

Indirect tax

Value added tax

	2021/22 and 2020/21
Standard rate	20% ⁽¹⁾

Annual turnover limits	2021/22 and 2020/21
Registration	£85,000
De-registration	£83,000
Flat rate scheme entrants turnover	£150,000

⁽¹⁾ Reduced rate for hospitality and tourism sector 5% from 15 July 2020 to 30 September 2021, 12.5% from 1 October 2021 to 31 March 2022.

Stamp Duty Land Tax (SDLT)

Property purchased in England and Northern Ireland

Residential property (% rates payable - incremental basis)

1 April to 30 June 2021

£0 to £500,000	0%	£500,000 to £925,000	5%
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1 July to 30 September 2021

£0 to £250,000	0%	£250,000 to £925,000	5%
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From 1 October 2021

£0 to £125,000	0%	£250,000 to £925,000	5%
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£125,000 to £250,000	2%		
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From 1 April 2021

£925,000 to £1.5m	10%	Above £1.5m	12%
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Purchasers of second properties are subject to a 3% surcharge over the above rates. Certain non UK-resident purchasers are subject to a 2% surcharge over the above rates. First-time buyers have a 0% rate up to £300,000 (£500,000 until 30th June).

Non-residential and mixed use

Property value (% rates payable - incremental basis)

£0 to £150,000	0%	Above £250,000	5%
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£150,000 to £250,000	2%		
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Enveloped residential properties

Property purchases for more than £500,000 incur a flat rate of 15% on the whole value, unless a relief is available.

Leases

Residential - 1% on present value of rents above £125,000.

Non-residential and mixed use - 1% on present value of rents £150,000 to £5m, 2% above £5m.

Business tax

Corporation tax

2021/22 and 2020/21	19%
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Capital allowances

First year allowances	2021/22	2020/21
Research and development, cars and goods vehicles with zero emissions, electric vehicle charge points	100%	100% ⁽¹⁾

Writing-down annual allowances	2021/22 and 2020/21
Standard rate	18% p.a.
Special rate ⁽²⁾	6% p.a.

Super-deduction - companies only ⁽³⁾	2021/22	2020/21
Standard rate	130% p.a.	n/a
Special rate	50% p.a.	n/a

Structures and buildings allowance	2021/22 and 2020/21
Expenditure incurred after 28 October 2018	3%

Annual investment allowance	From 1 Jan 2022	To 31 Dec 2021
100% allowance for expenditure on plant and machinery (excluding cars) up to:	£200,000	£1,000,000

⁽¹⁾ Previously applied for energy saving and environmentally beneficial plant and machinery.

⁽²⁾ Integral features, long life assets, thermal insulation of buildings, solar panels, cars with CO₂ emissions above 50g/km (110g/km before 1 April 2021).

⁽³⁾ Expenditure incurred by a company within the charge to Corporation Tax from 1 April 2021 to 31 March 2023 on new, unused plant and machinery.

To see how we can help you, contact our tax team at:

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M+A Partners Tax rates 2021/22

March 2021

Personal tax

Income tax rates

General rate	Dividend rate	Taxable income	Cumulative tax
2021/22			
20% ⁽¹⁾	7.5%	£0 to £37,700	£7,540
40%	32.5%	£37,701 to £150,000	£52,460
45%	38.1%	Over £150,000	-
2020/21			
20%	7.5%	£0 to £37,500	£7,500
40%	32.5%	£37,501 to £150,000	£52,500
45%	38.1%	Over £150,000	-

Certain trusts taxed at 45% (38.1% on dividend income).

Scottish taxpayers are subject to the rates and bands set by the Scottish Government.

⁽¹⁾ *Savings income taxable at 0% to the extent that other taxable income is less than £5,000.*

Allowances and reliefs

	2021/22	2020/21
Personal allowance	£12,570 ⁽¹⁾	£12,500 ⁽¹⁾
Marriage allowance	£1,260 ⁽²⁾	£1,250 ⁽²⁾
Dividend allowance	£2,000	£2,000
Personal Savings allowance:		
Basic rate taxpayers	£1,000	£1,000
Higher rate taxpayers	£500	£500
Blind person's allowance	£2,520	£2,500
Married couples allowance	£9,125 ⁽³⁾	£9,075 ⁽³⁾
Minimum married couples allowance	£3,530	£3,510

⁽¹⁾ *Withdrawn at a rate of £1 allowance for £2 of income over £100,000.*

⁽²⁾ *Spouses and civil partners not eligible for married couples allowance may transfer up to this amount between them, provided neither are liable to income tax above the basic rate.*

⁽³⁾ *Withdrawn at a rate of £1 allowance for every £2 income over £30,400 (£30,200 2020/21) subject to the minimum allowance. Relief is given at 10%. One spouse must have been born before 6 April 1935.*

Inheritance tax

Tax rate on death	2021/22 and 2020/21
Nil	£0 - 325,000 ⁽¹⁾
40% ⁽²⁾	Over £325,000

⁽¹⁾ *Additional residence nil rate band (RNRB) of £175,000 (£175,000 2020/21) for transfers of a main residence to direct descendants. NRB and RNRB for estate of spouse are increased by unutilised percentage of NRB and RNRB of pre-deceased spouse. RNRB is withdrawn at the rate of £1 for every £2 estate value over £2m.*

⁽²⁾ *Rate reduced to 36% where 10% or more of the net estate left to charity.*

National insurance contributions 2021/22

Class 1

Employee (primary)		Employer (secondary) ⁽²⁾	
Weekly earnings	NIC rate	Weekly earnings	NIC rate
£0 - £184 ⁽¹⁾	0%	Below £170	0%
£184.01 - £967	12%	Above £170 ⁽³⁾	13.8%
Above £967	2%		

Class 1A (employer) 13.8% on taxable non-cash benefits.

Class 1B (employer) 13.8% on an *Pay As You Earn* Settlement Agreement (PSA) earnings.

Class 2 (self-employed) Flat rate £3.05 p.w. (Small profits threshold £6,515).

Class 3 (voluntary) Flat rate £15.40 p.w.

Class 4 (self-employed) 9% on annual profits between £9,568 and £50,270. 2% on annual profits above £50,270.

⁽¹⁾ *Weekly earnings of £120 (£120 2020/21) or more secure entitlement to contributory benefits.*

⁽²⁾ *Some private sector employers entitled to £4,000 (£4,000 2020/21) annual employment allowance.*

⁽³⁾ *No employer contribution on weekly earnings £170 - £967 for employees aged under 21 and qualifying apprentices aged under 25.*

Capital gains tax

	2021/22 and 2020/21
Basic rate individual ⁽¹⁾	10% / 18%
Higher rate individual ⁽²⁾	20% / 28%
UK trust ⁽²⁾	20% / 28%
Business asset disposal and investors' relief gains	10%
Business asset disposal relief lifetime limit	£1m
Investors' relief lifetime limit	£10m
Individual annual exemption	£12,300
Trust annual exemption	£6,150

⁽¹⁾ *Rate for gains on disposals of residential property is 18%.*

⁽²⁾ *Rate for gains on disposals of residential property is 28%.*

Pensions tax relief

	2021/22 and 2020/21
Annual Allowance ⁽¹⁾⁽⁴⁾	£40,000
High earners restricted Annual Allowance ⁽²⁾⁽⁴⁾	£4,000
Money Purchase Annual Allowance ⁽³⁾	£4,000
Lifetime Allowance ⁽⁴⁾	£1,073,100

Non-taxpayer contributions are limited to the higher of £3,600 and 100% of relevant UK earnings, subject to the allowance restrictions.

⁽¹⁾ *Tax relief applies to combined total employer and employee contributions up to the annual allowance plus unutilised annual allowances from the three previous years.*

⁽²⁾ *For those with total income more than £200,000 and adjusted earnings (broadly, earnings including all pension contributions) in excess of £240,000, the Annual Allowance is reduced by £1 for every £2 over £240,000, until, at £312,000 the minimum £4,000 allowance applies.*

⁽³⁾ *A restricted Money Purchase Annual Allowance applies to those who have accessed their pension fund under the flexible access rules.*

⁽⁴⁾ *For those in defined benefit schemes the allowances are measured in terms of value of pensions rather than contributions.*

Individual savings account (ISA)

Annual contribution limits	2021/22	2020/21
Cash and Shares ISA	£20,000	£20,000
Junior ISA ⁽¹⁾	£9,000	£9,000
Lifetime ISA ⁽²⁾	£4,000	£4,000

⁽¹⁾ *Under the age of 18.*

⁽²⁾ *Aged 18-40 25% government bonus on savings. There is a charge on withdrawals before age 60 unless used to purchase first home. Contributions count for £20,000 limit on cash and shares ISA.*

Tax efficient savings and investments

Maximum annual investment	2021/22 and 2020/21
Seed Enterprise Investment Scheme (SEIS)	£100,000 ^{(1) (5) (6)}
Venture Capital Trusts (VCTs)	£200,000 ^{(5) (7)}
Enterprise Investment Scheme (EIS)	£1m ^{(2) (3) (4) (6)}
Social Investment Tax Relief (SITR)	£1m ^{(2) (6)}

⁽¹⁾ *Income tax relief at 50%.*

⁽²⁾ *Income tax relief at 30%.*

⁽³⁾ *Up to £2m for 'knowledge-intensive' companies.*

⁽⁴⁾ *Capital Gains Tax deferral on gains reinvested in EIS qualifying investments.*

⁽⁵⁾ *Capital Gains Tax exemption on 50% of gains reinvested in SEIS qualifying investments.*

⁽⁶⁾ *Gains free of Capital Gains Tax provided held for at least 3 years.*

⁽⁷⁾ *Gains free of Capital Gains Tax.*

Car benefits 2021/22

Car benefit: Percentage (below) of list price		Fuel benefit: Percentage (below) of £24,600 ⁽¹⁾	
CO2 emissions (g/km)	Electric Range (miles)	Cars registered before 06/04/20	Cars registered after 06/04/20
0		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		15%	14%
Tax charge increase by 1% per each additional 5g/km until:			
160 - 164		37%	36%
165 or more		37%	37%

⁽¹⁾ *Diesel cars that do not meet the Real Driving Emissions Step 2 (RDE 2) standard are subject to a diesel supplement of 4% (up to a maximum of 37%).*

Van benefits	2021/22	2020/21
Company van benefit	£3,500	£3,490
Van fuel benefit	£669	£666
Approved mileage rates rate per mile (employee's own vehicle)		
Car or van: First 10,000 miles	45p	45p
Car or van: Over 10,000 miles	25p	25p
Motorcycle	24p	24p
Bicycles	20p	20p
Additional passenger payment	5p	5p

Employers' payments for business use are free of tax and NIC if they do not exceed the above rates.