

TAX RATES AND ALLOWANCES – 2022/2023

TAXABLE INCOME BANDS AND TAX RATES

	2022/23	2021/22
Starting rate of 0% on savings up to	£5,000*	£5,000*
Basic rate band	£37,700	£37,700
Higher rate band	£37,701 - £150,000	£37,701 - £150,000
Basic rate	20%	20%
Higher rate	40%	40%
Additional rate	45%	45%
Additional rate band	Over £150,000	Over £150,000
Dividend ordinary rate	8.75%	7.5%
Dividend upper rate	33.75%	32.5%
Dividend additional rate	39.35%	38.1%

* The starting rate does not apply if taxable non-saving income exceeds the starting rate limit

▶ Allowances that reduce taxable income or are not taxable

	2022/23	2021/22
Personal allowance*	£12,570	£12,570
Dividend allowance	£2,000	£2,000
Rent a room allowance	£7,500	£7,500
Personal Savings Allowance at 0%		
Basic Rate Taxpayer	£1,000	£1,000
Higher Rate Taxpayer	£500	£500
Additional Rate Taxpayer	£0	£0

* The personal allowance is reduced by £1 for each £2 of income over £100,000

▶ High income child benefit charge

	2022/23	2021/22
Threshold	£50,000 - £60,000*	£50,000 - £60,000*

*1% of benefit per £100 of adjusted income of £50,000 - £60,000

PROPERTY TRANSACTION TAXES

Residential property value UK (Stamp Duty Land Tax)	Percentage (%)
Up to £125,000	0
£125,001 - £250,000	2
£250,001 - £925,000	5
£925,001 - £1,500,000	10
Over £1,500,000	12
Second Properties over £40,000	Add 3% to relevant SDLT rate

CAPITAL GAINS TAX

		2022/23	2021/22
Main rates	Basic rate	10%	10%
	Higher rate	20%	20%
	Trusts & estates	20%	20%
Gains on residential property not eligible for PPR relief and carried interest	Basic rate	18%	18%
	Higher rate	28%	28%
	Trusts & estates	28%	28%
Annual Exemption	Individuals	£12,300	£12,300
	Trusts	£6,150	£6,150
Business Asset Disposal relief	Applicable rate	10%	10%
	Lifetime limit	£1m	£1m

INHERITANCE TAX

	2022/23	2021/22
Nil-rate band threshold*	£325,000	£325,000
Main residence nil-rate band**	£175,000	£175,000
Combined threshold For married couples & civil partners, including main residence nil-rate band	£1,000,000	£1,000,000

* Up to 100% of any unused part of a deceased person's nil-rate band can be claimed by the surviving spouse/civil partner on their death

** For estates worth in excess of £2m, the additional main residence nil-rate band will be tapered at a withdrawal rate of £1 for every £2 over the threshold (additional information in **Residence Nil-Rate Band**)

▶ Tax rates

	2022/23	2021/22
Main rate	40%	40%
Chargeable on lifetime transfers	20%	20%
Transfers on or within 7 years of death*	40%	40%
Reduced rate**	36%	36%

* All lifetime transfers not covered by exemptions and made within 7 years of death will be added back into the estate for the purposes of calculating the tax payable (this may then be reduced as shown in the table below)

** Applies if 10% or more of net estate is given to charity

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

INHERITANCE TAX CONTINUED

Main Exemptions	
Gifts to spouse domiciled in UK	£ Unlimited
Annual Exemption	£3,000
Small Gifts	£250
Gifts in Consideration of Marriage:	
• by each parent	£5,000
• by grandparent or fiancé	£2,500
• by any other person	£1,000
Gifts to charity	£ Unlimited

Rate of tax from 06/04/22	Taxable estate on death
Nil	On first £325,000
40%	Over £325,000

PENSIONS

Lifetime Allowance limit	£1,073,100
Annual Allowance limit*	£4,000 to £40,000
Money Purchase Annual Allowance	£4,000

Up to the lower of 100% of earnings or the maximum contribution. Maximum contribution is the annual allowance plus utilised allowances from the three previous tax years. Up to £4,000 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

The unused amount of the annual allowance can be carried forward up to 3 years and used once the current year allowance has been fully utilised

State Pensions

	Weekly	Annually
Single Tier*	£185.15	£9,627.80
Basic** – Single person	£141.85	£7,376.20
Basic** – Spouse/Civil partner	£85.00	£4,420.00

* State pension age reached after 05/04/16

** State pension age reached before 06/04/16

Pension Credit – Standard Minimum

	Weekly	Annually
Single	£182.60	£9,495.20
Couple	£278.70	£14,492.40

RESIDENCE NIL-RATE BAND

Individuals with direct descendants who have an estate with total assets above the Inheritance Tax (IHT) threshold of £325,000 are most likely to be affected. An additional nil-rate band is being introduced for when a residence is passed on death to a direct descendant.

This measure will reduce the burden of IHT for most families by making it easier to pass on the family home to direct descendants without a tax charge.

The nil rate band and residence nil rate band will remain fixed at £325,000 and £175,000 respectively until April 2026. The phasing of the nil-rate band increases can be seen in the table below.

	2019/20	2020/21	2021/22	2022/23
Additional residence nil-rate band	£150,000	£175,000	£175,000	£175,000

The additional nil-rate band is £150,000 and is tapered away by £1 for every £2 that the estate exceeds £2,000,000

INVESTMENT ALLOWANCE & RELIEFS

Investment Savings Account	2022/23	2021/22
Stocks & Shares ISA	£20,000	£20,000
Lifetime ISA	£4,000	£4,000
Junior ISA & Child trust fund	£9,000	£9,000

Venture Capital Trust	2022/23	2021/22
Investment allowance at 30%	£200,000	£200,000

Enterprise Investment Scheme	2022/23	2021/22
Investment allowance at 30%	£2m*	£2m*

*Amount in excess of £1m must be invested in a knowledge intensive company

USEFUL DATES

Income tax, NIC & Capital gains Tax – Self-Assessment	
31 January in tax year Following 31 July	Normally 50% of previous year's income tax and class 4 NIC
Following 31 January 30 days	Balance of income tax, class 4 NIC, non-property CGT and class 2 NIC CGT on residential property is payable within 30 days of completion
Inheritance Tax	
On death	Normally 6 months after month of death
Lifetime transfer 6 April - 30 September	30 April in following year
Lifetime transfer 1 October – 5 April	6 months after month transfer
Corporation Tax	
Self-assessment	9 months and one day after end of accounting period