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TAX RATES 2021

2022

Income Tax

Allowances

	2021/22	2020/21
Personal Allowance (PA)*	£12,570	£12,500
Marriage Allowance†	1,260	1,250
Blind Person's Allowance	2,520	2,500
Rent a room relief**	7,500	7,500
Trading Income**	1,000	1,000
Property Income**	1,000	1,000

*PA is withdrawn at £1 for every £2 by which 'adjusted income' exceeds £100,000. There is no allowance given above £125,140.

†The part of the PA that is transferable to a spouse or civil partner who is not a higher or additional rate taxpayer.

**If gross income exceeds it, the limit may be deducted instead of actual expenses.

Rate bands

	2021/22	2020/21
Basic Rate Band (BRB)	£37,700	£37,500
Higher Rate Band (HRB)	37,701 – 150,000	37,501 – 150,000
Additional rate	over 150,000	over 150,000
Personal Savings Allowance (PSA)		
– Basic rate taxpayer	1,000	1,000
– Higher rate taxpayer	500	500
Dividend Allowance (DA)	2,000	2,000

BRB and additional rate threshold are increased by personal pension contributions (up to permitted limit) and Gift Aid donations.

Tax rates

	2021/22 & 2020/21		
	G	S	D
Basic rate	20%	20%	7.5%
Higher rate	40%	40%	32.5%
Additional rate	45%	45%	38.1%

General income (salary, pensions, business profits, rent) usually uses personal allowance, basic rate and higher rate bands before savings income (mainly interest). Scottish taxpayers are taxed at different rates on general income.

To the extent that savings income falls in the first £5,000 of the basic rate band, it is taxed at nil rather than 20%.

The PSA taxes interest at nil, where it would otherwise be taxable at 20% or 40%.

Dividends are normally taxed as the 'top slice' of income. The DA taxes the first £2,000 of dividend income at nil, rather than the rate that would otherwise apply.

High Income Child Benefit Charge (HICBC)

1% of child benefit for each £100 of adjusted net income between £50,000 and £60,000.

Remittance basis charge

For non-UK domiciled individuals who have been UK resident in at least

	2021/22	2020/21
7 of the preceding 9 tax years	£30,000	£30,000
12 of the preceding 14 tax years	60,000	60,000
15 of the preceding 20 tax years	Deemed to be UK domiciled	

Pensions

Registered Pensions

	2021/22	2020/21
Lifetime Allowance (LA)	£1,073,100	£1,073,100
Annual Allowance (AA)*	40,000	40,000

Annual relievable pension inputs are the higher of earnings (capped at AA) or £3,600.

*Usually tapered down, to a minimum of £4,000, when adjusted income exceeds £240,000.

State pension (per week)

	2021/22	2020/21
Old state pension – Single person	£137.60	£134.25
– Married couple	220.05	214.70
New state pension†	179.60	175.20

†Applies to those reaching state retirement age after 5 April 2016

Annual investment limits

	2021/22	2020/21
Individual Savings Account (ISA)		
– Overall limit	£20,000	£20,000
– Lifetime ISA	4,000	4,000
Junior ISA	9,000	9,000
EIS – 30% relief	2,000,000	2,000,000
Seed EIS (SEIS) – 50% relief	100,000	100,000
Venture Capital Trust (VCT) – 30% relief	200,000	200,000

National Insurance Contributions

Class 1 (Employees)

	Employee	Employer
Main NIC rate	12%	13.8%
No NIC on first	£184pw	£170pw
Main rate charged up to*	£967pw	no limit
2% rate on earnings above	£967pw	N/A
Employment allowance per business**	N/A	£4,000

*Nil rate of employer NIC for employees under the age of 21 and apprentices under 25, up to £967pw.

**Some businesses do not qualify, including certain sole director companies and employers who have an employer's Class 1 NIC liability of £100,000 or more for 2020/21. Employer contributions (at 13.8%) are also due on most taxable benefits (Class 1A) and on tax paid on an employee's behalf under a PAYE settlement agreement (Class 1B).

Class 2 (Self-employed)

Flat rate per week	£3.05
Small profits threshold	£6,515

Class 3 (Voluntary)

Flat rate per week	£15.40
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Class 4 (Self-employed)

On profits £9,568 – £50,270	9%
On profits over £50,270	2%

Car benefit

Taxable benefit: List price of car multiplied by chargeable percentage.

2021/22 % for petrol cars first registered

CO ₂ g/km	Electric Range miles	Pre 6.04.2020 %	Post 5.04.2020 %
0	N/A	1	1
1-50	>130	2	1
1-50	70 -129	5	4
1-50	40 - 69	8	7
1-50	30 - 39	12	11
1-50	<30	14	13
51-54	N/A	15	14

Then a further 1% for each 5g/km CO₂ emissions, up to a maximum of 37%.

Diesel cars that are not RDE2 standard suffer a 4% supplement on the above figures but are still capped at 37%.

Fuel: Employer provides fuel for private motoring in an employer-owned car:

CO₂-based percentage from above table multiplied by £24,600.

Tax-free mileage allowances

Employee's own transport

per business mile

Cars: first 10,000/over 10,000 miles

45p/25p

Business passengers/ Motorcycles/Bicycles

5p/24p/20p

Capital Gains Tax

Annual exempt amount

Individuals, estates

2021/22

£12,300

2020/21

£12,300

Most trusts

6,150

6,150

Tax rate

Individual (to basic rate limit)*

10%

10%

Individual (above basic rate limit)*

20%

20%

Trusts, estates*

20%

20%

Business Asset Disposal Relief (BADR) **

10%

10%

Investors' Relief (IR)**

10%

10%

*Individuals are taxed at 18%/28% on gains on residential property and receipts of carried interest. Trusts and estates are taxed at 28% in these circumstances.

**Lifetime limit for qualifying gains: BADR £1m; IR £10m.

Corporation Tax - Year to

31.3.2022

31.3.2021

Corporation Tax rate

19%

19%

Research and development relief

SME enhanced expenditure deduction scheme*

130%

130%

Large company R&D Expenditure Credit (RDEC)**

13%

13%

*Additional deduction for qualifying R&D.

**Taxable expenditure credit for qualifying R&D.

Main capital allowances

Plant and machinery allowances

	Rate
Expenditure 1.4.21 - 31.3.23 (companies only)	
– Super-deduction (main pool expenditure)	130%
– First-year allowance (special rate pool expenditure)	50%
Annual Investment Allowance (AIA)	
– expenditure 1.1.19 - 31.12.21	£1,000,000 100%
– expenditure from 1.1.22	200,000 100%
New electric vans	100%
Writing down allowance: general pool (reducing balance)	18%
Writing down allowance: special rate pool (reducing balance)	6%

Motor cars	From 1.4.21 CO ₂ (g/km)	Pre 1.4.21 CO ₂ (g/km)	Allowance
New cars only	Nil	up to 50	100%
In general pool	up to 50	up to 110	18%
In special rate pool	above 50	above 110	6%

Structures and buildings allowance

Fixed deduction per annum	3%
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Property Taxes

Annual Tax on Enveloped Dwellings (ATED)

ATED applies to residential properties valued at more than £500,000 owned via a corporate structure, unless used for a qualifying purpose.

Property value	Annual charge to 31.3.2022	31.3.2021
£0.5m – £1m	£3,700	£3,700
£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	237,400	236,250

Stamp Duty Land Tax (SDLT)

Residential property (1st property only)

Purchase price	Rate
Up to £125,000*	Nil
£125,001 – £250,000	2%
£250,001 – £925,000	5%
£925,001 – £1,500,000	10%
£1,500,000 +	12%

*Nil rate band is £500,000 to 30.6.21, then £250,000 to 30.9.21. From 1.7.21, first-time buyers of a property up to £500,000 pay Nil on the first £300,000.

A supplement of 3% of the total purchase price often applies where a second property is purchased for more than £40,000. It is also payable by all corporate buyers. A rate of 15% may apply to the total purchase price, where the property is valued above £500,000 and purchased by a 'non-natural person' (e.g. a company).

Non-residential or mixed use property

Purchase price	Rate
Up to £150,000	Nil
£150,001 – £250,000	2%
£250,000 +	5%

Value Added Tax

Standard rate (1/6 of VAT-inclusive price)	20.0%
Tourism and hospitality sector up to 30.9.21	5.0%
Tourism and hospitality sector 1.10.21 to 31.3.22	12.5%
Registration level from 1.4.2017	£85,000 pa
Deregistration level from 1.4.2017	83,000 pa

Inheritance Tax

	2021/22	2020/21
Nil rate band (NRB)*	£325,000	£325,000
NRB Residential enhancement (RNRB)†*	175,000	175,000
Tax rate on death**	40%	40%
Tax rate on lifetime transfers to most trusts	20%	20%

†RNRB is available for transfers of a main residence to (broadly) direct descendants. It tapers away at the rate of £1 for every £2 of estate value above £2m.

*Up to 100% of the proportion of a deceased spouse's/civil partner's unused NRB and RNRB band may increment the current NRB and RNRB when the survivor dies.

**Rate reduced to 36% if at least 10% of the relevant estate is left to charity.

Transfers between spouses/civil partners: unlimited exemption, unless UK domiciled transferor and foreign domiciled transferee (maximum exemption £325,000).

100% Business Property Relief for all shareholdings in qualifying unquoted trading companies, qualifying unincorporated businesses and certain farmland/buildings.

Reduced tax charge on gifts within 7 years before death

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

Key dates and deadlines

Self assessment payment dates

		2021/22	2020/21
1st payment on account	31 January	2022	2021
2nd payment on account	31 July	2022	2021
Balancing payment	31 January	2023	2022
Capital Gains Tax*†	31 January	2023	2022

*UK residential property: CGT due within 30 days of completion.

†Non-residents with gains on any UK land and buildings must pay CGT within 30 days of completion, except in 2019/20 when already filing a self assessment tax return.

Other payment dates

Class 1A NIC	19 July	2022	2021
Class 1B NIC	19 October	2022	2021

Corporation tax is due 9 months and 1 day from the end of the accounting period, unless a 'large' company paying by quarterly instalments.

2020/21 Filing deadlines

Issue P60s to employees	31 May 2021
P11D, P11D(b)	6 July 2021
Self Assessment Tax Return (SATR) paper version	31 October 2021
Online SATR if outstanding tax (up to £3,000) to be included in 2022/23 PAYE code	30 December 2021
Online SATR	31 January 2022

Non-resident CGT return is due within 30 days of completion of sale of UK land and buildings by a non-resident.

You are advised to consult us before acting on any information contained herein.