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TAXFAX

2022/23





TAXFAX 2022/23

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Allowances & Reliefs

	2022/23	2021/22	Notes
Personal allowance	£12,570	£12,570	i, ii, iii, iv
Blind person's allowance	£2,600	£2,520	
Married/civil partner's allowance			
At least one partner born before 6 April 1935	£9,415	£9,125	ii, v
Minimum married/civil partner's allowance	£3,640	£3,530	ii, v
Savings allowance			
For basic rate taxpayer	£1,000	£1,000	
For higher rate taxpayer	£500	£500	
Dividend allowance	£2,000	£2,000	
Rent-a-room maximum	£7,500	£7,500	
High income child benefit charge threshold	£50,000	£50,000	vi
Micro-entrepreneurs allowances			
Trading income	£1,000	£1,000	
Property income	£1,000	£1,000	

Notes

- i Reduced by £1 for every £2 of income over £100,000.
- ii Non-residents may not be entitled to personal allowances in certain circumstances.
- iii The personal allowance will be frozen until 5 April 2026.
- iv 10% of the personal allowance can be transferred between spouses/civil partners where neither is a higher rate taxpayer.
- v Available to persons born before 6 April 1935.
 - Reliefs for this allowance given at 10%.
 - Reduced to the minimum allowance by £1 for every £2 of income over £31,400 (£30,400 in 2021/22).
- vi Charge of 1% of the benefit per £100 of adjusted net income over £50,000; 100% of the benefit withdrawn when adjusted net income reaches £60,000.

Individuals - Income Tax Rates & Bands

Bands

Starting rate limit*

Basic rate band

Higher rate band

Additional rate band

	2022/23	2021/22
Starting rate limit*	£5,000	£5,000
Basic rate band	£1 - £37,700	£1 - £37,700
Higher rate band	£37,701 - £150,000	£37,701 - £150,000
Additional rate band	Over £150,000	Over £150,000

*Applicable to savings

Rates

Basic rate

Higher rate

Additional rate

Starting rate for savings income

Dividend ordinary rate

Dividend upper rate

Dividend additional rate

	2022/23	2021/22
Basic rate	20%	20%
Higher rate	40%	40%
Additional rate	45%	45%
Starting rate for savings income	0%	0%
Dividend ordinary rate	8.75%	7.5%
Dividend upper rate	33.75%	32.5%
Dividend additional rate	39.35%	38.1%

Trusts - Income Tax Rates & Bands

	2022/23		2021/22	
	Dividends	Other	Dividends	Other
Interest in possession trusts and up to £1,000 for discretionary and accumulation and maintenance trusts	8.75%	20%	7.5%	20%
On income for non-interest in possession trusts over £1,000	39.35%	45%	38.1%	45%

Notes

Trusts where the settlor or spouse/civil partner retains an interest are taxed as the income of the settlor.

Trusts for the vulnerable can be taxed at the beneficiary's rate of tax.

Pension Contribution Reliefs

	2022/23	2021/22	Notes
Lifetime allowance	£1,073,100	£1,073,100	i, ii
Annual allowance	£40,000	£40,000	iii, iv,v
Money purchase annual allowance	£4,000	£4,000	

Notes

i Subject to any registration of protected pension funds, aggregate retirement benefits in excess of the lifetime allowance may be subject to the lifetime allowance charge of 55% of the surplus benefit.

ii The lifetime allowance is frozen until 5 April 2026.

iii Personal contributions cannot exceed 100% of earnings or, when aggregated with employer contributions, the annual allowance, plus unused allowances carried forward from the previous three years.

iv Maximum annual allowance: £40,000, reduced by £1 for every £2 of 'adjusted income' over £240,000 to a minimum of £4,000.

v Up to £3,600 p.a. gross can be paid into pensions irrespective of earnings to age 75.

Capital Gains Tax (CGT)

Rates for individuals and trusts

Basic and standard rate taxpayers
Higher and additional rate taxpayers
Trusts and personal representatives
Gains qualifying for Business Asset Disposal Relief
Gains qualifying for Investors' Relief
Gains on residential property
Gains on carried interest

2022/23	2021/22	Notes
10%	10%	
20%	20%	
20%	20%	
10%	10%	
10%	10%	
28%	28%	i, iii, iv
28%	28%	i, iv

Non-UK resident individuals are subject to CGT on direct and indirect disposals of UK real estate

Exemptions and reliefs

Annual exemption

Individuals and personal representatives
Trusts

2022/23	2021/22	Notes
£12,300	£12,300	ii
£6,150	£6,150	ii

Business Asset Disposal Relief

Investors' Relief

£1m	£1m	
£10m	£10m	

Notes

- i To the extent that the basic rate band is unused, a CGT rate of 18% will apply.
- ii The annual exemptions are frozen until 5 April 2026.
- iii Rate also applicable for trusts.
- iv Rate also applicable for personal representatives.

Inheritance Tax (IHT)

Rates and bands

On death

Nil rate band £1 - £325,000

Over £325,000

Residence nil rate band

	2022/23	2021/22	Notes
Nil rate band £1 - £325,000	0%	0%	i
Over £325,000	40%	40%	ii
Residence nil rate band	£175,000	£175,000	i,iii

Notes

i Nil rate band for estate of surviving spouse/civil partner is increased by the percentage of the nil rate band unutilised by the predeceased spouse/civil partner.

ii Tax rate reduces to 36% when at least 10% of net chargeable estate is left to charity.

iii Reduced by £1 for every £2 of the net value of the deceased's estate over £2m.

iv The nil rate band and residence nil rate band will be frozen until 5 April 2026.

Main exemptions/reliefs

Spouse/civil partner – both UK domiciled (or transferor non-domiciled)	Unlimited	
Gift from UK domiciled to non-UK domiciled spouse/civil partner (An election is available for the non-UK domiciled spouse/civil partner to be treated as UK domiciled for IHT purposes)	£325,000	
Total annual gifts per donor	£3,000	
Small gifts per donee not exceeding	£250	
Marriage/civil partnership gifts by	- parent	£5,000
	- other 'relative'	£2,500
	- other	£1,000
Regular gifts out of surplus income	Unlimited	
UK charities plus those in the EU, Norway and Iceland, and political parties in the UK	Unlimited	

Business and agricultural property relief can be available at 50% or 100% on qualifying business or agricultural property

Lifetime gifts to an individual are initially not chargeable and are fully exempt after seven years

Gifts to relevant property trusts will be taxable at 20% on the excess over available nil rate band

Death within seven years of lifetime gifts – tax on value gifted is payable at death rates subject to taper relief:

Years	0-3	3-4	4-5	5-6	6-7	Over 7
Taper relief	0%	20%	40%	60%	80%	100%
Effective rate of IHT	40%	32%	24%	16%	8%	0%

Individual Savings Accounts (ISAs)

	2022/23	2021/22	Notes
Cash, shares and innovative finance combined limit	£20,000	£20,000	
Junior ISA	£9,000	£9,000	i
Help to buy ISA	£2,400	£2,400	ii,iii
Lifetime ISA	£4,000	£4,000	iii,iv

Notes

i Available to children not entitled to a Child Trust Fund.

ii First time buyers over 16. No longer possible to open a new Help to Buy ISA but, where one is already open, contributions can continue to be made until November 2029 and a 25% bonus can be claimed until November 2030.

iii A 25% bonus from the Government is available under both ISAs. However, if an individual has a Lifetime ISA and a Help to Buy ISA, the bonus can only be used from one of them.

iv Available to individuals over 18 but under 40 to save for their first home or retirement; but counts as part of the £20,000 ISA limit.

Corporation Tax

	2022/23	2021/22	Notes
Corporation Tax - all profits and gains	19%	19%	i, iii
Patent box effective rate	10%	10%	ii
Residential Property Developers Tax	4%		iv

Notes

- i Includes gains on UK property and profits from UK property businesses realised by non-UK resident companies.
- ii Applies to profits from qualifying patents derived from qualifying activities of the company.
- iii From 2023/24, the main rate will be 25%. A small profits rate of 19% will apply to profits up to £50,000. The effective rate will increase from 19% to 25% on profits between £50,000 and £250,000.
- iv From 1 April 2022, the Residential Property Developers Tax will be charged at 4% to residential property developers on profits exceeding a group annual allowance of £25m.

Research & Development (R&D) Tax Credits

	2022/23	2021/22
SME enhanced deduction	130%	130%
SME cash credit for surrendered R&D losses	14.5%	14.5%
Large company above the line credit	13%	13%

Capital Allowances

	2022/23	2021/22	Notes
Plant and machinery			
Annual investment allowance	100%	100%	i
Structures and buildings	3%	3%	ii
Long life assets (at least 25 years) and integral features	6%	6%	
Other plant and machinery assets	18%	18%	
First year allowances - plant and machinery	130%	130%	iii
First year allowances - long life assets and integral features	50%	50%	iii
First year allowances - R&D, designated Freeport sites, zero-emission goods vehicles	100%	100%	iv
Intangible assets			
Goodwill and customer related intangibles	6.5%	6.5%	
Other intangible assets	4%	4%	v
Cars			
CO₂ emissions (g/km)			
0	100%	100%	
0-50	18%	18%	
Over 50	6%	6%	

Notes

i Allowance of £1m p.a. for expenditure incurred on or before 31 March 2023; allowance will then reduce to £200,000 p.a.

ii Flat rate allowance, applicable to non-residential structures and buildings. Where building located within a Freeport site, 10% rate will apply.

iii First year allowances available for expenditure incurred during 2021/22 and 2022/23 tax years only.

iv FYAs for expenditure incurred in Enterprise Zones abolished from 2021/22 onwards.

v Excludes purchased goodwill and customer related intangible assets acquired after 8 July 2015. Tax deductions for accounting depreciation may be claimed instead.

Value Added Tax (VAT)

	2022/23	2021/22
Standard rate	20%	20%
Reduced rate	5%	5%

Temporary reduced rate for hospitality and tourism sector

from 15 July 2020 to 30 September 2021	5%
from 1 October 2021 to 31 March 2022	12.5%

VAT registration thresholds

Registration required:	If UK taxable turnover is:
UK established businesses	More than £85,000 p.a.
Non-UK established businesses	Any amount
Deregistration is possible	Less than £83,000 p.a.

Other VAT schemes

Eligible to use Cash Accounting Scheme	Less than £1,350,000 p.a.
Eligible to use Annual Accounting Scheme	Less than £1,350,000 p.a.
Eligible to use Flat Rate Scheme	Less than £150,000 p.a.

Stamp Duty Land Tax (SDLT)

SDLT chargeable on purchase of land and property in England and Northern Ireland
- different rules apply to purchases of land and property in Scotland and Wales

Residential (purchase price/premium payable)

Rate	
0%	Up to £125,000
2%	£125,001 to £250,000
5%	£250,001 to £925,000
10%	£925,001 to £1,500,000
12%	Over £1,500,000
15%	Enveloped properties over £500,000

With the exception of the 15% rate for enveloped properties over £500,000, the rates are 3% higher for purchases of dwellings by companies and purchases of 'additional' dwellings by individuals subject to exceptions.

An additional 2% surcharge applies to 'non-resident transactions'. A transaction is a 'non-resident transaction' if the buyer or, where there is more than one buyer, one of the buyers fails to pass the SDLT residence test, or, in the case of 'close' UK companies, meets the non-UK control test.

Non-residential/mixed-use (purchase price/premium payable)

Rate	
0%	Up to £150,000
2%	£150,001 to £250,000
5%	over £250,000

Tax rates below charged on part of net present value of rent within each band:

Residential		Non-residential/mixed use	
Rate		Rate	
0%	Up to £125,000	0%	Up to £150,000
1%	Over £125,000	1%	£150,001 to £5,000,000
		2%	over £5,000,000

Relief for first time buyers

Special rates apply for a qualifying buyer's first home. Price paid for the home must not exceed £500,000.

Rate	
0%	Up to £300,000
5%	£300,001 to £500,000

Annual Tax on Enveloped Dwelling (ATED)

ATED is an annual tax payable mainly by companies and other 'non-natural persons' that own UK residential dwellings that are individually valued in excess of £500,000 subject to exceptions.

The ATED period runs from 1 April to 31 March each year, and payment is due by 30 April following the beginning of each ATED period.

The ATED is chargeable at a flat rate if a property falls into a specific valuation band as follows:

Residential property value	2022/23	2021/22
	Annual Charge	
Up to £500,000	£n/a	£n/a
£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
Over £20,000,000	£244,750	£237,400

Tax Free Mileage Rates

2022/23 and 2021/22

Employee's own car	Rate per mile
Annual business mileage up to 10,000 miles	45p
Each additional mile over 10,000 miles	25p
Each qualifying passenger	5p
Motorcycle	24p
Cycle	20p

COVID-19 Tax Reliefs

The existing Income Tax and National Insurance Contributions (NIC) exemption for COVID-19 antigen tests paid for by employers continues to the end of 2021/22. In addition, the reimbursement of home office equipment expenses will continue to be exempt from Income Tax and NIC for the same period.

National Insurance Contributions (NICs)

2022/23

Class 1 primary employees

2022/23

Total weekly earnings - contracted in up to £190 (£242 from July 2022)	nil
over £190 to £967 (£242 from July 2022)	13.25%
over £967 on excess	3.25%

Class 1 secondary employees

2022/23

Total weekly earnings - contracted in up to £190 (£242 from July 2022)	nil
over £190 (£242 from July 2022)	15.05%
Class 1A employers only	15.05% on taxable benefits
Class 1B employers only	15.05% on amount in PAYE settlement agreement and income tax thereon
Class 2 flat rate for self employed	£3.15 p.w. if earning over £11,908 p.a.
Class 3 voluntary	£15.85 p.w.
Class 4 self employed	10.25% on profits over £11,908 to £50,270 and a further 3.25% on profits above £50,270

Notes

Employment allowance – Eligible businesses and charities can claim a reduction of up to £4,000 per annum (£5,000 from April 2022) of their employer contributions.

NIC incentive – Class 1 secondary NIC will not be due from employers with employees under the age of 25, who are following an approved UK Government statutory apprenticeship framework, who earn up to £967 per week.

Employer NICs & Freeports

A new Employer's NIC incentive was announced in the Spring 2021 Budget for employers with eligible employees at all Freeport tax sites. The Government have confirmed that, from 6 April 2022, employers operating in a Freeport tax site will pay 0% employer Class 1 NIC on the earnings of some employees.

The 0% employer Class 1 NIC rate can be applied for the first three years of employment, from April 2022, on earnings of up to £25,000 a year. This means that, when looking at the position on a typical weekly or monthly pay period basis, no employer NIC would be due, if the employee earns less than £481 per week or £2,083 per month. Regular employer NICs apply for earnings above these thresholds.

Only new employees who spend 60% or more of their working time within a Freeport tax site will qualify, though there are some easements potentially available regarding this 60% requirement in particular situations e.g. for pregnancy or disability-related situations. Moreover, people would only be a 'new employee' for these purposes, if they have not been employed by that business (or a connected one), in the 24 months up to the start of this most recent employment.

The 1.25% uplift in NIC rates which is effective from 6 April 2022 and the new Health and Social Care Levy, which is effective from 6 April 2023 will not apply to earnings that qualify for Freeports NIC relief.



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