



martin aitken

accounting | tax | finance

Tax Rates

2021/22

## INCOME TAX

---

<b>Main personal allowances and reliefs</b>	<b>21/22</b>	<b>20/21</b>
Personal allowance*	£12,570	£12,500
Marriage/civil partner's transferable allowance	£1,260	£1,250
Married couple's/civil partner's allowance at 10% <sup>†</sup> (if at least one born before 6/4/35) – maximum	£9,125	£9,075
– minimum	£3,530	£3,510
Blind person's allowance	£2,520	£2,500
Rent-a-room relief	£7,500	£7,500
Property allowance and trading allowance (each)	£1,000	£1,000

\*Personal allowance reduced by £1 for every £2 of adjusted net income over £100,000

†Married couple's/civil partner's allowance reduced by £1 for every £2 of adjusted net income over £30,400 (£30,200 for 20/21), until minimum reached

<b>UK taxpayers excluding Scottish taxpayers' non-dividend, non-savings income</b>	<b>21/22</b>	<b>20/21</b>
20% basic rate on first slice of taxable income up to	£37,700	£37,500
40% higher rate on next slice of taxable income over	£37,700	£37,500
45% additional rate on taxable income over	£150,000	£150,000

### **Scottish taxpayers – non-dividend, non-savings income**

19% starter rate on taxable income up to	£2,097	£2,085
20% basic rate on next slice up to	£12,726	£12,658
21% intermediate rate on next slice up to	£31,092	£30,930
41% higher rate on next slice up to	£150,000	£150,000
46% top rate on income over	£150,000	£150,000

### **All UK taxpayers**

Starting rate at 0% on band of savings income up to**	£5,000	£5,000	
Personal savings allowance at 0%:			
Basic rate	£1,000	£1,000	
Higher rate	£500	£500	
Additional rate	£0	£0	
Dividend allowance at 0%:	All individuals	£2,000	£2,000
Tax rates on dividend income:			
Basic rate	7.5%	7.5%	
Higher rate	32.5%	32.5%	
Additional rate	38.1%	38.1%	
Trusts: Standard rate band generally	£1,000	£1,000	
Rate applicable to trusts:			
Dividends	38.1%	38.1%	
Other income	45%	45%	

\*\*Not available if taxable non-savings income exceeds the starting rate band

**High Income Child Benefit Charge**, 1% of benefit per £100 of adjusted net income between £50,000 – £60,000

## REGISTERED PENSIONS

---

	<b>21/22</b>	<b>20/21</b>
Lifetime allowance	£1,073,100	£1,073,100
Money purchase annual allowance	£4,000	£4,000
Annual allowance*	£40,000	£40,000
Annual allowance charge on excess is at applicable tax rate(s) on earnings		
Lifetime allowance charge if excess is drawn as cash 55%; as income 25%		
Pension commencement lump sum up to 25% of pension benefit value		

\*Reduced by £1 for every £2 of adjusted income over £240,000 to a minimum of £4,000, subject to threshold income being over £200,000

## STATE PENSIONS

New state pension – where state pension age reached after 5/4/16	<b>Annual</b> £9,339.20	<b>Weekly</b> £179.60
Basic state pension – single person*	£7,155.20	£137.60
Basic state pension – spouse/civil partner*	£4,287.40	£82.45

\*State pension age reached before 6/4/16

## TAX INCENTIVISED INVESTMENT

<b>Total Individual Savings Account (ISA) limit excluding Junior ISAs (JISAs)</b>	<b>21/22</b> £20,000	<b>20/21</b> £20,000
Lifetime ISA	£4,000	£4,000
JISA and Child Trust Fund	£9,000	£9,000
<b>Venture Capital Trust (VCT) at 30%</b>	£200,000	£200,000
<b>Enterprise Investment Scheme (EIS) at 30%*</b>	£2,000,000	£2,000,000
EIS eligible for CGT deferral relief	No limit	No limit
<b>Seed EIS (SEIS) at 50%</b>	£100,000	£100,000
SEIS CGT reinvestment relief	50%	50%

\*Above £1,000,000 investment must be in knowledge-intensive companies

## NATIONAL INSURANCE CONTRIBUTIONS

<b>Class 1</b>	<b>Employee</b>	<b>Employer</b>
NICs rate	12%	13.8%
No NICs for employees generally on the first	£184 pw	£170 pw
No NICs for younger/veteran employees* on the first	£184 pw	£967 pw
NICs rate charged up to	£967 pw	No limit
2% NICs on earnings over	£967 pw	N/A

### Employment Allowance

Per business – not available if sole employee is a director or employer's NICs for 20/21 £100,000 or more

<b>Limits and Thresholds</b>	<b>Weekly</b>	<b>Monthly</b>	<b>Annual</b>
Lower earnings limit	£120	£520	£6,240
Primary threshold	£184	£797	£9,568
Secondary threshold	£170	£737	£8,840
Upper earnings limit (and upper secondary thresholds*)	£967	£4,189	£50,270

\*Employees generally under 21 years and apprentices under 25 years. Veterans in first 12 months of civilian employment from April 2021

**Class 1A Employer** On car and fuel benefits and most other

taxable benefits provided to employees and directors 13.8%

**Class 2 Self-employed** Flat rate per week £3.05 (£158.60 pa)

### Small profits threshold

No compulsory NICs if annual profits less than £6,515

**Class 4 Self-employed** On annual profits of £9,568 to £50,270: 9%  
Over £50,270: 2%

**Class 3** Voluntary flat rate per week £15.40 (£800.80 pa)

## CAPITAL GAINS TAX

<b>Tax Rates – Individuals</b>	<b>21/22</b>	<b>20/21</b>
Below UK higher rate income tax band	10%	10%
Within UK higher and additional rate income tax bands	20%	20%
<b>Tax Rate – Trusts and Estates</b>	20%	20%
<b>Surcharge</b> for residential property and carried interest	8%	8%

### Exemptions

Annual exempt amount: Individuals, estates, etc £12,300 £12,300  
Trusts generally £6,150 £6,150

**Chattels** gain limited to 5/3rds of proceeds exceeding £6,000 £6,000

### Business Asset Disposal Relief

10% on lifetime limit of £1,000,000

For trading businesses and companies (minimum 5% participation) held for at least 2 years

## INHERITANCE TAX

	21/22	20/21
Nil-rate band*	£325,000	£325,000
Residence nil-rate band*†	£175,000	£175,000
Rate of tax on excess	40%	40%
Rate if at least 10% of net estate left to charity	36%	36%
Lifetime transfers to and from certain trusts	20%	20%
Overseas domiciled spouse/civil partner exemption	£325,000	£325,000
100% relief: businesses, unlisted/AIM companies, certain farmland/buildings		
50% relief: certain other business assets e.g. farmland let before 1/9/95		
Annual exempt gifts of:	£3,000 per donor	£250 per donee

### Tapered tax charge on lifetime gifts within 7 years of death

Years between gift and death	0-3	3-4	4-5	5-6	6-7
% of death tax charge	100	80	60	40	20

\* Up to 100% of the unused proportion of a deceased spouse's/civil partner's nil-rate band and/or residence nil-rate band can be claimed on the survivor's death

† Estates over £2,000,000: the value of the residence nil-rate band is reduced by 50% of the excess over £2,000,000

## STAMP DUTIES AND PROPERTY TRANSACTION TAXES

**Stamp Duty and SDRT:** Stocks and marketable securities 0.5%

### Additional residential and all corporate residential properties

£40,000 or more – add 3% to SDLT rates and 4% to LBTT and LTT rates

### England & N Ireland – Stamp Duty Land Tax (SDLT) on slices of value

Residential property	%	Commercial property	%
Up to £125,000*	0	Up to £150,000	0
£125,001*–£250,000*	2	£150,001–£250,000	2
£250,001*–£925,000	5	Over £250,000	5
£925,001–£1,500,000	10		
Over £1,500,000	12		

\*0% on slice up to £500,000 (8/7/20–30/6/21) and £250,000 (1/7/21–30/9/21)

**First time buyers:** 0% on first £300,000 for properties up to £500,000

**Non-resident purchasers:** 2% surcharge on properties £40,000 or more

**Residential properties** bought by companies etc over £500,000: 15% of total consideration, subject to certain exemptions

### Scotland – Land and Buildings Transaction Tax (LBTT) on slices of value

Residential property	%	Commercial property	%
Up to £145,000*	0	Up to £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		

\*Any changes to 0% to be confirmed

**First time buyers:** 0% on the first £175,000

### Wales – Land Transaction Tax (LTT) on slices of value

Residential property	%	Commercial property	%
Up to £180,000*	0	Up to £225,000	0
£180,001–£250,000	3.5	£225,001–£250,000	1
£250,001–£400,000	5	£250,001–£1,000,000	5
£400,001–£750,000	7.5	Over £1,000,000	6
£750,001–£1,500,000	10		
Over £1,500,000	12		

\*Any changes to 0% to be confirmed

## CORPORATION TAX

	Profits	Diverted profits	Loans to participators
Years to 31/3/22 and 31/3/21	19%	25%	32.5%

## VALUE ADDED TAX

Standard rate	20%	Domestic fuel	5%
Reduced rate on hospitality, holiday accommodation and attractions:			
15/7/20 – 30/9/21:	5%	1/10/21 – 31/3/22:	12½%
Since 1/4/17: Registration level	£85,000	Deregistration	£83,000
Flat rate scheme turnover limit			£150,000
Cash and annual accounting schemes turnover limit			£1,350,000

## CAR BENEFITS

Taxable amount based on original list price and CO<sub>2</sub> emissions in g/km.

**Zero emission cars** 1%

**Petrol and diesel hybrids** with CO<sub>2</sub> emissions 1–50g/km

**Range – electric-only miles** < 30 30–39 40–69 70–129 130+

Registered pre-6/4/20 (NEDC) 14% 12% 8% 5% 2%

Registered post-5/4/20 (WLTP) 13% 11% 7% 4% 1%

**All non-diesel cars over 50g/km CO<sub>2</sub>** 51–54 55 & over

Registered pre-6/4/20 (NEDC) 15% 16%\* –37%

Registered post-5/4/20 (WLTP) 14% 15%\* –37%

\*Increased for every extra 5g/km by 1% up to the maximum 37%

**Diesels** not meeting RDE2 standards: add 4%, up to 37% maximum

**Fuel Benefit – taxable amount for private use** 21/22 20/21

CO<sub>2</sub> % charge used for car benefit multiplied by £24,600 £24,500

## VANS – FOR PRIVATE USE

	21/22	20/21
Zero emission: chargeable amount	Nil	£2,792
Other vans: chargeable amount	£3,500	£3,490
Fuel: chargeable amount	£669	£666

## TAX-FREE BUSINESS MILEAGE ALLOWANCE – OWN VEHICLE

Cars and vans first 10,000 miles	45p per mile	then 25p per mile
Qualifying passenger	5p per mile	
Motorcycles	24p per mile	Bicycles 20p per mile

## MAIN CAPITAL AND OTHER ALLOWANCES

Plant and machinery (P&M) 100% annual investment allowance	
(1st year): 1/1/19 – 31/12/21	£1,000,000
From 1/1/22	£200,000
P&M super-deduction first year allowance (FYA) for companies	
from 1/4/21	130%
Special rate P&M FYA for companies from 1/4/21	50%
Plant and machinery*	18%
Patent rights and know-how*	25%
Certain long-life assets and integral features of buildings*	6%
Structures and buildings (straight line)	3%
Electric charge points	100%

### Motor Cars

CO <sub>2</sub> emissions of g/km:	0 <sup>†</sup>	1–50	Over 50
Capital allowance:	100% first year	18% pa*	6% pa*

\*Annual reducing balance

†New cars only

### Research and Development

Capital expenditure	100%
Revenue expenditure relief – small/medium-sized companies	230%
Research and development expenditure credit – large companies	13%

© Copyright 3 March 2021

Subject to relevant legislation

For information only

Always seek professional advice before acting

**martin aitken**

accounting | tax | finance

**martin aitken**

financial services

**maco**

ACCOUNTING + FD SERVICES

**caledonian**

accounting + payroll services

**stranville john**

accounting + business services

Caledonia House  
89 Seaward Street, Glasgow G41 1HJ  
T. 0141 272 0000 E. ca@maco.co.uk  
[www.maco.co.uk](http://www.maco.co.uk)

Martin Aitken is the trading name of Martin Aitken & Co Ltd. Chartered Accountants. Registered in Scotland No. SC225765. VAT Registration No. 190882871. Registered to carry on audit work and regulated for a range of investment business activities by the Institute of Chartered Accountants of Scotland. The Martin Aitken Group consists of Martin Aitken & Co Ltd., Martin Aitken Financial Services Limited: Chartered Financial Planners, Caledonian Accounting Services Limited (CASL) and Stranville John which is a trading name of CASL.

All registered in Scotland with registered office as above.