

insight
financial associates

TAX FACTS

2022/2023

Tax is complicated,
so you need the facts



INCOME TAX RATES

Non-savings, non-dividend income – England, Wales, NI

2021/22	Band	2022/23	Band
Basic rate: 20%	£0 – £37,700	Basic rate: 20%	£0 – £37,700
Higher rate: 40%	£37,700 – £150,000	Higher rate: 40%	£37,700 – £150,000
Additional rate: 45%	Over £150,000	Additional rate: 45%	Over £150,000

Non-savings, non-dividend income – Scotland

2021/22	Band	2022/23	Band
Starter rate: 19%	£0 – £2,097	Starter rate: 19%	TBA
Basic rate: 20%	£2,098 – £12,726	Basic rate: 20%	TBA
Intermediate rate: 21%	£12,727 – £31,092	Intermediate rate: 21%	TBA
Higher rate: 41%	£31,093 – £150,000	Higher rate: 41%	TBA
Top rate: 46%	Over £150,000	Top rate: 46%	TBA

Savings and dividend income – UK

	2021/22	2022/23
Savings income – basic rate	20%*	20%*
Savings income – higher rate	40%	40%
Savings income – additional rate	45%	45%
Dividends – basic rate	7.5%	7.5%
Dividends – higher rate	32.5%	32.5%
Dividends – additional rate	38.1%	38.1%

*0% starting rate on up to £5,000 of savings income for 2021/22 and 2022/23. Not available if non-savings/non-dividend income exceeds this limit.

Trusts Standard Rate Band £1,000

INCOME TAX ALLOWANCES – UK

Allowances		2021/22	2022/23
Personal allowance (PA)*		£12,570	£12,570
Married couple's allowance ø	Spouse/civil partner born before 6.4.1935	£9,125	£9,415
Minimum MCA		£3,530	£3,640
Blind person's allowance		£2,520	£2,600
Marriage allowance**		£1,260	£1,260
PA income limit		£100,000	£100,000
MCA income limit		£28,900	£29,600
Dividend allowance		£2,000	£2,000
Personal savings allowance	Basic rate tax taxpayers	£1,000	£1,000
	Higher rate taxpayers	£500	£500

* PA reduces by £1 for every £2 adjusted net income exceeds PA income limit.

ø MCA relief at 10% if at least one spouse/civil partner born before 6.4.1935. Reduces by £1 for every £2 adjusted net income exceeds MCA income limit, but not below minimum.

** One spouse/civil partner can transfer up to 10% of their PA to the other, provided neither is liable to tax above the basic rate.

COMPANY CAR BENEFIT

The tax charge is calculated as a percentage – ranging from 13% to 37% for 2021/22 and 16% to 37% for 2022/23 – which is determined by the CO2 emissions figure for the car. For diesel cars that do not meet the RDE2 standard, add 4% to petrol figures up to a maximum of 37%.

CAR FUEL BENEFIT

The tax charge is calculated using the same percentage as the company car charge (as above) applied to a set figure of £24,600 for 2021/22 and £25,300 for 2022/23.

VALUE ADDED TAX

	From 1.4.2020	From 1.4.2021
Standard rate	20%	20%
Registration level	£85,000	£85,000
De-registration level	£83,000	£83,000

CORPORATION TAX

	Year to 31.3.2022	Year to 31.3.2023
All taxable profits	19%	19%

CAPITAL GAINS TAX

Exemptions	2021/22	2022/23
Individuals & LPRs*	£12,300	£12,300
Trusts	£6,150	£6,150

*Legal personal representatives (LPRs) are entitled to the annual exemption in the tax year of death and the next two tax years.

Rates	2021/22	2022/23
Individuals' gains: • within available basic rate tax band • on the balance	10%* 20%*	10%* 20%*
Trustees' & LPRs' gains	20%*	20%*
Entrepreneurs' relief and investors' relief – in each case: • On first £10m lifetime gains • On the balance	10% 10% / 20%*	10% 10% / 20%*
Companies' gains charged at corporation tax rate. Indexation allowance is frozen for disposals from 1st January 2018.		

*18% & 28% rates apply to residential property (not covered by principal private residence relief) and carried interest.

INHERITANCE TAX

Chargeable transfers	2021/22	2022/23
Standard nil-rate band	£325,000	£325,000
Residence nil-rate band (available only on death, subject to conditions)	£175,000	£175,000
Tax on excess value of chargeable transfer on death and lifetime transfers made within 7 years of death	40%	40%
Tax on excess value for chargeable transfers on death where 10% or more of net estate left to charity	36%	36%
Tax on excess value for other chargeable lifetime transfers	20%	20%

Reduced tax charge on gifts within 7 years before death

Years before death	0-3	3-4	4-5	5-6	6-7
% of death charge	100	80	60	40	20

Main exemptions

Gifts to charities (UK, EU & specified countries)	Unlimited	
Gifts between UK domiciled spouses	Unlimited	
Annual	£3,000	
Small gifts to any one person	£250	
Gifts on marriage / civil partnership from:	Parent	£5,000
	Grandparent	£2,500
	Other	£1,000

STAMP DUTY LAND TAX

Residential Property (Not Scotland. Not Wales from 1.4.2019)	2021/22	2022/23
The part of the purchase price falling within: £0-£125,000	0%	0%
£125,001-£250,000	2%	2%
£250,001-£925,000	5%	5%
£925,001-£1,500,000	10%	10%
Over £1,500,000	12%	12%

From 1.4.2016, a 3% surcharge applies to additional residential properties worth £40,000 or more.

From 22.11.2017, eligible first time buyers pay 0% SDLT on first £300,000 of purchase price and 5% on £301,000 to £500,000. Normal rates apply to properties worth more than £500,000.

SDLT is charged at 15% on properties worth over £500,000 purchased in corporate envelopes.

LAND & BUILDINGS TRANSACTION TAX

Land & Buildings Transaction Tax applies in Scotland.

For more information including rates and bands see:

www.revenue.scot/land-buildings-transaction-tax/guidance

LAND TRANSACTION TAX

Land Transaction Tax applies in Wales.

For more information including rates and bands see:

<https://beta.gov.wales/land-transaction-tax-guide>

MAIN DUE DATES FOR TAX PAYMENT

Income Tax

- Interim payments: 31st January during the tax year and 31st July following the end of the tax year.
- Final payment: 31st January following the end of the tax year.

Capital Gains Tax

Normally, 31st January following the end of the tax year.

Inheritance Tax

- Death: Normally 6 months after the month of death.
- Lifetime transfer: 6 months after the month of the transfer.

Corporation Tax

Taxable profits

- up to £1.5 million: 9 months and 1 day after the end of the accounting period.

Taxable profits

of more than

£1.5 million:

14th day of months 7, 10, 13 and 16 after the start of a 12 month accounting period.

KEY BENEFITS

		2021/22	2022/23
Child Benefit p.w.*	First child	£20.70	£21.05
	Other children	£13.70	£13.95
Pension Credit – Standard Minimum Income Guarantee p.w.	Single person	£167.25	£173.75
	Couple	£255.25	£265.20
Jobseeker's Allowance p.w. age 25 and over		Up to £73.10 for single person	Up to £74.35 for single person
State Pension p.w. (reached SPA by 5.4.2016)		£129.20	£134.25
Addition for spouse or civil partner p.w.		£77.45	£80.45
New State Pension p.w. (reached SPA from 6.4.2016)		£168.60	£175.20

*Child benefit is reduced by 1% for every £100 of income over £50,000 where the recipient or their spouse/civil partner/cohabitee has adjusted net income over £50,000.

NATIONAL INSURANCE CONTRIBUTIONS

Class 1 Employees (Primary)

2021/22 Earnings p.w.	Employee	2022/23 Earnings p.w.	Employee
Below £162	Nil	Below £166	Nil
£162 – £892	12%	£166 – £962	12%
Over £892	2%	Over £962	2%

Class 1 Employers (Secondary)

2021/22 Earnings p.w.	Employer	2022/23 Earnings p.w.	Employer
Below £162	Nil	Below £166	Nil
£162 – £892 (U21s / apprentice U25s)	Nil	£166 – £962 (U21s / apprentice U25s)	Nil
Over £162 (otherwise)	13.8%	Over £166 (otherwise)	13.8%

Class 1A: Generally the employer rate on all benefits in kind is 13.8% for 2021/22 and 2022/23.

Employment Allowance reduces overall employer class 1 NICs by up to £3,000 for 2021/22 and 2022/23, subject to conditions.

Voluntary

		2021/22	2022/23
Class 3	Flat rate =	£14.65 p.w. £761.80 p.a.	£15 p.w. £780 p.a.

Self Employed

		2021/22	2022/23
Class 2	Flat rate = If profits over No compulsory NICs if profits do not exceed	£2.95 p.w. £153.40 p.a. £6,205 p.a.	£3.00 p.w. £156 p.a. £6,365 p.a.
Class 4	Flat rate = if profits over	9% £8,424 – £46,350	9% £8,632 – £50,000
Class 4	Flat rate = if profits over	2% Over £46,350	2% Over £50,000

PENSIONS – MAXIMUM CONTRIBUTIONS LIMIT

The maximum amount of contributions on which a member can claim tax relief in any tax year is the greater of:

- the 'basic amount' – currently £3,600 gross, and
- the amount of the individual's relevant UK earnings that are chargeable to income tax for the year.

LIFETIME ALLOWANCE

Tax Year	Amount
2016/17 to 2017/18	£1,000,000
2018/19	£1,030,000
2019/20	£1,055,000
2020/21 to 2022/23	£1,073,100

Lifetime Allowance Charge: 55% on excess paid as a lump sum and 25% on excess designated for drawdown, annuity or scheme pension.

ANNUAL ALLOWANCE

Tax Year	AA Amount	MPAA Amount
2016/17	£40,000*	£10,000*
2017/18 to 2020/21 to 2022/23	£40,000#	£10,000

Annual Allowance Charge: marginal income tax rate on excess.

Carry forward of up to 3 years unused annual allowance available.

Money Purchase Annual Allowance (MPAA): applies with no carry forward to money purchase pensions once flexible pension income taken from 2015/16.

* Tapered annual allowance: from 2016/17 to 2019/2020, tapered by £1 for every £2 of 'adjusted income' over £150,000 to a minimum of £10,000 if 'threshold income' is also over £110,000.

In 2020/21, tapered on the same basis if adjusted income over £240,000 and threshold income over £200,000 to a minimum of £4,000, subject to threshold income being over £200,000.

ISA LIMITS

	Overall Limit
ISA 2021/22*	£20,000
ISA 2022/23*	£20,000
Junior ISA / Child Trust Fund 2018/19	£4,368
Junior ISA / Child Trust Fund 2019/20	£9,000

* Eligible savers can contribute up to £4,000 of the overall ISA limit to a Lifetime ISA.

Since 6.4.2015, the spouse/civil partner of deceased ISA saver (who died on/after 3.12.2014) has an additional ISA allowance equal to the value of the deceased's ISA(s) at the date of death.

This information is based on our understanding of the Chancellor's 11th March 2021 Spring Budget proposals, and the Scottish Budget set 4th March 2021.

It must be remembered that these proposals could change.

Every care has been taken to ensure that this information is correct and in accordance with our understanding of the law and HM Revenue & Customs practice, which may change. However, independent confirmation should be obtained before acting or refraining from acting in reliance upon the information given.



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