

MITCHELL & CO

Chartered Accountants

TAX RATES 2021/22



Many of the rates and allowances shown in this card are subject to a range of exceptions and special rules that apply in different circumstances. The details set out below should be taken only as a general guide.

PERSONAL TAX

INCOME TAX RATES (Excluding Scotland)	2021/22	2020/21
Savings allowance – tax rate of 0% on savings income:		
Basic rate taxpayers	£1,000	£1,000
Higher rate taxpayers	£500	£500
Additional rate taxpayers	£0	£0
Starting rate band* - tax rate of 0% on savings income up to:	£5,000	£5,000
Basic rate band – tax rate of 20% on savings and non-savings income up to:	£37,700	£37,500
Higher rate band – tax rate of 40% on savings and non-savings income	£37,701 - £150,000	£37,501 - £150,000
Additional rate band – tax rate of 45% on savings and non-savings income	£150,000+	£150,000+

DIVIDEND ALLOWANCE	2021/22	2020/21
Tax rate of 0% on dividend income up to:	£2,000	£2,000
TAX RATES ON DIVIDENDS:		
Basic rate band	7.5%	7.5%
Higher rate band	32.5%	32.5%
Additional rate band	38.1%	38.1%
RATES APPLICABLE TO TRUSTS		
Dividends	38.1%	38.1%
Other income	45%	45%

*Not available if taxable non-savings income exceeds the starting rate limit.

MAIN PERSONAL ALLOWANCES	2021/22	2020/21
Personal allowance*	£12,570	£12,500
Transferable tax allowance for married couples	£1,260	£1,250
Rent-a-room tax-free income	£7,500	£7,500

*PA is withdrawn at £1 for every £2 by which 'adjusted income' exceeds £100,000.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

HIGHER INCOME CHILD BENEFIT CHARGE

1% of benefit per £100 of income from £50,000 to £60,000

PENSIONS	2021/22	2020/21
Lifetime allowance	£1,073,100	£1,055,000
Annual allowance*	£40,000	£40,000
Money purchase annual allowance	£4,000	£4,000

*Subject to taper down to £4,000 if threshold income over £200,000 and adjusted income over £240,000)

Lifetime allowance charge	55%	25%
	If excess drawn as a lump sum	if excess drawn as income

Maximum relievable personal contributions is the greater of relevant earning/£3,600 but capped overall to annual allowance.

INHERITANCE TAX

Taxable estate and gifts	2021/22	2020/21
Nil-rate band	£325,000	£325,000
Residence nil-rate band*	£175,000	£175,000
Standard rate of tax	40%†	40%†
Rate for chargeable lifetime transfers	20%	20%

*for estates over £2,000,000 tapered by 50% of excess

†36% where at least 10% of net estate left to charity.

Gifts within 7 years of death	0-3	3-4	4-5	5-6	6-7
% of standard rate	100	80	60	40	20

CAPITAL GAINS TAX

Exemptions	2021/22	2020/21
Individuals, estates, certain trusts	£12,300	£12,300
Most trusts	£6,150	£6,150
Chattels exemptions – proceeds up to:	£6,000	£6,000
Tax Rates		
Individuals up to basic rate limit	10%	10%
Individuals above basic rate limit	20%	20%
Trusts and estates	20%	20%
Surcharge for residential property and carried interest	8%	8%

Business Asset Disposal Relief (formally known as Entrepreneurs Relief)

10% on lifetime limit of: £1,000,000

INDIRECT TAXES

VAT (VALUE ADDED TAX)

Standard rate	20%
*Reduced rate (including businesses providing services in the hospitality, holiday accommodation and attractions sectors until 31 March 2021)	5%
Registration threshold from 1/4/21	£85,000
Deregistration threshold from 1/4/21	£83,000
Flat rate scheme turnover limit	£150,000
Cash and annual accounting schemes turnover limit	£1,350,000

*There will be a new rate of 12.5% from 1 October 2021 to 31 March 2022.

BUSINESS TAX

ANNUAL TAX ON ENVELOPED DWELLINGS (ATED)

ATED applies to 'high value' residential properties owned via a corporate structure, unless the property is used for a qualifying purpose. The tax applies to properties valued at more than £500,000

Residential property value	2021/22	2020/21
£500,001 - £1,000,000	£3,700	£3,700
£1,000,001 - £2,000,000	£7,500	£7,500
£2,000,001 - £5,000,000	£25,300	£25,200
£5,000,001 - £10,000,000	£59,100	£58,850
£10,000,001 - £20,000,000	£118,600	£118,050
Over £20,000,001	£237,400	£236,250

Reliefs are available where certain condition are met.

RESEARCH AND DEVELOPMENT

Enhanced revenue deduction for SMEs	230%
Above-the-line tax credit for large companies	13%
Annual Investment Allowance	100%

CAPITAL ALLOWANCES

Annual Investment Allowance of 100% (from 1 January 2019 to 31 December 2021)	£1,000,000
(from 1 January 2022)	£200,000
Main rate for plant and machinery	18%*
Special rate for long-life assets and integral features in buildings	6%*
Structures and buildings allowances	3%†
Motor cars – based on CO2 emissions	
• 0g/km	100% first year
• 1-50g/km	18%*
• 50g/km or more	6%*

*Only for new cars. *Reducing balance. † Straight line.

130% Super Deduction for main rate assets, and 50% first year allowance for special rate assets, acquired by companies between 1 April 2021 and 31 March 2023

CORPORATION TAX

Year to 31/03/22	19%
Year to 31/03/21	19%

NATIONAL INSURANCE CONTRIBUTIONS 2022/22

Class 1		
Employees		
First £120.00 per week		%
Next £64.00 per week		Nil
Next £783.00 per week		*0
Above £967.00 per week		12
		2
Employers	Under 21†	21 & over†
First £120.00 per week	Nil	Nil
Next £50.00 per week	0%	0%
Next £7973.00 per week	0%	13.8%
Above £967.00 per week	13.8%	13.8%

*Treated as paid Class 1 NIC. †Age 25 if an apprentice.

EMPLOYMENT ALLOWANCE

Amount offset against employer's Class 1 NICs £4,000

Not available if a director is the sole employee. Not available to employers with an employer's NIC liability of more than £100,000 in the prior year.

Class 1A	Paid by employers on benefits in kind	13.8%
Class 1B	Paid by employers on PAYE settlement agreements	13.8%
Class 2	Paid by self-employed. Exemption available if net earnings below £6,515.	£3.05 per week.
Class 3	Voluntary rate	£15.40 per week.
Class 4	Paid by self-employed.	9% of profits between £9,568 and £50,270 plus 2% of profits above £50,270

STAMP DUTY

Stocks and marketable securities 0.5% No charge to Stamp Duty unless the duty exceeds £5.

STAMP DUTY LAND TAX FOR ENGLAND AND NORTHERN IRELAND CAPITAL ALLOWANCES

Residential (on slice of consideration)	
£0 – £125,000	Nil
£125,001 – £250,000	2%
£250,001 – £925,000	5%
£925,001 – £1,500,000	10%
Over £1,500,000	12%

- Rates increased by 3% for additional properties with value of £40,000 or more.
- Flat 15% rate where consideration is more than £500,000, and purchaser is a non-natural person such as a company (subject to reliefs).
- The nil rate band threshold is temporarily increased to £500,000 until 30 June 2021, and then to £250,000 until 30 September 2021.
- Relief for first-time buyers purchasing a property for £500,000 or less.
- Rates increased by 2% for purchases by non-residents from 1 April 2021.

Commercial (on slice of consideration)	
£0 – £150,000	Nil
£150,001 – £250,000	2%
Over £250,001	5%

FINANCIAL CALENDAR 2021/22

EVERY MONTH

- 1 Corporation tax due for companies (other than large and very large companies) with years ending 9 months and a day previously, e.g. tax due 1 October 2021 for years ending 31 December 2020.
- 14 Quarterly instalments of corporation tax due for large and very large companies (months depend on accounting year end).
- 19 Deadline for submitting CIS contractors' monthly returns.
- 22 Deadline for paying PAYE/NIC and CIS deductions for the month ending 5th of the current month (19th if not paying electronically).

Month end Deadline for submission of CT600 for accounting periods ending 12 months previously. Last day to amend CT600 for accounting periods ending 24 months previously. Deadline for filing of accounts with Companies House for private companies with periods of account ending 9 months previously and for public companies with periods of account ending 6 months previously.

MARCH 2021

- 31 Last few days to use any allowances and exemptions in 2020/21.

APRIL 2021

- 1 New National Living/Minimum Wage rates.
- 5 Deadline for registering online to 'payroll' benefits and expenses in 2021/22.
- 6 First day of the 2021/22 tax year. Changes to many tax allowances, rates and thresholds.
- 19 Last day to submit final RTI Full Payment Submission (FPS) or Employer Payment Submission (EPS) for 2020/21. (After this date corrections for 2020/21 must be made on a RTI Earlier Year Update.)
- 30 IHT due on lifetime transfers made between 6 April and 30 September 2020. (IHT on other transfers payable 6 months after the end of the month in which the transfer or death occurred.)

MAY 2021

- 1 Start of daily penalties where the 2019/20 personal tax return has not been filed (charged for up to 90 days).
- 31 Deadline for issuing 2020/21 P60s to employees.

JULY 2021

- 5 Deadline for agreeing a 2020/21 PAYE Settlement Agreement (PSA) with HMRC.
- 6 Deadline for employers to send forms P11D and P11D(b) for 2020/21 to HMRC and to provide copies to employees. Deadline for online filing of 2020/21 returns for employee share schemes.
- 22 Deadline for paying Class 1A NICs for 2020/21 (19 July if not paying electronically).
- 31 Due date for second payment on account for 2020/21 income tax.

AUGUST 2021

- 1 Penalty of 5% of the tax due or £300, whichever is the greater, charged where the 2019/20 personal tax return has not been filed.

OCTOBER 2021

- 5 Deadline to register for self-assessment for 2020/21.
- 22 Deadline for paying tax and Class 1B NICs on PSAs (19 October if not paying electronically).
- 31 Deadline for submission of 2020/21 personal tax returns if filed on paper.

DECEMBER 2021

- 30 Deadline to submit 2020/21 personal tax returns online in order to have underpaid PAYE collected through the 2022/23 tax code.

JANUARY 2022

- 31 Deadline for submission of 2020/21 personal tax returns if filed online. Due date for final payment of 2020/21 income tax, CGT, Class 2 and Class 4 NICs, plus first payment on account for 2021/22 income tax.

FEBRUARY 2022

- 1 Initial penalty imposed where the 2020/21 personal tax return has not been filed online.

MARCH 2022

- 2 Last day to pay 2020/21 personal tax liability to avoid an automatic 5% penalty.
- 31 Last few days to use any allowances and exemptions in 2021/22.

This Tax Facts document has been prepared on the basis of the Chancellor's Budget speech and government documents published on 3 March 2021. Some of the details may change before they become law. Copyright 3 March 2021. You should consult your usual contact before making decisions on the basis of the information given in this document.

We believe the information in this factsheet to be correct at the time of going to press, but we cannot accept any responsibility for any loss occasioned to any person as a result of action or refraining from action as a result of any item herein.

Mitchell & Co is the trading name of Mitchell Holt Limited a company registered in England & Wales (Company Number: 09695189). The Registered Office is Ash 2-4, Centrix House, Crow Lane East, Newton-le-Willows, WA12 9UY and a complete list of Directors is available at the Registered Office. Regulated by the Institute of Chartered Accountants in England and Wales for a range of investment business activities.