

TAX-FREE MILEAGE ALLOWANCES

Cars and vans	First 10,000 business miles p.a.	45p
	Thereafter	25p
Motorcycles		24p
Bicycles		20p
Business passenger		5p

Fuel only allowance for company cars

From 1 March 2021	Petrol	Diesel	LPG
Up to 1400cc*	10p	9p	7p
1401** - 2000cc	12p	11p	8p
Over 2000cc	18p	12p	12p

These rates are reviewed quarterly and therefore rates may change within the tax year. The latest rates can be found at:

<https://www.gov.uk/government/publications/advisory-fuel-rates>

*1600cc for diesel **1601cc for diesel

VEHICLE AND FUEL BENEFITS IN KIND (BIK)

The taxable BIK is calculated as a percentage of the car's UK list price. The percentage depends on the car's CO₂ emission in grams per kilometre (g/km).

Emissions	Electric Mileage Range	Petrol*
0g/km	n/a	1%
1-50g/km	Over 130 miles	1%**
	70-129 miles	4%**
	40-69 miles	7%**
	30-39 miles	11%**
	Under 30 miles	13%***
51-54g/km	n/a	14%**
Over 54g/km	n/a	Add 1% for every 5g/km
Maximum		37%

*Add 4% supplement for Diesel cars (up to a maximum of percentage of 37%) which do not meet the RDE2 standard.

**Add 1% for cars registered before 6 April 2020.

Where the cost of all fuel for private use is borne by the employee, the fuel benefit is nil. Otherwise, the fuel benefit is calculated by applying the car benefit percentage (above) to £24,600 (2020/21) £24,500.

Vans where private use is more than home to work travel: £3,500 and £669 (2020/21) £3,490 and £666 for private fuel. Payments by employees for private use may reduce these BIKs.

VALUE ADDED TAX

From 1 April	2021	2020
Standard rate	20%	20%
VAT fraction	1/6	1/6

Temporary reduced rate of VAT for hospitality and tourism sector of 5% applies from 15 July 2020 to 30 September 2021 and then increases to 12.5% from 1 October 2021 to 31 March 2022.

Taxable turnover limits

Registration (last 12 months or next 30 days over)	£85,000	£85,000
Deregistration (next year under)	£83,000	£83,000
Annual and cash accounting schemes	£1,350,000	£1,350,000
Flat rate scheme	£150,000	£150,000

STAMP TAXES

Stamp duty is payable at a rate of 0.5% on transfers of shares and securities of £1,000 and over.

On the transfer of residential property		On the transfer of non-residential property	
£0 - £500,000*	0%	£0 - £150,000	0%
£500,001* - £925,000	5%	£150,001 - £250,000	2%
£925,001 - £1,500,000	10%	£250,001 and over	5%
£1,500,001 and over	12%		

3% surcharge for purchases of additional residential properties over £40,000.

15% for purchases by certain non-natural persons including corporate bodies over £500,000.

*Nil rate band of Stamp Duty Land Tax on residential property to be extended to £500,000 until 30 June 2021 and then reduces to £250,000 from 1 July 2021 to 30 September 2021.

DUE DATES FOR TAX PAYMENTS

Income tax and Class 4 NIC	2021/22	2020/21
1st payment on account (31 January)	2022	2021
2nd payment on account (31 July)	2022	2021
Balancing payment (31 January)	2023	2022
Capital gains tax (31 January)*	2023	2022

Inheritance tax Normally six months after end of the month in which death occurs

*Tax payable on gains on the disposal of residential property is due within 30 days of completion from April 2020.

Corporation Tax

Small and medium companies
Nine months and one day after the end of the accounting period.
Large companies
Four quarterly instalments commencing six and a half months into the accounting period. For accounting periods commencing on or after 1 April 2019, very large companies must pay their QIPs prior to the end of the accounting period. Please call Pierce for details.

RATES FOR 2021/22

These rates and allowances shown on this card are for information only. Always seek professional advice before acting.

- AUDIT AND ACCOUNTANCY
- BUSINESS CONSULTANCY
- BUSINESS & PERSONAL TAX
- COMPANY SECRETARIAL SERVICES
- CORPORATE FINANCE
- FORENSIC ACCOUNTING
- ONLINE ACCOUNTING
- PAYROLL AND AUTO ENROLMENT
- RESEARCH & DEVELOPMENT
- VAT



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Tax Facts 2021/2022

INCOME TAX BANDS AND RATES

	2021/22	2020/21
Savings rate band	£5,000	£5,000
Savings tax rate	0%	0%
Basic rate band*	£37,700	£37,500
Basic tax rate*	20%	20%
Dividend ordinary tax rate	7.5%	7.5%
Higher rate band*	£37,701 - £150,000	£37,501 - £150,000
Higher rate tax*	40%	40%
Dividend higher tax rate	32.5%	32.5%
Additional rate band	Over £150,000	Over £150,000
Additional tax rate*	45%	45%
Dividend additional tax rate	38.1%	38.1%

Personal Tax Allowances

Personal allowance	£12,570	£12,500	
Marriage Allowance **	£1,260	£1,250	
Blind person's allowance	£2,520	£2,500	
Dividend Allowance***	£2,000	£2,000	
Personal Savings Allowance	Basic rate taxpayer	£1,000	£1,000
	Higher rate taxpayer	£500	£500

The minimum personal allowance is reduced by £1 for each £2 of income from £100,000 to £125,140 (2020/21 £125,000).

* Scottish and Welsh residents may be subject to different tax bands and rates.

** Not available were recipient is liable to higher or additional tax rates.

*** The dividend allowance taxes the first £2,000 (2020/21 £2,000) of dividends received at 0% irrespective of which rate band the income falls in.

Allowances that reduce tax

Married couple's allowance (MCA) tax reduction	£912.50	£907.50
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Available to people born before 6 April 1935. The age for MCA is of the elder spouse or civil partner. The loss of tax reduction is 10p for each £2 of income above £30,400 (2020/21 £30,200) until the minimum of £353 (2020/21 £351) is reached.

HIGH INCOME CHILD BENEFIT CHARGE

	2021/22	2020/21
Arises on income over	£50,000	£50,000

There is a tax charge of 1% of the child benefit received for each £100 that taxable income exceeds £50,000 up to a maximum of 100%. Applies from 7 January 2013.

NATIONAL INSURANCE

Class 1 (not contracted out)

	Employer	Employee
Lower earnings limit	n/a	£120
Payable on weekly earnings of £120.01 - £170	0%	0%
Payable on weekly earnings of £170.01 - £184	13.8%	0%
Payable on weekly earnings of £184.01 - £967	13.8%	12%
Over £967	13.8%	2%
Over state retirement age	13.8%	0%

Class 1A

On relevant benefits	13.8%	n/a
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Class 2

Self employed	£3.05 per week
Limit on net earnings for exception	£6,515 per annum

Class 3

Voluntary	£15.40 per week
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Class 4*

Self-employed on profits £9,568 - £50,270	9%
Above £50,270	2%

*Exemption applies if the state retirement age is reached by 6 April 2021.

PENSION CONTRIBUTIONS

Maximum annual tax efficient gross contributions to age	74	
• Individuals	£3,600 or 100% of earnings to £40,000*	
• Employers	£40,000* less employee contributions	
Normal age for assessing benefits	55	
Lifetime allowance charge	Lump sum paid	55%
	Monies retained	25%
On cumulative benefits exceeding	£1,073,100**	
Maximum tax-free lump sum	25%	

*The annual contribution may be increased to include the unused amounts from the previous three years, subject to specific conditions. The £40,000 Annual Allowance is gradually reduced by £1 for every £2 the individuals income is in excess of £240,000 up to £312,000 of income.

**subject to transitional protection for excess amount.

INHERITANCE TAX

	2021/22	2020/21
Standard threshold	£325,000	£325,000
Combined threshold maximum for married couples and civil partners	£650,000	£650,000
Residence nil rate band *	£175,000	£175,000

* Only available to estates valued at under £2million.

Rates of tax on balance

Chargeable lifetime transfers	20%	20%
Reduced rate	36%	36%
Transfer on or within seven years of death	40%	40%

All lifetime transfers not covered by exemptions and made within seven years of death will be added back into the estate for the purposes of calculating the tax payable. This may be reduced as follows:

Years before death	0-3	3-4	4-5	5-6	6-7
Tax reduced by	0%	20%	40%	60%	80%

Main exemptions

- Most transfers between spouses and between civil partners.
- First £3,000 of lifetime transfers in any tax year plus any unused from the previous year.
- Gifts up to £250 p.a. to any number of persons.
- Gifts made out of income that form part of normal expenditure and do not reduce the standard of living.
- Gifts in consideration of marriage/civil partnership up to £5,000 by a parent, £2,500 by grandparents, or £1,000 by any other.
- Gifts to charities, whether made during lifetime or on death.

CAPITAL GAINS TAX

	2021/22	2020/21	
Residential Property	Lower rate	18%	18%
	Higher rate	28%	28%
Other disposals	Lower rate	10%	10%
	Higher rate	20%	20%
Annual exemption	Individual	£12,300	£12,300
Entrepreneurs' Relief	Applicable rate	10%	10%
	Lifetime limit	£1m	£1m

INVESTMENT RELIEFS

Enterprise Investment Scheme	Limit	£1,000,000*
	Relief rate	30%
Venture Capital Trust	Limit	£200,000
	Relief rate	30%
Seed Enterprise Investment Scheme	Limit	£100,000
	Relief rate	50%

* Up to £2m for knowledge-intensive companies.

ISA AND JUNIOR ISA

	2021/22	2020/21	
ISA	Annual limit	£20,000	£20,000
Junior ISA: Annual investment limit	£9,000	£9,000	
Child Trust Fund (CTF) subscription limit	£9,000	£9,000	

CORPORATION TAX

Financial year from 1 April	2021	2020
Full rate	19%	19%

MAIN CAPITAL ALLOWANCES

Plant and machinery

First year allowance: for new and unused electric or zero emission cars, electric-vehicle charging points, zero emission goods vehicles	100%
Annual investment allowance: on first £1,000,000 (£200,000 after 31 December 2021) of investment (excludes cars).	100%
Super Deduction: for companies purchasing new plant & machinery that would normally qualify for the 18% main rate writing down allowances (excludes cars and assets for leasing)	130%
First-year allowance: for companies purchasing new plant & machinery that would normally qualify for the 6% special writing down allowances (excludes cars and assets for leasing)	50%

Writing down allowances

Other plant and machinery	18%	
Long life assets, integral features of buildings, thermal insulation	6%	
Structures and Buildings Allowance	3%	
Cars	1g/km - 50g/km	18%
	Over 50g/km	6%