesel	LPG
0-1,400 cc	12p	-	7p
0-1,600 cc	-	10p	-
1,401 cc - 2,000 cc	14p	-	8p
1,601 cc - 2,000 cc	-	12p	-
Over 2,000 cc	20p	15p	12p

^aAdvisory Electricity Rate for fully electric cars is 4p per mile.

Fixed rate deductions: unincorporated businesses

Vehicle expenditure	Amount per mile
Motorcars and goods vehicles	
Up to 10,000 business miles	45p
Over 10,000 business miles	25p
Motorcycles	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 Disallowable

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

Individual savings accounts

Limits	2022/23	2021/22
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 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

¹Investment 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
Know-how (reducing balance basis)	
Writing-down allowance	25
Mineral extraction (reducing balance basis)	
Writing-down allowances	
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 1/4/2023)	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	100
Super deduction (companies only)	
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
Structures and buildings (straight-line basis)	
Writing-down allowance	
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).

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

Tax credits

Annual amounts 2021/22	£
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)	Weekly
maximum eligible cost (1 child)	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

¹2022/23 rates are expected to be announced in November 2021.

Coming soon in Tax Journal:

- Examining the devil in the DPT changes.
- The new corporate redomiciliation consultation.