

Tax rates and related information

2022/23

Smith & Williamson

Income tax rates

Different rates and bands apply to non-savings and non-dividend income of 'Scottish taxpayers'.

The 2021/22 Welsh rates of income tax for 'Welsh taxpayers' were such that the overall rates are as below. The 2022/23 rates have yet to be announced.

Rate %	Taxable income 2021/22 £	Taxable income 2022/23 £
0 (1)	Up to 5,000	Up to 5,000
20 (2)	Up to 37,700	Up to 37,700
40 (3)	37,701 - 150,000	37,701 - 150,000
45 (4)	Over 150,000	Over 150,000

(1) Starting rate applies to savings income only.

(2) 7.5% for dividend income for 2021/22, increasing to 8.75% for 2022/23.

(3) 32.5% for dividend income for 2021/22, increasing to 33.75% for 2022/23.

(4) 38.1% for dividend income for 2021/22, increasing to 39.35% for 2022/23.

Rate of income tax for discretionary trusts: 38.1% for dividend income (2021/22)
39.35% for dividend income (2022/23)
45% for non-dividend income

Capital gains tax

	2021/22	2022/23
Tax rates		
Individuals - basic rate (1)	10%	10%
Individuals - higher/additional rate (1)	20%	20%
Trusts and personal representatives (1)	20%	20%
Companies	see CT rates	see CT rates
Annual exempt amounts		
Individuals and personal representatives	£12,300	£12,300
Trusts (maximum)	£6,150	£6,150
Chattels proceeds exemption	£6,000	£6,000
Capital gains tax business asset disposal relief		
Lifetime limit (entrepreneurs)	£1,000,000	£1,000,000
Lifetime limit (external investors)	£10,000,000	£10,000,000
Rate	10%	10%

(1) An 18%/28% rate applies to disposals of residential property and carried interest.

Income tax allowances

Allowance	2021/22 £	2022/23 £
Personal allowance (1)	12,570	12,570
Transferable tax allowance (2)	1,260	1,260
Personal savings allowance		
Basic-rate tax payers	1,000	1,000
Higher-rate tax payers	500	500
Additional-rate tax payers	0	0
Dividend allowance	2,000	2,000
Married couple's allowance (MCA) (3)		
Allowance	9,125	9,415
Minimum amount	3,530	3,640
Income limit for MCA (4)	30,400	31,400
Blind person's allowance	2,520	2,600
'Rent-a-room'	7,500	7,500

(1) Personal allowance is reduced by £1 for every £2 exceeding £100,000 of 'adjusted net income'. This is irrespective of age.

(2) Neither spouse or civil partner liable at higher or additional rates, and not in receipt of MCA.

(3) If one spouse/civil partner born before 6 April 1935. Relief is restricted to a 10% tax credit.

(4) MCA is reduced by £1 for every £2 of 'adjusted net income' over this limit, until reduced to the minimum amount (but also see note (1)).

Remittance basis charge

	2022/23 £
UK resident for fewer than 7 of the past 9 tax years	nil
UK resident for at least 7 of the past 9 tax years	30,000
UK resident for at least 12 of the past 14 tax years	60,000
UK resident for at least 15 of the past 20 tax years (1)	nil

(1) Taxpayers resident for at least 15 of the past 20 tax years will be deemed domiciled for income tax, capital gains tax and inheritance tax.

Inheritance tax

	2022/23
Tax rates	
Estate	40%
Reduced rate (leaving 10% or more to charity)	36%
Lifetime transfer	20%
Nil rate bands	
Nil rate band limit (1)	325,000
Residential nil rate band (RNRB) limit (1)	175,000
Taper threshold for RNRB (2)	2,000,000
Exempt amounts	
Annual exemption	3,000
Small gifts exemption	250
Wedding gifts exemption (Gifts made by)	
- parent	5,000
- more remote ancestor	2,500
- party to marriage	2,500
- other person	1,000

(1) Unused proportion can be transferred to surviving spouse or civil partner

(2) RNRB is reduced by £1 for every £2 that the estate is over the taper threshold.

Inheritance tax tapering relief

Rates for transfers on death also apply to gifts within seven years of death subject to tapering relief.

Years between gift and death	Reduction in charge
0 - 3	NIL
3 - 4	20%
4 - 5	40%
5 - 6	60%
6 - 7	80%

Tax-privileged pension savings

	2022/23
Lifetime allowance	1,073,100
Money purchase annual allowance	4,000
Contributions: tax relief given up to higher of	- £3,600; or - 100% of relevant earnings (capped at £40,000) (1)
Maximum tax-free lump sum (up to a maximum of 25% of the lifetime allowance)	25% of the fund

(1) The allowance is reduced by £1 for every £2 of income above £240,000 subject to a minimum allowance of £4,000.

ISA limits

	2021/22 £	2022/23 £
ISA subscription limit	20,000	20,000
Junior ISA limit	9,000	9,000
Child trust fund subscription limit	9,000	9,000

High income child benefit charge

	Weekly £	Annual £
2021/22		
Eldest/Only child	21.15	1,099.80
Other children	14.00	728.00
2022/23		
Eldest/Only child	21.80	1,133.60
Other children	14.45	751.40

For taxpayers with annual income between £50,000 and £60,000, a charge of 1% of the benefit applies for every £100 of income over £50,000 per year (100% if over £60,000) for each week they, or their partner, are in receipt of child benefit.

Other information can be found on our website at:

smithandwilliamson.com

Corporation tax

Financial year from	1 April 2021	1 April 2022
Tax rate	19%	19%
Capital allowances		
	2021/22	2022/23
Plant and machinery		
- annual investment allowance (1)	£1m	£1m
- main rate pool (2)	18%	18%
- long life assets (2)	6%	6%
- integral features (2)	6%	6%
- structures and buildings (2)	3%	3%
- enhanced first year allowance (3)	130%/50%	130%/50%
Cars - CO ₂ emissions up to 50g/km (4)	18%	18%
Cars - CO ₂ emissions 51-110g/km	6%	6%
Cars - CO ₂ emissions over 110g/km	6%	6%

(1) 100% annual investment allowance (AIA) up to stated limit for qualifying expenditure incurred on certain plant and machinery for each unlinked unincorporated business or corporate group. An AIA of £1,000,000 will apply to investments made from 1 January 2019 until 31 March 2023.

(2) Reducing balance.

(3) A temporary enhanced 130% first-year allowance for main rate assets and 50% first-year allowance for special rate assets will apply for qualifying assets purchased between 1 April 2021 and 31 March 2023. The relief is only available for companies within the charge to corporation tax.

(4) From 1 April 2021, only electric cars, or cars with zero emissions, will qualify for 100% relief.

Value added tax

2021/22 and 2022/23	
Standard rate	20%
Reduced rate	5%
VAT fraction (where included in cost)	1/6
Registration threshold	£85,000
De-registration threshold	£83,000
Optional flat-rate scheme for small businesses is available.	

Research and development tax relief

Rates for deduction from	1 Apr 2021	1 Apr 2022
SME rate	230%	230%
Tax credit rates		
	1 Apr 2021	1 Apr 2022
SME rate (surrender of losses)	14.5%	14.5%
Large company (taxable RDEC)	13%	13%

Patent box

	2021/22	2022/23
Effective rate on qualifying IP rights	10%	10%

Annual charge on enveloped dwellings

The normal return and payment dates are 30 April in the year of assessment or 30 days from in year acquisition.

Property value	2021/22 (1)	2022/23 (1)
£500,000 - £1 million	£3,700	£3,800
£1 million - £2 million	£7,500	£7,700
£2 million - £5 million	£25,300	£26,050
£5 million - £10 million	£59,100	£60,900
£10 million - £20 million	£118,600	£122,250
More than £20 million	£237,400	£244,750

(1) At 1 April 2017 or date of purchase if later.

Stamp duty land tax

Land and Buildings Transaction Tax replaced SDLT in Scotland from 1 April 2015.

Land Transaction Tax replaced SDLT in Wales from 1 April 2018.

Percentages applying on the acquisition of property in the UK

Residential consideration £	Band at %	Non-residential consideration £	Band at %
0 - 125,000	NIL*	0 - 150,000	NIL
125,001 - 250,000	2*	150,001 - 250,000	2
250,001 - 925,000 (1)	5*	Over 250,000	5
925,001 - 1,500,000 (1)	10*		
Over 1,500,000 (1)	12*		

(1) A 15% rate will apply where residential property is purchased through a company or certain other structures where value exceeds £500,000.

* An additional SDLT surcharge of 3% will apply on the purchase of a second, or subsequent residential property.

* An additional SDLT surcharge of 2% will apply for non-UK residents purchasing residential property in England and Northern Ireland.

Percentages applying on the rental stream arising from the grant of a new lease in the UK

Residential relevant rental value £	Band at %	Non-residential relevant rental value £	Band at %
0 - 125,000	NIL	0 - 150,000	NIL
Over 125,000	1*	150,001 - 5,000,000	1*
		Over 5,000,000	2*

*The tax rate only applies to the relevant rental value which exceeds the nil rate band.

Stamp duty

Stamp duty was abolished from 1 December 2003 on all transactions except for the following.

- Transfer of shares and securities* (rate unchanged at 0.5%).
- Certain transactions involving partnership land.

*From 28 April 2014 shares quoted on 'growth markets' such as AIM are not subject to stamp duty.

Car and fuel benefits 2022/23

Cars	
Minimum	15% of list price (emissions level 51g/km CO ₂) (lower rates where emissions between 1g/km and 50g/km depending on electric range)
Increments	1% for each additional 5g/km CO ₂ emissions over 51g/km CO ₂
Diesel cars	4% surcharge
Electric cars	2% of list price
Maximum	37% of list price

Emissions levels for most cars can be found on www.vehicle-certification-agency.gov.uk CO₂ level rounded down to nearest 5g.

If no emissions rating	Registered before	Registered after
	1 Jan 98	1 Jan 98
1400cc or less	24%	24%
1401 - 2000cc	35%	35%
2001cc or more	37%	37%

Fuel

Private fuel provided with company car - percentages as above for cars x £25,300.

Approved mileage rates for business mileage in own car

Cars and vans	Per mile
0 - 10,000 miles	45p
Over 10,000 miles	25p

Advisory mileage rates for business mileage in company car

From 1 September 2021

Petrol/LPG	Diesel		
	Petrol	LPG	
1400cc or less	12p	7p	1600cc or less 10p
1401 - 2000cc	14p	8p	1601 - 2000cc 12p
2001cc or more	20p	12p	2001cc or more 15p

Hybrid cars are treated as either petrol or diesel cars for this purpose.

National insurance contributions

Employees' class 1 contributions 2022/23

Total weekly earnings	Over 21s	Under 21s / Apprentice under 25
Below £190 (1) (2)	NIL	NIL
£190 - £967 (3)	13.25%	13.25%
Over £967	3.25%	3.25%

Married women's reduced rate 7.1% on earnings between £190 and £967 per week plus 3.25% on earnings above £967 per week

(1) Between £123 per week and £190 per week (increasing to £242 per week from 6 July 2022) a zero rate applies to protect employees' contributory benefit entitlement.

(2) From 6 July 2022, no class 1 contributions will be due where total weekly earnings below £242.

(3) From 6 July 2022, contributions will be due at 13.25% on total weekly earnings between £243 and £967.

Employers' class 1 contributions 2022/23

Total weekly earnings	Over 21s	Under 21s / Apprentice under 25
Below £175	NIL	NIL
£175 - £967	15.05%	NIL
Over £967	15.05%	15.05%
Annual employment allowance (per employer) £5,000		

Class 2 - self employed Flat rate £3.15 per week if earnings exceed £6,725 per annum (increasing to £12,570 per annum from 6 July 2022)

Class 3 - voluntary Flat rate £15.85 per week

Class 4 - self employed 10.25% of profits between £9,880 (increasing to £12,570 from 6 July 2022) and £50,270 per annum plus 3.25% on the excess

Apprenticeship Levy 2020/21

Allowance (per employer)	£15,000
Rate	0.5%

Tax and Government legislation is that prevailing at the time, is subject to change without notice and depends on individual circumstances. Clients should always seek appropriate advice before making financial decisions.

By necessity, this briefing can only provide a short overview and it is essential to seek professional advice before applying the contents.

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