



Tax Facts 2021/22

Based on Budget announcements on
03 March 2021

Income tax rates					
	2021/22	Rate	2020/21	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
Individuals – 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 of 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 allowance	£12,570		£12,500	A, B
Married/civil partners allowance	£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 allowance	£1,000		£1,000	E
Property income allowance	£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 to a minimum of £4,000, and to £4,000 maximum if certain pension drawings made.

Capital gains tax			
	2021/22	2020/21	Note
Annual exemption			
Individuals	£12,300	£12,300	
Trusts	£6,150	£6,150	
Business asset disposal relief lifetime allowance	£1m	£1m	
Investors' relief lifetime allowance	£10m	£10m	
Individuals and trusts			
Basic and starting rate taxpayers	10%	10%	A
Higher and additional rate taxpayers	20%	20%	A
Trusts and personal representatives	20%	20%	A
Rate where business asset disposal/investors' relief applies	10%	10%	

A Gains on carried interest and chargeable residential property – 8% surcharge.

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

Note: Certain disposals of UK land and buildings by non residents and disposals of residential property by UK residents must be reported and the tax paid to HMRC within 30 days of sale.

Inheritance tax			
	2021/22	2020/21	Note
Nil rate band (NRB) £1 – £325,000	0%	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 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 exemption	Nil	Nil
Remittance basis charge		
Unremitted income less than £2,000	Nil	Nil
Resident in at least 7 of the previous 9 tax years	£30,000	£30,000
Resident in at least 12 of the previous 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			
Employer		Employee	
Earnings per week	Rate payable	Earnings per week	Rate payable
£0.01 – £170.00	Nil	£0.01 – £184.00	Nil
Over £170.00	13.8%	£184.01 – £967.00	12%
		Over £967.00	2%
Class 1A and 1B (employers only)	13.8%		
Class 2 (self employed)	£3.05 per week (small profits threshold £6,515)		
Class 3 (voluntary)	£15.40 per week		
Class 4 (self-employed)	Profits up to £9,568		0%
	Profits from £9,569 to £50,270		9%
	Profits above £50,270 per annum		2%

The first £4,000 of employer's liability relieved by the employment allowance for employers 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 £967 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.

Note: The lifetime ISA allowance counts towards the maximum cash and shares combined ISA limit.

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
	SDLT	LBTT	LTT
Price/premium payable			
£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%	12%	12%

As a response to the Coronavirus crisis, the nil rate of SDLT in England and Northern Ireland is extended to £500,000 until 30 June 2021, falling to £250,000 until 30 September 2021. The nil rate band of LBTT is extended to £250,000 until 31 March 2021 (subject to certain conditions). The nil rate band of LTT is extended to £250,000 until 30 June 2021 (subject to certain conditions).

3% supplement (4% for LBTT and LTT) 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 applies on residential property acquired by non UK residents.

Qualifying purchases in freeport tax sites will be eligible for full relief from SDLT.

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
	SDLT	LBTT	LTT
Price/premium payable			
£0 – £150,000	Nil	Nil	Nil
£150,001 – £225,000	2%	1%	Nil
£225,001 – £250,000	2%	1%	1%
£250,001 – £1m	5%	5%	5%
Over £1m	5%	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.

Wales – 1% on present value of rents £225,001 to £2m, 2% above £2m.

Annual tax on enveloped dwellings

Residential property value	2021/22	2020/21
£500,001 – £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

Capital allowances			
	2021/22	2020/21	Note
Plant and machinery			
Full expensing: super deduction	130%	N/A	A
Full expensing: special rate first year allowances	50%	N/A	B
Annual investment allowance	100%	100%	C
Long life assets and integral features	6%	6%	D
Other assets	18%	18%	D
First year allowances	100%	100%	E
Enhanced capital allowances in freeports	100%	100%	F
Cars: CO₂ emissions (g/km)			
0	100%	100%	
1 to 50	18%	18%	E
Over 50	6%	6%	E
Structures and buildings			
Structures and buildings allowance	3%	3%	G
Enhanced structures and buildings allowance	10%	10%	H

A Provides allowances of 130% on most new plant and machinery investments by companies that ordinarily qualify for 18% main rate writing down allowances

B Allowance of 50% on most new plant and machinery investments by companies that ordinarily qualify for 6% special rate writing down allowances

C Maximum annual investment allowance £1m pa from 1 January 2019 to 31 December 2021 (£200,000 pa to 31 December 2018 and from 1 January 2022).

D Reducing balance.

E 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).

F Available on qualifying assets brought into use on or before 30 September 2026, and after the date the relevant freeport tax site is designated.

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

H Where a structure or building is in a freeport, the rate of relief increases to 10 per cent for contracts entered into on or after the date the freeport is designated as such.

Corporation tax and diverted profits tax			
	2021/22	2020/21	Note
Corporation tax	19%	19%	A
Loans to participators	32.5%	32.5%	
Restitution interest payments corporation tax rate	45%	45%	B
Diverted profits tax	25%	25%	C, D

A To increase to 25% from 1 April 2023, with small companies rate of 19% where profits do not exceed £50,000.

B Withheld at source.

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

D To increase to 31% from 1 April 2023.

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.

Value added tax

	2021/22	Note
Standard rate	20%	A
Reduced rate	5%	A
Annual turnover limit for registration	£85,000	B
Annual cash accounting upper limit	£1,350,000	
EC sales list reporting threshold	Nil	C
Intrastat reporting		
Arrivals threshold	£1,500,000	C
Dispatches threshold	£250,000	C

A Temporary reduced rate for hospitality and tourism sector – 5% from 15 July 2020 to 30 September 2021 and interim rate of 12.5% from 1 October 2021 to 31 March 2022, returning to standard rate from 1 April 2022.

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

C From 1 January 2021, Intrastat declarations are no longer required for goods exported from Great Britain to the EU. They are still required for goods imported from the EU into Great Britain until 31 December 2021 and for goods moving between Northern Ireland and the EU.

Digital services tax

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

Stamp duty

Consideration on shares over £1,000	0.5%
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Authorised mileage rates

		Per mile
Private cars and vans	First 10,000 miles in the tax year	45p
	Additional miles	25p
	Each qualifying passenger	5p
Motor cycles		24p
Cycles		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 – cars		£24,600			
Van benefit		£3,500			
Fuel benefit – vans		£669			
		Registration post 5 April 2020		Registration pre 6 April 2020	
CO ₂ emissions (g/km)	Electric range (miles)	Diesel	Petrol	Diesel	Petrol
Nil			1%		1%
1 – 50	130 or more	5%	1%	6%	2%
1 – 50	70 – 129	8%	4%	9%	5%
1 – 50	40 – 69	11%	7%	12%	8%
1 – 50	30 – 39	15%	11%	16%	12%
1 – 50	Less than 30	17%	13%	18%	14%
51 – 54		18%	14%	19%	15%
Each additional 5		Further 1%	Further 1%	Further 1%	Further 1%
Diesel 140 and over / Petrol 160 and over				37%	37%
Diesel 145 and over / Petrol 165 and over		37%	37%		

Note: Diesel vehicles meeting the RDE2 standard are exempt from diesel supplement and the above petrol rates apply for such vehicles.

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