

Tax Rates 2021/2022

McGinty Demack

Accountants and Business Strategists



INCOME TAX RATES

	2021/2022 Rate	2020/2021 Rate	Note
Individuals - UK			
Starting rate	£1 - £5,000 20%	£1 - £5,000 20%	A, D
Basic rate	£5,001 - £37,700 20%	£5,001 - £37,500 20%	B, C, D
Higher rate	£37,701 - £150,000 40%	£37,501 - £150,000 40%	B, D
Additional rate	Over £150,000 45%	Over £150,000 45%	B, D
Scottish Income Tax			
Starter rate	£1 - £2,097 19%	£1 - £2,085 19%	D
Basic rate	£2,098 - £12,726 20%	£2,086 - £12,658 20%	C, D
Intermediate rate	£12,727 - £31,092 21%	£12,659 - £30,930 21%	D
Higher rate	£31,093 - £150,000 41%	£30,931 - £150,000 41%	D
Top/ Additional rate	Over £150,000 46%	Over £150,000 46%	D
Trusts			
Standard rate	£1 - £1,000 20%	£1 - £1,000 20%	B
Trust rate	Over £1,000 45%	Over £1,000 45%	B

A Rate on non dividend savings income up to £5,000 is 0% where taxable non savings income does not exceed £5,000.

B A dividend allowance effectively taxes the first £2,000 dividends received at 0%. Dividends above this limit are taxed at 7.5% for basic and standard rate taxpayers, 32.5% for higher rate taxpayers and 38.1% for additional and trust rate taxpayers.

C Basic rate band increased by gross Gift Aid donations and most personal pension contributions.

D Scottish income tax and rate bands apply to earned, pensions and property income of Scottish taxpayers. UK income tax rates and bands apply for other income, including savings and dividend income of Scottish taxpayers. The Welsh Government also has the right to set the Welsh rate of income tax that applies to earned, pension and property income of Welsh taxpayers in addition to the UK rates after reducing those rates by 10%. The Welsh Government has set the Welsh rate on income tax at 10% for both 2020/21 and 2021/22, leaving the combined UK plus Welsh rates the same as those applying in England and Northern Ireland.

INCOME TAX ALLOWANCES

	2021/22	2020/21	Note
Basic personal allow-	£12,570	£12,500	A, B
Married/civil partners	£9,125	£9,075	B, C
Minimum married/civil partners allowance	£3,530	£3,510	B, C
Married/civil partners transferable allowance	£1,260	£1,250	B
Income limit for married/civil partners allowance	£30,400	£30,200	
Blind persons allowance	£2,520	£2,500	
Rent a room relief limit	£7,500	£7,500	
Savings allowance	£1,000	£1,000	D
Trading income allow-	£1,000	£1,000	E
Property income allow-	£1,000	£1,000	E

A Reduced by £1 for every £2 of income over £100,000.

B Non residents may not be entitled to personal allowances, in certain circumstances.

C Available to persons born before 6 April 1935. Relief limited to 10%. Reduced to minimum allowance by £1 for every £2 over income limit. Minimum allowance reduced by £1 for every £2 income over £100,000 after applying personal allowance reduction.

D £500 for higher rate and £nil for additional rate taxpayers.

E If gross income in excess of £1,000, a deduction of £1,000 instead of actual expenses is permitted.

Note: High income child benefit charge: 1% of the benefit per £100 of adjusted net income over £50,000: 100% of the benefit when adjusted net income is over £60,000.

PENSION CONTRIBUTIONS

	2021/22	2020/21	Note
Annual allowance	£40,000	£40,000	A
Lifetime allowance	£1,073,100	£1,073,100	

A Up to the lower of 100% of earnings or the maximum contribution. Maximum contribution is the annual allowance plus unutilised allowances from the three previous tax years. Up to £3,600 may be contributed irrespective of earnings. Annual allowance reduced by £1 for every £2 income over £240,000 (2020/21 £150,000) to a minimum of £4,000 (2020/21 £10,000), and to £4,000 maximum if certain pension drawings made.

CAPITAL GAINS TAX

	2021/22	2020/21	Note
Annual exemption			
Individuals	£12,300	£12,000	
Trusts	£6,150	£6,000	
Entrepreneurs' relief lifetime allowance	£1m	£10m	A
Investors' relief lifetime allowance	£10m	£10m	
Individuals and trusts			
Basic and starting rate taxpayers	10%	10%	B
Higher and additional rate taxpayers	20%	20%	B
Trusts and personal representatives	20%	20%	B
Rate where entrepreneurs'/ investors' relief applies	10%	10%	

A Reduced from £10m with effect from 11 March 2020.

B Gains on carried interest and chargeable residential property - 8% surcharge.

Note: Non UK residents subject to capital gains tax (or corporation tax for companies) on sale of UK residential property and certain disposals of interests in UK property rich entities.

Note: Certain disposals of UK land and buildings by non residents must be reported and the tax paid to HMRC within 30 days of sale. Similar rules apply for disposals of residential property by UK residents from 6 April 2020.

INHERITANCE TAX

	2021/22	2020/21	Note
Nil rate band (NRB) £10%		0%	A
Over £325,000	40%	40%	B, C
Main exemptions		Gifts on marriage or civil partnership	
Annual gifts per donor	£3,000	Parent	£5,000
Small gifts per donee	£250	Grandparent/ remoter ancestor	£2,500
Normal expenditure out of income	Exempt	Other	£1,000

A Additional residence nil rate band (RNRB) of £175,000 (2020/21 £325,000) for transfers of a main residence to direct descendants. NRB and RNRB for estate of surviving spouse are increased by unutilised percentage of NRB and RNRB of predeceased spouse. RNRB tapers away for estates over £2m.

B Some lifetime gifts are taxed at 20%.

C Tax rate reduced to 36% where 10% or more of net chargeable estate is left to charity.

NON DOMICILED REMITTANCE BASIS USERS

	2021/22	2020/21
Personal allowance	Nil	Nil
Capital gains tax annual exemp-	Nil	Nil
Remittance basis charge		
Unremitted income less than	Nil	Nil
Resident in at least 7 of the previ-	£30,000	£30,000
Resident in at least 12 of the pre- vious 14 tax years	£60,000	£60,000

Note: Certain returning former UK domiciled individuals, and non domiciled individuals who have been resident in the UK in at least 15 of the previous 20 tax years, are treated as if UK domiciled for income tax, capital gains tax and inheritance tax purposes

NATIONAL INSURANCE CONTRIBUTIONS

Class 1		Employee	
Earnings per week	Rate payable	Earnings per week	Rate payable
£0.01 - £169.00	Nil	£0.01 - £183.00	Nil
Over £169.00	13.8%	£183.01 - £962.00	12%
		Over £962.00	2%
Class 1A and 1B (employers)			
	13.8%		
Class 2 (self employed)	£3.05 per week (small profits threshold £6,475)		
Class 3 (voluntary)	£15.40 per week		
Class 4 (self-employed)	Profits up to £9,568		0%
	Profits from £9,568 to £50,270		9%
	Profits above £50,000 per annum		2%

The first £4,000 (2020/21 £4,000) of employer's liability relieved by the employment allowance. From 6 April 2020, the employment allowance will only apply to companies with an NIC bill of less than £100,000. No employers NIC for employees aged under 21 (and apprentices up to age 25) on earnings up to £962 per week (the upper earnings limit).

Apprenticeship Levy at 0.5% payable on annual pay bills in excess of £3m, net of £15,000 annual allowance.

INDIVIDUAL SAVINGS ACCOUNTS

Maximum annual investment	2021/22	2020/21
Cash and shares combined limit	£20,000	£20,000
Lifetime ISA	£4,000	£4,000
Junior ISA	£9,000	£9,000

Note: Help To Buy ISA - scheme closed to new accounts from 30 November 2019. Deposits of up to £200 per month eligible for existing accounts.

TAX EFFICIENT SAVINGS AND INVESTMENTS

Maximum annual investment	2021/22	2020/21	Note
Seed enterprise investment scheme (SEIS)	£100,000	£100,000	A,E
Venture capital trusts (VCTs)	£200,000	£200,000	B
Enterprise investment scheme (EIS)	£1m	£1m	B, C, D
Social investment tax relief	£1m	£1m	B

A Income tax relief at 50%.

B Income tax relief at 30%.

C Up to £2m for 'knowledge-intensive' companies.

D Capital gains tax deferral on gains reinvested in EIS qualifying investments.

E Capital gains tax exemption on 50% of gains reinvested in SEIS qualifying investments.

PROPERTY STAMP TAXES

Residential	England & NI	Scotland	Wales
Price/premium payable	SDLT	LBTT	LTT
£1 - £125,000	Nil	Nil	Nil
£125,001 - £145,000	2%	Nil	Nil
£145,001 - £180,000	2%	2%	Nil
£180,001 - £250,000	2%	2%	3.5%
£250,001 - £325,000	5%	5%	5%
£325,001 - £400,000	5%	10%	5%
£400,001 - £750,000	5%	10%	7.5%
£750,001 - £925,000	5%	12%	10%
£925,001 - £1.5m	10%	12%	10%
Over £1.5m	12%		

3% supplement (4% for LBTI) to above rates for second properties and all purchases above £40,000 by corporates, discretionary and certain other trustees. Residential properties in England and Northern Ireland purchased by non natural persons (enveloped properties) for more than £500,000 incur a flat 15% SDLT rate unless a relief is available.

First time buyer exemption from SDLT for purchases up to £300,000 and for the first £300,000 of purchases up to £500,000.

First time buyer relief from LBTT for the first £175,000 of relevant property purchases.

From 1 April 2021, a 2% SDLT surcharge will apply on residential property acquired by non UK residents.

RESIDENTIAL LEASES

England and Northern Ireland - 1% on present value of rents above £125,000,
nil in Wales and generally exempt in Scotland

Non residential/ mixed use	England & NI	Scotland	Wales
Price/premium payable	SDLT	LBTT	LTT
£0 - £125,000	Nil	Nil	Nil
£125,000— £250,000	2%		
£500,000 - £925,000	5%	1%	1%
£925,000 - £1.5m	10%	5%	5%
Over £1.5m	12%	5%	6%

Non residential/mixed leases

England and Northern Ireland - 1% on present value of rents £150,001 to £5m, 2% above £5m.

Scotland - 1% on present value of rents £150,001 to £2m, 2% above £2m.

ANNUAL TAX ON ENVELOPED DWELLINGS

Residential proper- ty value	2021/22	2020/21
£500,001 - £1m	£3,700	£3,650
£1m - £2m	£7,500	£7,500
£2m - £5m	£25,300	£25,200
£5m - £10m	£59,100	£58,850
£10m - £20m	£118,600	£118,050
Over £20m	£237,250	£236,250

CORPORATION TAX AND DIVERTED PROFITS TAX

	2021/22	2020/21	Note
Corporation tax	19%	19%	
Loans to par- ticipators	32.5%	32.5%	
Restitution interest pay- ments	45%	45%	A
corporation tax rate			
Diverted prof- its tax	25%	25%	B

A Withheld at source.

B Applies to profits of large entities diverted from the UK as a result of an avoided permanent establishment or transactions which lack economic substance.

PATENT BOX

	2021/22	2020/21	Note
Effective rate of tax on qualifying profits	10%	10%	A

A Nexus based regime operates from 1 July 2016. Previous regime available until 2021 if opt in election made for patents registered by 30 June 2016.

RESEARCH AND DEVELOPMENT TAX RELIEF

	2021/22	2020/21	Note
SME enhanced deduction scheme	130%	130%	A
SME cash credit for R&D loss surrendered	14.5%	14.5%	B
Large company R&D expenditure credit	13%	13%	C

A Additional (enhanced) tax deduction available for qualifying R&D expenditure.

B From 1 April 2021, the payable R&D tax credit in any tax year in excess of £20,000 is restricted to three times the total relevant PAYE income tax and NIC liability for the year.

C Taxable credit available on qualifying R&D expenditure.

CAPITAL ALLOWANCES

	2021/22	2020/21	Note
Plant and machinery	18%	18%	
Annual investment allowance	100%	100%	A
Long life assets and integral features	6%	6%	B
Other assets	18%	18%	B
First year allowances	100%	100%	C
Cars: CO2 emissions (g/km)			
50 or less	100%	100%	E
51 to 110	18%	18%	B, E
Over 110	6%	6%	B, E
Structures and buildings	3%	2%	D

A Maximum annual investment allowance £1m pa from 1 January 2019 to 31 December 2020 (£200,000 pa to 31 December 2018 and from 1 January 2021).

B Reducing balance.

C Available for: research and development (no time limit); enterprise zone (assisted areas) until designated dates between 31 March 2021 and 16 March 2024; brand new low emission cars and gas refuelling stations until 31 March 2025; zero-emission goods vehicles until 31 March 2025/5 April 2025; and electric vehicle charge points until 31 March 2023/5 April 2023 (previously applied for energy saving and environmentally beneficial (water efficient) technologies until 31 March 2020/5 April 2020).

D Expenditure on non residential structures and buildings on construction contracts entered into on or after 29 October 2018.

E From April 2021, the 100% allowance is available for new zero-emission cars; the 18% allowance is available for new cars with emissions between 0g/km and 50g/km; and , the 6% allowance applies for all other newly acquired cars.

VALUE ADDED TAX

	2021/2022	Note
Standard rate	20%	
Reduced rate	5%	
Annual turnover limit for	£85,000	A
Annual cash accounting	£1,350,000	
EC sales list reporting	Nil	B
Intrastat reporting		
Arrivals threshold	£1,500,000	B
Dispatches threshold	£250,000	B

A Taxable turnover is measured by reference to the last 12 months or next 30 days.

B Obligations to submit EC sales lists and intrastate declarations continue to apply following the UK's withdrawal from the EU until, at the earliest, the end of the transition period under the EU withdrawal agreement.

DIGITAL SERVICES TAX

From 1 April 2020, a 2% tax on the revenues of certain digital businesses with global in scope revenues exceeding £500m pa applies to activities comprising search engines, social media platforms, and online market places. The first £25m of in scope UK revenues will not be subject to this charge.

STAMP DUTY

Consideration on shares over £1,000	0.5%
--	------

AUTHORISED MILEAGE RATES

	Per mile
Private cars and	First 10,000 miles 45p
	Additional miles 25p
	Each qualifying 5p
Motor cycle	24p
Cycle	20p

Note: The authorised mileage rates for private cars and vans above are for income tax purposes only. The authorised rate for National Insurance purposes is 45p per mile regardless of annual mileage.

CAR AND FUEL SCALE BENEFITS

Car benefit		Percentage (see below) of list price			
Fuel benefit		£24,600			
		Registration post 5 April 2020		Registration pre 6 April 2020	
CO2 emissions (g/km):	Electric range (miles)	Diesel	Petrol	Diesel	Petrol
Nil			Nil		2%
1 - 50	130 or more	4%	Nil	6%	2%
1 - 50	70 - 129	7%	3%	9%	5%
1 - 50	40 - 69	10%	6%	12%	8%
1 - 50	30 - 39	14%	10%	16%	12%
1 - 50	Less than 30	16%	12%	18%	14%
51 - 54		17%	13%	19%	15%
Each additional 5		Further 1%	Further 1%	Further 1%	Further 1%
Diesel 140 and over/				37%	37%
Petrol 160 and over/					
Diesel 150 and over/					
Petrol 170 and over		37%	37%		



McGinty Demack

Providing professional services in

Accounts

Taxation and VAT

Payroll and Auto enrolment

Management Accounts

Business Start-up

And general business advice

Making Tax Digital

Contact us for assistance



Vermont House
Bradley Lane
Standish
WN6 0XF

t. 01942 322767

f. 01942 824793

E. info@mcgintydemack.co.uk

www.mcgintydemack.co.uk

