



**SPONDOO
ACCOUNTANTS**

**TAX RATES
FACT SHEET**



INCOME TAX RATES AND RELIEFS

Income tax rates (other than dividend income)

2021/22

Band £	Rate
0 - 37,700	20%
37,701 - 150,000	40%
Over 150,000	45%

2020/21

Band £	Rate
0 - 37,500	20%
37,501 - 150,000	40%
Over 150,000	45%

Devolved income tax rates

Scotland

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 2021/22

Band £	Overall Rate
0 - 37,500	20%
37,701 - 150,000	40%
Over 150,000	45%

Income tax relief

	2021/22	2020/21
Personal allowance	£12,570	£12,500
Personal allowance income limit	£100,000	£100,00
Marriage allowance	£1260	£1250
Married couples' allowance	£9125	£ 9075
Minimum	£ 3,530	£ 3,510
Maximum	£ 30,400	£ 30,200
Blind persons allowance	2520	2500

Savings, dividend, property and trade allowance

Savings allowance

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

Dividend allowance

	2021/22 and 2020/21
Available to all taxpayers	£2,000

You will pay tax on any dividends you receive over £5,000 at the following rates:

	Rate
BR band	7.5%
HR band	32.5%
AR band	38.1%

Basic rate (BR), Higher rate (HR) and additional rate (AR)

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.

Pension Contributions

	2021/22	2020/21
Annual allowance	£40,000	£40,000
Lifetime Allowance	£1,073,100	£1,073,100
Money Purchase Annual Allowance	£4,000	£4,000

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. Where the £40,000 limit is not fully used it may be possible to carry the unused amount forward for three years. Employers will obtain tax relief on employer contributions if they are paid and made 'wholly and exclusively' for the purposes of the business. However, tax relief for large contributions may be spread over several years.

Individual Savings account

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

Child Benefit

	2021/22	2020/21
Eldest/ Only child	£21.15	£21.05
Other children	£14.00	£13.95

Capital Gains Tax- CGT

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)

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

IHT may be payable when an individual's estate is worth more than the IHT nil rate band when they die. 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.

Corporation tax rates

Year to 31.3.22 and 31.3.21

All profits	19%
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Different rates apply to ring-fenced (broadly oil industry) profits. Corporation tax rates are set for each Financial Year- 1 April to the following 31 March. If the accounting period of a company passes the 31 March, the profits are divided on a time basis to each Financial Year.

Value Added Tax- VAT

VAT - rates and limits	2021/22 and 2020/21
Standard rate	20%
Reduces 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

Capital allowances

Plant and machinery - Annual Investment Allowance

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

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. However, Any costs over the AIA fall into the normal capital allowance pools.

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

Property taxes

Residential rates may be increased by 3% where further residential properties costing £40,000 or over are acquired. May be increased by 4% for Scotland and Wales.

Stamp duty land tax (SDLT)

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

Land and building in England and Ireland

*£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.

Land and building transaction tax (LBTT)

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

Land and building in Scotland

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)

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

Land and building in Wales

*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

Mileage allowance payments; car, van and fuel benefits

Mileage allowance payments (MAPs)

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

Mileage allowance payments are tax free payments that an employer can give their employee when they use their own vehicle for business purposes. Tax relief can be claimed on the difference if the employee receives less than the statutory rate.

Car and car fuel benefits

Car benefits

2021/22	Cars registered before 6.4.20	Cars registered after 5.4.20
CO2 emissions g/km	List of price taxed	List of 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 benefit is calculated by multiplying the car's list price when new, by a percentage linked to the car's CO2 emissions. However, as a result of the change in the way CO2 emissions are measured, different benefit percentages apply to cars registered from 6 April 2020.

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.

Car fuel benefits

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

A car fuel benefit applies if an employee has the benefit of private fuel for a company car. It 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 stops part way through the year. The fuel benefit is reduced to zero only if the employee pays for all private fuel.

Van benefit and van fuel benefit

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

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. Starting 6 April 2021, a 0% benefit charge may apply to vans which cannot emit CO2 when driven.

National insurance contributions (NICs) - rates and allowances

Class 1 National Insurance- I, 1a, 1b

Employee Class 1 rates- employee's weekly earnings

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%

Employer Class 1 rates- employee's weekly earnings

2021/22	Rate	2020/21	Rate
Up to £170	Nil	Up to £169	Nil
Over £170	13.8%	Over £169	13.8%

Employees start paying Class 1 NICs from 16 years. 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 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 while employer contributions continue.

Class 1A

13.8% on 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

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%

Self-employed people pay Class 2 and Class 4 NICs from 16 years. They stop paying Class 2 NICs when a person reaches State Pension age. Class 4 NICs stops from the start of the tax year after the one in which the person reaches State Pension age.

Class 3

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

Class 3 voluntary contributions can be paid to fill or avoid gaps in an individual's NICs record. You need 35 years (30 years if State Pension age is before 6 April 2016) of NICs to get a full State Pension. .

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. Except for 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

	NLW rate	21-22	18-20	16 and 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.

Digital services tax

2% tax on the revenues of search engines, social media services and online marketplaces which derive value from UK users.

Our services

Tax

- Self-assessment
- Corporation tax
- Personal tax
- Capital Gains Tax
- Inheritance tax
- PAYE and national Insurance compliance
- Making Tax Digital

Accounting

- Annual accounts preparation
- Maintaining PAYE and VAT records and related returns
- Bookkeeping support
- Periodic management accounts
- Preparation and filing returns

Company formation

- Company registration
- Company incorporation
- Funding

Specialist Services

- Payroll and pension
- Accounting software specialist
- Technology infrastructure
- Blockchain accounting

Contact Us



Spondoo.co.uk



info@spondoo.co.uk



02033 259 341