

Garbutt + Elliott
Chartered Accountants + Business Advisors

TAX RATES POCKET GUIDE

2021 - 2022



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Income tax allowances

- The Personal Allowance gives an individual an annual amount of income free from tax.
- The Personal Allowance will be reduced if an individual's 'adjusted net income' is above £100,000. The allowance is reduced by £1 for every £2 of income above £100,000.
- A married person born before 6 April 1935 may be entitled to a Married Couple's Allowance. This is not deducted from income but reduces the tax bill.
- Marriage Allowance - 10% of the personal allowance may be transferable between spouses where neither pays tax above the basic rate. This Marriage Allowance is not available to couples entitled to the married couple's allowance.
- Reference to spouses includes registered civil partners.

Income tax personal allowances	2021/22	2020/21
	£	£
Personal Allowance	12,570	12,500
Marriage Allowance	1,260	1,250
Blind person's allowance	2,520	2,500
Married couple's allowance		
Maximum reduction in tax bill	912.50	907.50
Minimum reduction in tax bill	353.00	351.10
Reduce married couple's allowance by £1 for every £2 of 'adjusted net income' over limit	30,400	30,200

Income tax rates

- Income tax applies to the amount of income after deduction of personal allowances. Personal allowances may be allocated against whichever types of income results in the lowest overall tax liability.
- Income is taxed in a specific order with savings and dividend income taxed last.
- There are three main bands – basic rate (BR), higher rate (HR) and additional rate (AR).
- There is also a starting rate band (SRB) of £5,000 which is only applicable to savings income. The band is not available if the taxable amount of non-savings income exceeds the SRB.
- Savings income and dividend income are taxed using UK rates and bands regardless of where the taxpayer is resident in the UK.

Income tax rates (other than dividend income)

2021/22		2020/21	
Band £	Rate %	Band £	Rate %
0 - 37,700	20	0 - 37,500	20
37,701 - 150,000	40	37,501 - 150,000	40
Over 150,000	45	Over 150,000	45

Devolved income tax rates

Scotland

Scottish resident taxpayers are liable on non-savings and non-dividend income as set out below.

2021/22		2020/21	
Band £	Rate %	Band £	Rate %
0 - 2,097	19	0 - 2,085	19
2,098 - 12,726	20	2,086 - 12,658	20
12,727 - 31,092	21	12,659 - 30,930	21
31,093 - 150,000	41	30,931 - 150,000	41
Over 150,000	46	Over 150,000	46

Wales

Although income tax has been devolved to Wales, Welsh resident taxpayers continue to pay the same overall tax rates as taxpayers resident in England and Northern Ireland.

2021/22			
Band £	UK Rate %	Welsh Rate %	Overall Rate %
0 - 37,700	10	10	20
37,701 - 150,000	30	10	40
Over 150,000	35	10	45

Other allowances for specific types of income

Savings and Dividend Allowances are available. These tax relevant income falling within the allowances at 0%. The income still forms part of total income of an individual.

Savings Allowance	2021/22 and 2020/21
BR taxpayer	£1,000
HR taxpayer	£500
AR taxpayer	£0

Dividend Allowances	2021/22 and 2020/21
Available to all taxpayers	£2,000
Above Dividend Allowance:	Rate%
BR band	7.5
HR band	32.5
AR band	38.1

Trade Allowance	2021/22 and 2020/21
Income up to £1,000	Profits assessable NIL
Income over £1,000	Election to deduct £1,000 allowance rather than the actual expenses

There is an equivalent rule for certain miscellaneous income from providing assets or services which applies to the extent that the £1,000 allowance is not used against trading income.

Property Allowance	2021/22 and 2020/21
Income up to £1,000	Profits assessable NIL
Income over £1,000	Election to deduct £1,000 allowance rather than the actual expenses

Trade and Property Allowances do not apply to 'rent a room' or partnership income.

Individual Savings Accounts (ISAs)

ISA limits	2021/22	2020/21
The overall annual investment limit	£20,000	£20,000
Lifetime ISA annual limit	£4,000	£4,000
Help to Buy ISA monthly subscription limit	£200	£200
Junior ISA annual limit	£9,000	£9,000

Tax reliefs for individuals

The following schemes provide income tax relief and capital gains tax breaks for individuals investing in new and growing companies.

Enterprise Investment Scheme (EIS)	
Maximum investment per annum	£1,000,000
Additional investment limit where investing in knowledge-intensive companies	£1,000,000
Income tax relief	30%
Capital gains treatment on disposal of EIS investment held for three years	Exempt

Capital gains from the disposal of other assets may be deferred by making an EIS investment.

Seed Enterprise Investment Scheme (SEIS)

Maximum investment per annum	£100,000
Income tax relief	50%
Capital gains treatment on disposal of SEIS investment held for three years	Exempt

Capital gains from the disposal of other assets may be exempt up to £50,000 per annum by making an SEIS investment.

Venture Capital Trusts (VCTs)

Maximum investment per annum	£200,000
Income tax relief	30%
Dividend income	Exempt
Capital gains treatment on disposal	Exempt

Child Benefit

Child Benefit is receivable by a person responsible for each child under 16, or under 20 if they stay in education or training.

If the person (or their spouse or partner) has 'adjusted net income' above £50,000, the person with the highest income has to pay back some of the Child Benefit as a tax charge. If their 'adjusted net income' is more than £60,000 a year, the tax charge equals the Child Benefit received.

Rates per week	2021/22	2020/21
Eldest/Only Child	£21.15	£21.05
Other Children	£14.00	£13.95

State Pension

Weekly State Pension	2021/22	2020/21
Basic - single person	£137.60	£134.25
New state pension	£179.60	£175.20

Tax relief on pension contributions

- Tax relief available for personal contributions is the higher of £3,600 (gross) or 100% of relevant earnings.
- Any contributions in excess of £40,000, whether personal or by the employer, may be subject to income tax on the individual.
- The limit may be reduced to £4,000 once money purchase pensions are accessed.
- Where the £40,000 limit is not fully used it may be possible to carry the unused amount forward for three years.
- The annual allowance is tapered for those with 'adjusted income' over £240,000 if they also have 'threshold income' over £200,000. Both 'adjusted income' and 'threshold income' for this purpose have specific detailed conditions. For every £2 of income over £240,000 an individual's annual allowance will be reduced by £1, down to a minimum of £4,000.
- Employers will obtain tax relief on employer contributions if they are paid and made 'wholly and exclusively' for the purposes of the business. The tax relief for large contributions may be spread over several years.

Self assessment - Key dates

31 January 2021 - Deadline for filing electronic tax returns for 2019/20. Balancing payment due for 2019/20 tax year. First payment on account due for 2020/21 tax year.

31 July 2021 - Second payment on account for 2020/21 tax year.

5 October 2021 - Deadline for notifying HMRC of new sources of income (including the Child Benefit charge) if no tax return has been issued for 2020/21 tax year.

31 October 2021 - Deadline for submission of 2020/21 non-electronic returns.

30 December 2021 - Deadline for submission of 2020/21 electronic tax returns if 'coding out' of certain underpayments is required.

31 January 2022 - Deadline for filing electronic tax returns for 2020/21. Balancing payment due for 2020/21 tax year. First payment on account due for 2021/22 tax year.

National insurance contributions (NICs) - rates and allowances

- Employees start paying Class 1 NICs from age 16 (if sufficient earnings).
- Employers pay Class 1 NICs in accordance with the table below.
- Employer NICs for apprentices under the age of 25 and employees under the age of 21 are reduced from the normal rate of 13.8% to 0% on earnings up to the upper secondary threshold (UST) of £967 per week. Also applies to veterans in the first 12 months of civilian employment.
- Employees' Class 1 NICs stop when they reach their State Pension age. Employer contributions continue.

Employee Class 1 - Earnings per week			
2021/22	Rate %	2020/21	Rate %
Up to £184	Nil	Up to £183	Nil
£184.01 - £967	12	£183.01 - £962	12
Over £967	2	Over £962	2

Entitlement to State Pension and other contribution-based benefits is retained for earnings between £120 and £184 per week.

Employer Class 1 - Earnings per week			
2021/22	Rate %	2020/21	Rate %
Up to £170	Nil	Up to £169	Nil
Over £170	13.8	Over £169	13.8

Other NICs payable by employers

Class 1A - 13.8% on broadly all taxable benefits provided to employees and on certain taxable termination and sporting testimonial payments in excess of £30,000.

Class 1B - 13.8% on PAYE Settlement Agreements.

Self-employed - Class 2 and 4

- A self-employed person starts paying Class 2 and Class 4 NICs from age 16 (if sufficient profits).
- Class 2 NICs stop when a person reaches State Pension age.
- Class 4 NICs stop from the start of the tax year after the one in which the person reaches State Pension age.

Class 2	2021/22	2020/21
Flat rate per week	£3.05	£3.05
Small Profits Threshold	£6,515	£6,475

Class 4			
2021/22	Rate %	2020/21	Rate %
Up to £9,568	Nil	Up to £9,500	Nil
£9,568.01 - £50,270	9	£9,500.01 - £50,000	9
Over £50,270	2	Over £50,000	2

Class 3

Generally a person needs 35 years (30 years if State Pension age is before 6 April 2016) of NICs to get a full State Pension.

Class 3 voluntary contributions can be paid to fill or avoid gaps in an individual's NICs record.

Class 3	2021/22	2020/21
Flat rate per week	£15.40	£15.30

Capital allowances

Plant and machinery - Annual Investment Allowance

The Annual Investment Allowance (AIA) gives a 100% write-off on most types of plant and machinery costs, including integral features and long life assets but not cars.

Any costs over the AIA fall into the normal capital allowance pools detailed below. The AIA may need to be shared between certain businesses under common ownership and is not available to mixed partnerships with corporate partners.

AIA from 1 January 2019 to 31 December 2021	£1,000,000
AIA from 1 January 2022	£200,000

Other allowances

Corporation tax super-deduction on certain plant and machinery	130%
First Year Allowance (FYA) on certain plant, machinery and cars of 0 g/km	100%
Corporation tax FYA on long-life assets, integral features of buildings, etc.	50%

Writing Down Allowance

Long-life assets, integral features of buildings, cars over 50 g/km	6%
Other plant and machinery	18%
Structures and Buildings Allowance	3%

Cars purchased from April 2021	before April 2021	%
> 50 g/km	> 110 g/km	6
≤ 50 g/km	≤ 110 g/km	18
ECA 0 g/km	ECA ≤ 50 g/km	100

Corporation tax rates

Corporation tax rates are set for each Financial Year. A Financial Year runs from 1 April to the following 31 March.

If the accounting period of a company straddles the 31 March, the profits are apportioned on a time basis to each Financial Year.

	Year to 31.3.22 and 31.3.21
All profits	19%

Different rates apply to ring-fenced (broadly oil industry) profits.

VAT

VAT - rates and limits	2021/22 and 2020/21
Standard rate	20%
Reduced rate	5%*
Annual Registration Limit - from 1.4.21	£85,000
Annual Deregistration Limit - from 1.4.21	£83,000

*12.5% for hospitality and tourism from 1 October 2021 to 31 March 2022.

Mileage Allowance Payments (MAPs) for employees

- MAPs are tax free payments that an employee can receive from their employer for using their own vehicle for business journeys.
- If the employee receives less than the statutory rate, tax relief can be claimed on the difference.

Cars and vans	Rate per mile
Up to 10,000 miles	45p
Over 10,000 miles	25p
Bicycles	20p
Motorcycles	24p

Car benefits

- The car benefit is calculated by multiplying the car's list price, when new, by a percentage linked to the car's CO₂ emissions.
- For fully diesel cars generally add a 4% supplement unless the car is registered on or after 1 September 2017 and meets the Euro 6d emissions standard. The maximum percentage is still capped at 37%.

- The list price is reduced for capital contributions made by the employee up to £5,000.
- Due to a change in the way CO₂ emissions are measured different benefit percentages apply to cars registered from 6 April 2020.

2021/22		Cars registered pre 6.4.20	Cars registered after 5.4.20
CO ₂ emissions g/km		% of list price taxed	% of list price taxed
0		1	1
1-50			
Electric range	130 or more	2	1
	70 - 129	5	4
	40 - 69	8	7
	30 - 39	12	11
	under 30	14	13
51 - 54		15	14
For every extra 5		+1	+1
160 and above		37	n/a
165 and above		n/a	37

Car fuel benefit

- Car fuel benefit applies if an employee has the benefit of private fuel for a company car.
- The benefit is calculated by applying the percentage used to calculate the car benefit by a 'fuel charge multiplier'.
- The charge is proportionately reduced if provision of private fuel ceases part way through the year. The fuel benefit is reduced to nil only if the employee pays for all private fuel.

Car fuel benefit	2021/22	2020/21
Fuel charge multiplier	£24,600	£24,500

Van benefit

- Van benefit is chargeable if the van is available for an employee's private use.
- A fuel benefit may also be chargeable if an employee has the benefit of private fuel paid for in respect of a company van.
- The charges do not apply to vans if a 'restricted private use condition' is met throughout the year.
- From 6 April 2021 a 0% benefit charge may apply to vans which cannot emit CO₂ when driven.

Van benefits	2021/22	2020/21
Van benefit	£3,500	£3,490
Fuel benefit	£669	£666

Statutory payments for employees

Type		2021/22	2020/21
Statutory Sick Pay		£96.35	£95.85
Statutory Maternity Pay	First 6 weeks	90% of weekly earnings	90% of weekly earnings
	Next 33 weeks	£151.97	£151.20
Statutory Paternity Pay	One or two complete weeks	£151.97	£151.20
Statutory Adoption Pay	First 6 weeks	90% of weekly earnings	90% of weekly earnings
	Next 33 weeks	£151.97	£151.20
Shared Parental Pay	Balance of unused SMP period	£151.97	£151.20
Statutory Parental Bereavement Pay	Two weeks	£151.97	£151.20

Employees need average weekly earnings of £120 to qualify for statutory payments.

With the exception of Statutory Sick Pay, statutory payments may be payable at 90% of weekly earnings throughout the payment period in certain circumstances. This applies where 90% of weekly earnings are less than the standard rate of £151.97 (£151.20).

National Minimum Wage and National Living Wage rates

Age	NLW	21-22	18-20	16 & 17	Apprentice rate
From 1.4.20	£8.72	£8.20	£6.45	£4.55	£4.15
From 1.4.21	£8.91	£8.36	£6.56	£4.62	£4.30

The Apprentice rate applies to apprentices under 19, or 19 and over in the first year of apprenticeship. National Living Wage (NLW) applies to those aged 23 and over from 1 April 2021 (previously 25 and over).

Capital gains tax (CGT)

- CGT is payable by individuals, trustees and personal representatives (PRs). Companies pay corporation tax on their capital gains.
- There are annual tax free allowances (the 'annual exempt amount') for individuals, trustees and PRs. Companies do not have an annual exempt amount.
- For individuals, net gains are added to total taxable income to determine the appropriate rate of tax. The standard rate applies only to the net gains which, when added to total taxable income, do not exceed the basic rate band. The higher rate applies above this threshold.
- Gains which qualify for Business Asset Disposal Relief or Investors' Relief are charged at 10% up to the lifetime limit. The lifetime limit for Business Asset Disposal Relief is £1 million. For Investors' Relief the limit is £10 million.
- Higher rates (18/28%) may apply to the disposal of certain residential property and carried interest.

CGT rates and annual exemption

Individuals	2021/22	2020/21
Exemption	£12,300	£12,300
Standard rate	10%	10%
Higher/additional rate	20%	20%

Trusts	2021/22	2020/21
Exemption	£6,150	£6,150
Rate	20%	20%

Inheritance tax (IHT)

- IHT may be payable when an individual's estate is worth more than the IHT nil rate band when they die.
- A further nil rate band of £175,000 may be available in relation to current or former residences.
- The IHT threshold available on death may be increased for surviving spouses as there may have been a nil rate band not used, or not fully used, on the first death.
- There are reliefs for some business and farming assets which reduce their value for IHT purposes.
- IHT may also be payable on gifts made in an individual's lifetime but within seven years of death. Any tax due is payable at death rates subject to a tapered reduction for transfers between three and seven years before death.
- Some lifetime gifts are exempt.
- Transfers of assets into trust made in an individual's lifetime may be subject to an immediate charge but at lifetime rates.
- There are also charges on some trusts.

Death rate	Lifetime rate	Chargeable transfers 2021/22 and 2020/21
Nil	Nil	0 - £325,000
40%	20%	Over £325,000

Relief on gifts				
Annual exemption	£3,000	Marriage	- parent	£5,000
Small gifts	£250		- grandparent	£2,500
			- other	£1,000

Stamp duty

When you buy shares, you usually pay a tax or duty of 0.5% on the transaction. Stamp Duty Reserve Tax is payable on electronic purchases or Stamp Duty for share purchases over £1,000 via a stock transfer form.

Stamp Duty Land Tax (SDLT)

Land and buildings in England and Northern Ireland.

Rate	Residential	Non-residential	Rate
%	£	£	%
0	0 - 500,000*	0 - 150,000	0
5	*500,001 - 925,000	150,001 - 250,000	2
10	925,001 - 1,500,000	Over 250,000	5
12	Over 1,500,000		

The rates apply to the portion of the total value which falls within each band.

*£250,000 from 1 July 2021. From 1 October 2021, 0% up to £125,000, 2% from £125,001 - £250,000 and 5% from £250,001 - £925,000.

From 1 July 2021 First-time Buyer relief may apply to residential purchases up to £500,000.

Residential rates may be increased by 3% where further residential properties costing £40,000 or over are acquired.

Land and Buildings Transaction Tax (LBTT)

Land and buildings in Scotland.

Rate	Residential	Non-residential	Rate
%	£	£	%
0	0 - 145,000	0 - 150,000	0
2	145,001 - 250,000	150,001 - 250,000	1
5	250,001 - 325,000	Over 250,000	5
10	325,001 - 750,000		
12	Over 750,000		

The rates apply to the portion of the total value which falls within each band.

First-time Buyer relief may apply on the first £175,000 of residential purchases.

Residential rates may be increased by 4% where further residential properties costing £40,000 or over are acquired.

Land Transaction Tax (LTT)

Land and buildings in Wales.

Rate	Residential	Non-residential	Rate
%	£	£	%
0	0 - 250,000*	0 - 225,000	0
5	*250,001 - 400,000	225,001 - 250,000	1
7.5	400,001 - 750,000	250,001 - 1,000,000	5
10	750,001 - 1,500,000	Over 1,000,000	6
12	Over 1,500,000		

The rates apply to the portion of the total value which falls within each band.

*The rates are 0% up to £180,000, 3.5% from £180,001 - £250,000 and 5% from £250,001 - £400,000 from 1 July 2021.

Residential rates may be increased by 4% where further residential properties costing £40,000 or over are acquired.

Disclaimer: Rates are for guidance only. No responsibility for loss occasioned by any person acting/refraining from action as a result of this information can be accepted by the authors or firm.

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