

Tax Stats.

TAX YEAR 2021/2022



Ordinary income tax rates

	Bands *	Rate	Tax on band
Personal allowance	Up to £12,570 †	0%	£0
Basic rate	Up to £37,700	20%	£7,500
Higher rate	£37,701- £150,000	40%	£45,000
Additional rate	Over £150,000	45%	

* Assumes not subject to the Scottish or Welsh rates of income tax.

† The personal allowance decreases for income over £100,000 (£1 less for every £2 over £100,000): those with an income over £125,000 have no personal allowance. The effective tax rate for earnings between £100,000 and £125,000 is therefore 60%.

The personal allowance and the basic rate limit will be frozen at £12,570 and £37,700 until April 2026.



Undeniable technical excellence...knowledge the firm possesses is distilled in actionable and highly commercial advice.

Specific categories of income: income tax on investment income

Dividends

Dividend allowance	0% on first £2,000
Basic rate	7.5%
Higher rate	32.5%
Additional rate	38.1%

Investment Income

Personal savings allowance	Basic rate	0% tax on first £1,000 of savings income
	Higher rate	0% tax on first £500 of savings income
	Additional rate	No personal savings allowance
Tax rates	Ordinary income tax rates apply (page 1)	

Specific categories of income: income tax on earned income

Employment income (including directors' fees)

Tax rates	Ordinary income tax rates apply (page 1) Employer and employee national insurance contributions (NICs) are also due (page 4)
Comment	Income tax / employee NICs typically deductible from salary by the employer and accounted for by it on a monthly basis under the UK's PAYE (pay as you earn) system

Trading income (for self-employed individuals)

Tax rates	Ordinary income tax rates apply (page 1) Self-employed NICs contributions also due (page 4)
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Selected national insurance contributions (NICs) rates and apprenticeship levy

Individuals		Employers	
Employee Earnings (Class 1)	Weekly earnings of £184.01 – £967: 12% Weekly earnings over £967: 2%	Employer NICs	Weekly earnings over £170: 13.8% Deductible against corporation tax
Self-employed individuals (Class 4)	Annual profits of £9,568 – £50,270: 9% Annual profits over £50,270: 2%	Employee Benefits in kind (Class 1A)	13.8% on most benefits-in-kind that are subject to income tax
	Not applicable	Apprenticeship levy	Employers with an annual pay bill in excess of £3m: 0.5% levy on the bill. Deductible allowance of £15,000

Capital gains tax (CGT)

Annual exempt amount

Individuals	£12,300	Most trustees	£6,150
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CGT rates

Basic rate taxpayers	10% where total taxable income and gains are within the basic rate upper limit (£37,700)	
Higher and additional rate taxpayers	20% to the extent that taxable income and gains are above the basic rate upper limit (£37,700)	
Gains on disposals of chargeable residential property and receipts of carried interest	18% (basic rate taxpayers)	Nb: take care carried interest (and co-investment) returns can potentially be taxed as trading income under the DIMF and income based carried interest rules
	28% (higher and additional rate taxpayers)	

Specific reliefs

Business asset disposal relief*	10% on first £1,000,000 of lifetime gains
Investors' relief	10% on first £10,000,000 of lifetime gains
Historic employee shareholders only – ESS status now withdrawn	CGT exemption on disposal of qualifying shares for arrangements entered into before 17 March 2016. (Transitional rules apply from 17 March – before 1 December 2016)

* Previously known as Entrepreneurs' Relief

Primary business taxes

Corporation tax

Tax rates	19% on all profits
Comments	Corporation tax: payable (electronically) within 9 months and 1 day from the end of the accounting period Large companies (profits exceeding £1m) payable in 4 instalments based on estimated liability There is a complex participation regime that can result in tax exemption for gains on disposal of holdings in companies Exemption often available from corporation tax on dividends received

From 1 April 2023, the main rate of corporation tax is due to increase to 25%. A small profits rate of 19% will apply on profits up to £50,000, with marginal relief available for profits between £50,000 and £250,000 (these thresholds are reduced by reference to the number of associated companies).

VAT

	Rate	Comment
Standard rate	20%	
Reduced rate	5%	Limited goods and services including power for domestic and non-business charity use; certain residential conversions and renovations
VAT registration threshold	£85,000	
VAT deregistration threshold	£83,000	

A 5% VAT reduced rate will apply to tourism and hospitality until 30 September 2021. A 12.5% VAT reduced rate will apply to tourism and hospitality from 1 October 2021 to 31 March 2022.

Non-residents (subject to applicable Double Tax Treaties)

Source	Rate	Comments
Dividends	0%	Care: special rules apply to non-resident trustees
UK-source annual payments and royalties	Tax due only if collected through 20% WHT	
UK rent	May be 20% WHT	Income tax rates of up to 45%. Rent received by non-resident corporates subject to corporation tax at 19% for 2021–22
UK trading income	Only if trade in the UK (typically through a permanent establishment)	
UK CGT	No, unless sale of UK land or of a vehicle that is UK land rich	
UK source employment income and directors' fees	See pages 3 and 4	Certain exemptions may be available for short-term business visitors or short-term secondments to the UK



The team is notable for its overall excellence.

Withholding taxes (WHT)

Payment	Detail
UK-source interest	WHT at 20% (subject to a number of exceptions) unless double tax treaty relief is available and HMRC authorises a gross payment
Dividend from UK company	No withholding (special rates apply for distributions from certain property funds)
Royalty payment from UK company for UK source IP	Likely to be WHT at 20%, subject to double tax treaty relief or other exemption
UK-source rental payment	Non-residents receiving UK rent will be subject to 20% WHT under the Non-Resident Landlord Scheme unless approved for gross payment
UK-annual payments	May be 20% WHT: care needed especially on investment fund management fee rebates

Stamp Taxes

Tax	Detail
Stamp duty and SDRT	0.5% of consideration on transfers of shares, stock and marketable securities, as well as partnership interests in certain circumstances
Stamp duty land tax	Payable on residential and commercial UK land transactions. The rate depends on the value of the transaction, the legal nature of the buyer and whether exemptions or reliefs are available

Selected employee share plans

Plan	Maximum participation	Tax treatment	Reporting obligations
EMI (tax advantaged)	£250,000	CGT if qualifying exercise (business asset disposal relief* available)	Online registration, reporting and notification requirements apply
Long-Term Incentive Plan (non-tax advantaged)	Not applicable	Income tax and, possibly, employee and employer NIC on gain	Annual returns must be filed electronically by 6 July after the tax year end

* Previously known as Entrepreneurs' Relief

Selected tax reliefs for individuals

Individual savings account (ISA)	Maximum total investment	£20,000
	Benefit	Tax free income and gains for amounts within ISA
Pension Contributions	Maximum investment p.a.	£40,000 of taxable earnings but tapered down to £4,000 for those with high income*
	Lifetime allowance (maximum pension pot)	£1,073,100 for most people

*There is a 3-year "carry forward" for unused annual allowances; a £4,000 "money purchase annual allowance" applies to those who have accessed pension using a flexible option (e.g. drawdown)

Loans

To employees	Income tax on the difference between interest paid and HMRC's official rate of interest (2% from 6 April 2021), unless total employer loans are less than £10,000.
To employees from third parties	Care needed to ensure that anti-avoidance rules ("disguised remuneration") do not apply to tax the loan as employment income.
To self-employed individuals from third parties	Care needed to ensure that anti-avoidance rules ("self-employed disguised remuneration") do not apply to tax the loan as trading income.
To investment managers	Depending on fact pattern, may be taxed as trading income under the disguised investment management fee (DIMF) rules.
By a UK close company to a "participator"	Complex rules imposing a corporation tax charge of 32.5% on loans made by a close company to a participator (broadly, someone with an interest in the company's voting, capital or income). These rules only apply to UK companies.

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