



# Tax Facts

RATES AND ALLOWANCES GUIDE

2022 / 2023

## TAX SIMPLIFIED

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# PERSONAL TAX

## INCOME TAX RATES AND ALLOWANCES

Personal allowances <sup>#</sup>	2022/23	2021/22
Personal allowance <sup>*</sup>	£12,570	£12,570
Transferable marriage allowance <sup>**</sup>	£1,260	£1,260
Married couple's allowance <sup>***</sup>	£9,415	£9,125
Dividend allowance	£2,000	£2,000
Blind person's allowance	£2,600	£2,520
Personal savings allowance for basic rate taxpayers	£1,000	£1,000
Personal savings allowance for higher rate taxpayers (nil for additional rate taxpayers)	£500	£500

# £1,000 allowance each for property and trading income available, subject to various restrictions.

\* The personal allowance is restricted by £1 for every £2 of income over £100,000, to a minimum of nil.

\*\* Only available where both spouses/civil partners are basic rate taxpayers.

\*\*\* Married couple's allowance is available where either partner was born before 6/4/1935 and is reduced by £1 for every £2 of income over £31,400 (£30,400 for 2021/22) to a minimum of £3,640 (£3,530 for 2021/22).

Income tax rates – England, NI and Wales <sup>*</sup>	2022/23 Taxable income	2021/22 Taxable income
0% starting rate for savings <sup>**</sup>	£5,000	£5,000
20% basic rate	up to £37,700	up to £37,700
40% higher rate	£37,701 - £150,000	£37,701 - £150,000
45% additional rate <sup>#</sup>	over £150,000	over £150,000

\* The Welsh Government has devolved powers to be able to set the rates of income tax but remains in alignment with England and NI rates for 2021/22 and 2022/23.

\*\* The starting savings rate is restricted by non-savings taxable income. No allowance will be available if the non-savings income exceeds the personal allowance plus the £5,000 starting rate.

# Rate applicable for accumulation or discretionary trusts for non-dividend income over £1,000.

## INCOME TAX RATES AND ALLOWANCES

Income tax rates – Scotland	2022/23 Taxable income	2021/22 Taxable income
19% starter rate	up to £2,162	up to £2,097
20% basic rate	£2,163 - £13,118	£2,098 - £12,726
21% intermediate rate	£13,119 - £31,092	£12,727 - £31,092
41% higher rate	£31,093 - £150,000	£31,093 - £150,000
46% top/additional rate <sup>#</sup>	over £150,000	over £150,000

# Rate applicable for accumulation or discretionary trusts for non-dividend income over £1,000.

Dividend income*	2022/23	2021/22
Basic rate	8.75%	7.5%
Higher rate	33.75%	32.5%
Additional rate <sup>#</sup>	39.35%	38.1%

\* A £2,000 dividend allowance is available, above which the rates shown are payable.

# Rate applicable for trusts for accumulation or discretionary trusts for dividend income over £1,000.

High income child benefit charge (HICBC)	2022/23	2021/22
HICBC paid by spouse/partner with higher income if income exceeds*	£50,000	£50,000
Income above which HICBC is full amount of child benefit received**	£60,000	£60,000

Every £100 of income above £50,000 adds one percentage point to the rate of HICBC. HICBC is charged on the amount of child benefit received.

\* Taxable income net of gift aid and allowable pension contributions, but not personal reliefs.

\*\* No HICBC if person entitled to child benefit elects not to receive child benefit.

### Rent a room relief

Income threshold – gross receipts £7,500

## INCOME TAX RATES AND ALLOWANCES

Individual savings account (ISA) limit	2022/23	2021/22
Maximum contribution	£20,000	£20,000
Junior ISA – maximum contribution*	£9,000	£9,000

\* Available for children under age 18 who live in the UK and do not have a child trust fund.

Lifetime ISA	2022/23	2021/22
Upper age limit	40	40
Annual contribution limit	£4,000	£4,000
Government contribution	25%	25%

Withdrawals can be made after 12 months to buy a home or for any reason after the age of 60. Other withdrawals are subject to a 25% penalty.

## TIMETABLE FOR SELF-ASSESSMENT

Date	Event
31 July 2022	Second payment on account for 2021/22
5 October 2022	Deadline for notification of chargeability 2021/22
31 October 2022	File paper return for 2021/22 to HMRC
30 December 2022	File return for 2021/22 for a tax underpayment of less than £3,000 to be collected via PAYE during 2023/24
31 January 2023	File electronic return for 2021/22 Balancing payment for 2021/22 First payment on account for 2022/23

## PENSIONS

	2022/23	2021/22
Maximum tax allowable contributions*	£40,000**	£40,000**
Maximum tax allowable contributions not restricted to earnings	£3,600	£3,600
Lifetime allowance – maximum pension fund	£1,073,100	£1,073,100

Special rules attribute value to defined benefit (final salary) and other pension arrangements.

\* Personal contributions are also capped at relevant earnings if higher than the minimum contribution. Annual allowance will still be increased by unused relief for three previous tax years.

\*\*The standard annual allowance will be reduced by £1 for every £2 of 'adjusted income' (which includes employer pension contributions) above £240,000 to a minimum of £4,000 but only if an individual also has 'threshold income' (broadly, an individual's taxable income) of over £200,000.

A charge is applied to any excess pension contributions over and above the total allowance. The charge is levied at the individual's marginal rate.

A tax charge arises if the value of the pension at retirement exceeds the lifetime allowance of £1,073,100. The tax charge is 55% if the amount over the lifetime allowance is paid as a lump sum and 25% if it is not taken as a lump sum.

The annual allowance is reduced to £4,000 if more than 25% pension commencement lump sum has been drawn from a defined contribution pot, flexible drawdown has commenced or the income limit for capped drawdown has been exceeded.

## CAPITAL GAINS TAX

Annual exempt amounts	2022/23	2021/22
Individuals and personal representatives	£12,300	£12,300
Trusts generally	£6,150	£6,150
Rates of tax	2022/23	2021/22
Individuals – basic rate*	10%	10%
Individuals – higher or additional rate*	20%	20%
Business asset disposal relief	10%	10%
Business asset disposal relief lifetime limit on gains	£1,000,000	£1,000,000
Investors' relief	10%	10%
Investors' relief lifetime limit on gains	£10,000,000	£10,000,000
Companies (corporation tax rates)	19%	19%
Trusts and personal representatives*	20%	20%

\* 8% surcharge for gains on residential property and carried interest.

### Qualifying criteria for business asset disposal relief and investors' relief

Description	Business asset disposal relief	Investors' relief
Acquisition of shares	At any point from anyone	Subscription for new shares after 16 March 2016
Type of shares	Any	Ordinary
Holding period	24 months to date of disposal	36 months to date of disposal
Minimum shareholding	5% of ordinary share capital, voting rights and entitlement to proceeds on disposal* unless through EMI	N/A
Company requirement	Trading company or holding company of a trading group	Unlisted trading company or unlisted holding company of a trading group
Employment condition	Employees or officer for at least 24 months prior to disposal	Investor and its associates must not be an employee or officer (some exceptions apply)

\* An alternative condition of beneficial entitlement to 5% of profits available for distribution and 5% of assets available on a winding up throughout the entire qualifying period can be met instead of the 5% entitlement to proceeds on disposal condition.

## INHERITANCE TAX

Rates	2022/23	2021/22
0%	Up to £325,000	Up to £325,000
40% (death rate)*	Over £325,000	Over £325,000
20% (lifetime rate)	Over £325,000	Over £325,000
Residence nil-rate band**	Up to £175,000	Up to £175,000

Any unused percentage of the nil-rate band from the estate of a previously deceased spouse can be used on the death of the second spouse.

\* A reduced rate of 36% applies where the deceased leaves at least 10% of their net estate to charity.

\*\*The residence nil-rate band applies for a home passed to a direct descendent but is restricted where the estate is worth more than £2 million. The residence nil-rate band will reduce to zero for estates of £2.35 million or more.

### Major exemptions

Gifts to UK domiciled spouse and civil partner	Unlimited
Gifts to non-UK domiciled spouse	£325,000
Gifts to charities	Unlimited
Annual gifts*	£3,000
Small gifts to different individuals	£250
Gift on marriage	
- By parent	£5,000
- By remoter ancestor	£2,500
- By other person	£1,000
Regular gifts out of surplus income	Unlimited
Most transfers between individuals, if donor survives for 7 years	

\* Unused annual allowance can be carried forward for one year only.

### Taper relief

Taper relief is given in respect of tax due on chargeable gifts made between 3 and 7 years before death.

Years between gift and death	Tax rate
Less than 3	40%
3 to 4	32%
4 to 5	24%
5 to 6	16%
6 to 7	8%
7 or more	0%

## INHERITANCE TAX

### Agricultural property relief\*

Vacant possession available within 24 months	100%
Landlords' interest in let farmland	50%
- for new tenancies let after 31 August 1995	100%

### Business property relief\*\*

Unincorporated business	100%
Unquoted shares in a trading company	100%
Assets used in controlled business	50%

\* The property must be either; owned and occupied for agricultural purposes by the same person for at least two years prior to disposal, or, owned for at least seven years prior to disposal where occupied by someone else for agricultural purposes.

\*\* Assets must be held for at least two years to qualify.

## INVESTMENTS

Enterprise investment scheme (EIS)	2022/23	2021/22
Maximum investment for income tax relief in qualifying 'knowledge intensive companies'	£2,000,000	£2,000,000
Maximum investment for income tax relief in qualifying non-knowledge intensive companies	£1,000,000	£1,000,000
Rate of income tax relief	30%	30%

Seed enterprise investment scheme (SEIS)	2022/23	2021/22
Maximum investment for income tax relief	£100,000	£100,000
Rate of income tax relief	50%	50%

Venture capital trusts (VCT)	2022/23	2021/22
Maximum investment for income tax relief	£200,000	£200,000
Rate of income tax relief	30%	30%

Social investment tax relief (SITR)	2022/23	2021/22
Maximum investment for income tax relief	£1,000,000	£1,000,000
Rate of income tax relief	30%	30%

# BUSINESS TAX

## CORPORATION TAX

	Year ending 31 March 2023	Year ending 31 March 2022
Main rate	19%	19%
Loans to participators*	32.5%	32.5%

\* Where not repaid within 9 months of the year end.

## CAPITAL ALLOWANCES

	2022/23	2021/22
Annual investment allowance (AIA)	100% on first £1,000,000	100% on first £1,000,000
<b>Writing down allowance (WDA)</b>		
Super-deduction*	130%	130%
Plant and machinery	18%	18%
Special rate pool – FYA**	50%	50%
WDA – special rate pool	6%	6%
Structures and buildings allowance (SBA)	3%	3%
<b>Motor cars***</b>		
CO <sub>2</sub> emissions of 0g/km - FYA	100%	100%
CO <sub>2</sub> emissions 1g/km - 50g/km - WDA	18%	18%
CO <sub>2</sub> emissions > 50g/km - WDA	6%	6%
<b>Research and Development (R&amp;D) allowances</b>	100%	100%

\* Claimable by companies for expenditure on certain plant and machinery but excludes second hand assets and cars.

\*\* Claimable by companies on special rate pool assets (e.g. integral features such as lighting and heating systems)

\*\*\* 100% first year allowances are only available for new and unused cars. 18% writing down allowance applies to second hand cars with zero emissions.

## R&D AND PATENT BOX

	2022/23	2021/22
SME tax credit*	230%	230%
SME payable credit	14.5%	14.5%
R&D expenditure credit	13%	13%
Patent Box	10%	10%

\* Relief capped at €7.5m per project.

## CORPORATION TAX SELF ASSESSMENT AND QUARTERLY PAYMENTS

Quarterly instalment payments apply to large companies (taxable profits of at least £1,500,000 p.a. reduced pro rata by the number of associated companies).

Accelerated instalment payments apply to 'very large' companies (taxable profits of at least £20,000,000 p.a. again reduced pro rata by associated companies).

### Timetable for corporation tax self-assessment and quarterly payments

Event	Large companies due date From start of accounting period:	Very large companies due date From start of accounting period:
First quarterly payment date	6 months and 13 days	2 months and 13 days
Second quarterly payment date	9 months and 13 days	5 months and 13 days
Third quarterly payment date	12 months and 13 days	8 months and 13 days
Fourth quarterly payment date	15 months and 13 days	11 months and 13 days
Payment date for companies not in quarterly instalments regime	9 months and 1 day after the end of the accounting period	
Filing date for tax return	Within 12 months of the end of the accounting period	

## EMPLOYEE BENEFITS

### Beneficial loans

Threshold	£10,000
Official rate of interest from 6 April 2021	2%

Company vans and fuel	2022/23	2021/22
Van benefit	£3,600	£3,500
Fuel benefit	£688	£669

### Fuel benefit – cars

For 2022/23 the benefit is £25,300 (£24,600 2021/22) multiplied by the relevant percentage as shown over page (plus 4% diesel supplement where applicable but capped at 37%).

## EMPLOYEE BENEFITS

### Company cars

The car benefit is calculated by multiplying the list price of the car when new (not the purchase price) by a percentage that is dependent on the level of approved CO<sub>2</sub> emissions of the car.

CO <sub>2</sub> emissions in g/km	Electric range (miles)	% of car's list price to be taxed in 2022/23	% of car's list price to be taxed in 2021/22*	CO <sub>2</sub> emissions in g/km	% of car's list price to be taxed in 2022/23	% of car's list price to be taxed in 2021/22*
0	N/A	2	1	95-99	24	24
1-50	>130	2	2	100-104	25	25
1-50	70-129	5	5	105-109	26	26
1-50	40-69	8	8	110-114	27	27
1-50	30-39	12	12	115-119	28	28
1-50	<30	14	14	120-124	29	29
51-54		15	15	125-129	30	30
55-59		16	16	130-134	31	31
60-64		17	17	135-139	32	32
65-69		18	18	140-144	33	33
70-74		19	19	145-149	34	34
75-79		20	20	150-154	35	35
80-84		21	21	155-159	36	36
85-89		22	22	160+	37	37
90-94		23	23			

This percentage is increased by 4% for cars propelled solely by diesel that do not meet the Real Driving Emissions Step 2 (RDE2) standards but subject to an overall cap at 37%.

\* For cars registered on or after 6 April 2020, the appropriate percentage will be 1% lower than the above rates in 2021/22 (other than for zero emissions which will be retained at 1%). A rate of 36% will apply for emissions of 160-164g/km and capped at 37% for emissions of over 165g/km in 2021/22.

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## **APPROVED MILEAGE RATES**

45p per mile for the first 10,000 miles and 25p for additional mileage above that limit. Employers can also pay up to 5p per mile for each employee who travels as a passenger on a business journey.

HMRC's approved 'tax-free' business mileage rates for employees using company cars are reviewed quarterly, with any changes taking effect from 1 March, 1 June, 1 September and 1 December. The rates are the maximum amount that can be paid without a charge to tax and NIC for business miles. If an employee receives less than these rates, then they can claim tax relief on the difference. For fully electric cars, the approved rate is 5p per mile.

The current rates can be found at:

[www.hmrc.gov.uk/cars/advisory\\_fuel\\_current.htm](http://www.hmrc.gov.uk/cars/advisory_fuel_current.htm)

## NATIONAL INSURANCE CONTRIBUTIONS

Class 1 - Employers and employees	2022/23	2021/22	
Lower earnings limit (LEL) per week	£123	£120	
Primary threshold per week	£190	£184	
Secondary threshold per week	£175	£170	
Upper earnings limit (UEL) per week	£967	£967	
Earnings over the LEL qualify an individual for certain state benefits and must be reported under PAYE, but no employee's NICs are payable until earnings exceed the primary threshold of £190 per week (£9,880 per annum) and employer's NICs once earnings exceed the secondary threshold of £175 per week (£9,100 per annum).			
Class 1 – Employer's	- Rate above secondary threshold (no upper limit)	15.05%	13.8%
Class 1 – Employee's	- Rate between primary threshold and UEL	13.25%	12%
	- Rate above UEL	3.25%	2%
	- Married women and widows rate above threshold, below UEL (3.25%/2% above respectively)	7.1%	5.85%
Class 1A (taxable benefits)		15.05%	13.8%
Class 1B (PAYE settlement agreement)		15.05%	13.8%
Class 2 (self-employed)	- Small profits threshold	£6,725	£6,515
	- Flat rate per week	£3.15	£3.05
Class 3 (voluntary)	- Flat rate per week	£15.85	£15.40
Class 4 (self-employed)	- Lower limit	£9,880	£9,568
	- Upper limit	£50,270	£50,270
	- Rate between limits	10.25%	9%
	- Rate above upper limit	3.25%	2%
Employment allowance (per employer)*	£4,000	£4,000	

For 2022/23 only Class 1 and Class 4 NIC rates have been temporarily increased by 1.25%. From 2023/24 the rates will revert and a separate Health and Social Care Levy will be introduced.

\* Businesses will not qualify for the Employment Allowance where they are sole director companies or have an employer's Class 1 NIC bill of more than £100,000 in the previous tax year.

# INDIRECT TAX

## VAT

	2022/23	2021/22
Standard rate	20%	20%*
Reduced rate	5%	5%
Registration threshold	£85,000	£85,000
Deregistration threshold	£83,000	£83,000
Cash accounting entry limit	£1,350,000	£1,350,000
Cash accounting exit limit	£1,600,000	£1,600,000
Annual VAT returns entry limit	£1,350,000	£1,350,000
Annual VAT returns exit limit	£1,600,000	£1,600,000
Flat rate scheme taxable turnover entry limit	£150,000	£150,000
Flat rate scheme total business income exit limit	£230,000	£230,000

\* A temporary reduced rate of VAT of 5% applied to certain supplies within the hospitality and tourism sector until 30 September 2021 and 12.5% from 1 October 2021 to 31 March 2022.

## LAND TRANSACTION TAXES

Residential property*# - England & NI**	SDLT rate
Up to £125,000	Zero
Over £125,000 to £250,000	2%
Over £250,000 to £925,000	5%
Over £925,000 to £1,500,000	10%
Over £1,500,000	12%

Qualifying purchases in freeport tax sites will be eligible for full SDLT relief.

## LAND TRANSACTION TAXES

Residential property** - Scotland	LBTT rate
Up to £145,000	Zero
Over £145,000 to £250,000	2%
Over £250,000 to £325,000	5%
Over £325,000 to £750,000	10%
Over £750,000	12%

Residential property** - Wales	LTT rate
Up to £180,000	Zero
Over £180,000 to £250,000	3.5%
Over £250,000 to £400,000	5%
Over £400,000 to £750,000	7.5%
Over £750,000 to £1,500,000	10%
Over £1,500,000	12%

\* 3% supplement (4% for LBTT) applies to the above rates for additional residential property purchases or purchases by a non-natural person. From 1 April 2021, a further 2% SDLT surcharge also applies on residential property acquired by non-UK residents.

\*\* Residential properties in England and Northern Ireland purchased by a non-natural person (e.g. company) in excess of £500,000 are subject to a 15% rate on the entire consideration, subject to certain exemptions.

# First time buyers purchasing a UK residential property (excluding Scotland) worth less than £300,000 are exempt from SDLT/LTT. First time purchases with a value of between £300,000 and £500,000 will pay SDLT/LTT at a rate of 5% on the amount in excess of £300,000. No relief is available for purchases above £500,000. In Scotland, first time buyer relief from LBTT is available on the first £175,000 of the property purchase.

Non-residential or mixed use property	England & NI (SDLT)	Scotland (LBTT)	Wales (LTT)
Up to £150,000	Zero	Zero	Zero
Over £150,000 to £225,000	2%	1%	Zero
Over £225,000 to £250,000	2%	1%	1%
Over £250,000 to £1,000,000	5%	5%	5%
Over £1,000,000	5%	5%	6%

## LAND TRANSACTION TAXES

Residential leases*	SDLT rate
Up to £125,000	Zero
Over £125,000	1%

\* Based on net present value of rents. Nil in Wales and generally exempt in Scotland.

Non-residential/ mixed-use leases*	England & NI (SDLT)	Scotland (LBTT)	Wales (LTT)
Up to £150,000	Zero	Zero	Zero
Over £150,000 to £2,000,000	1%	1%	1%
Over £2,000,000 to £5,000,000	1%	2%	2%
Over £5,000,000	2%	2%	2%

\* Based on net present value of rents.

## STAMP DUTY

Other	SD rate
Share purchases over £1,000	0.5%*

\* Rounded up to the nearest £5.

## ANNUAL TAX ON ENVELOPED DWELLINGS

The filing date for ATED returns and payment is 30 April 2022 for properties in the charge to tax on 1 April 2022.

Property value (£)	1 April 2022 – 31 March 2023 ATED charge	1 April 2021 – 31 March 2022 ATED charge
500,001 – 1,000,000	£3,800	£3,700
1,000,001 – 2,000,000	£7,700	£7,500
2,000,001 – 5,000,000	£26,050	£25,300
5,000,001 – 10,000,000	£60,900	£59,100
10,000,001 – 20,000,000	£122,250	£118,600
20,000,001 +	£244,750	£237,400

# PROPOSED CHANGES 2023/24

## CORPORATION TAX

The main rate of corporation tax is set to increase to 25% from April 2023 applying to profits over £250,000. A small profits rate of 19% will apply to companies with profits of £50,000 or less. Marginal relief will apply to companies with profits of between £50,000 and £250,000, with an effective marginal rate of tax of 26.5%.

## CAPITAL ALLOWANCES

The Annual Investment Allowance (AIA) will decrease from £1 million to £200,000 from 1 April 2023. For accounting periods which straddle 1 April 2023, transitional arrangements will apply and should be checked as to the maximum amount of AIA that can be claimed.

The super-deduction and 50% first year allowances for integral features will also be repealed on 31 March 2023. For accounting periods which straddle 1 April 2023, there will be an apportionment of the relevant super-deduction percentage that applies to expenditure incurred in the period prior to that date.

## HEALTH AND SOCIAL CARE LEVY

From April 2023, the 2022/23 NIC rates will be reduced back down to 2021/22 levels and a new and separate 1.25% health and social care levy will be introduced. Individuals above state pension age, who are not currently required to pay national insurance contributions, will be subject to the new levy. The levy will be due on earnings above the primary threshold for employees and above the lower profits limit for the self-employed.





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