Spring Statement 2022

Tax rates and allowances

Income tax rates: England, Wales & Northern Ireland (non-dividend income) (note 1)	2022/23	2021/22
0% starting rate for savings only	Up to £5,000	Up to £5,000
20% basic rate tax *	£12,571-£50,270	£12,571- £50,270
40% higher rate tax	£50,271-£150,000	£50,271- £150,000
45% additional rate tax	Above £150,000	Above £150,000
Note 1: Welsh income tax rates and thresholds are subject to parliamentary approval, however the Welsh Government has made a commitment not to raise Welsh rates of income tax. Therefore, Welsh taxpayers will continue to pay the same rates as their English and Northern Irish counterparts. *The income tax bands will remain frozen until tax year 2025/26.* ** The Chancellor announced in the Spring Statement that the basic rate of income tax will be reduced from 20% to 19% from April 2024.*		
Scottish rates of income tax (non-dividend income) (note 2)		
19% starting rate	£12,571-£14,732	£12,571-£14,667
20% basic rate tax	£14,733-£25,688	£14,668-£25,296
21% intermediate rate tax	£25,689-£43,662	£25,297-£43,662
41% higher rate tax	£43,663-£150,000	£43,663-£150,000
46% top rate	Above £150,000	Above £150,000

Note 2: Scottish taxpayers pay the same tax as the rest of the UK on dividends and savings interest. Scottish income tax rates and thresholds are subject to parliamentary approval.

It will be the Scottish Government's decision whether to match the announced reduction of basic rate of income tax in Scotland.

Income tax rates (dividend income)	**2022/23**	**2021/22**
Dividend allowance	£2,000	£2,000
Dividend ordinary rate (for dividends within basic rate band)	8.75%	7.50%
Dividend upper rate (for dividends within higher rate band)	33.75%	32.50%
Dividend additional rate (for dividends above higher rate band)	39.35%	38.10%
Child benefit/guardian's allowance rates (notes 3, 4 and 4a)		
Higher rate (eldest or only child) (per week)	*£21.15*	£21.15
Other children	*£14.00*	£14.00
Guardian's allowance per week	*£18.00*	£18.00

Note 3: an income tax charge will apply to taxpayers with 'adjusted net income' exceeding £50,000 in a tax year, when child benefit is also received by them or their partner. The charge will reduce the financial benefit of receiving child benefit for those with income between £50,000 and £60,000, and remove it completely for taxpayers with income above £60,000.

Note 4: from January 2021, no child benefit payments are made in respect of children living overseas. This will apply to EEA migrants arriving in the UK under the new immigration system.

Note 4a: following the publication of consumer price index figures for September 2021 on 20 October, the government will conduct a review of benefits rates for 2022/23. The outcome of the government's review, including any changes to rates, will be announced in November 2021 and implemented in April 2022. The guide will be updated in due course.

Personal allowances	**2022/23**	**2021/22**
Personal allowance (note 5)	£12,570	£12,570
Dividend allowance	£2,000	£2,000
Maximum married couple's allowance for those born before 6 April 1935 (note 6)	£9,415	£9,125
Married couple's allowance – minimum amount	£3,640	£3,530
Micro entrepreneur's allowance (property or trading income)	£1,000 each	£1,000 each
Income limit for personal allowance (note 7)	£100,000	£100,000
Income limit for married couple's allowance: born before 6 April 1935	£31,400	£30,400
Blind person's allowance	£2,600	£2,520

Rent-a-room relief	£7,500	£7,500
Transferable/shareable tax allowance for married couples and civil partners (note 8)	£1,260	£1,260
	2022/23	**2021/22**
Personal savings allowance for basic rate taxpayers	£1,000	£1,000
Personal savings allowance for higher rate taxpayers	£500	£500
Personal savings allowance for additional rate taxpayers	£0	£0

Note 5: from 2016/17 onwards, all individuals are entitled to the same personal allowance, regardless of the individual's date of birth. This allowance is subject to the £100,000 income limit, which applies regardless of the individual's date of birth.

Note 6: this allowance is reduced by £1 for every £2 of income in excess of the income limit, but married couple's allowance will not reduce below £3,640.

Note 7: personal allowances are subject to the £100,000 income limit, which applies regardless of the individual's date of birth. The individual's personal allowance is reduced where their income is above this limit. The allowance is reduced by £1 for every £2 above the limit, down to zero.

Note 8: this allowance is available to married couples and civil partners who are not in receipt of married couple's allowance. A spouse or civil partner who is not liable to income tax, or not liable at the higher or additional rates, can transfer this amount of their unused personal allowance to their spouse or civil partner. The recipient must not be liable to income tax at the higher or additional rates.

If the couple marry or register a civil partnership, they will get the allowance on a pro-rata basis for the rest of that tax year. If one of them dies or there is a divorce or separation, the allowance continues until the end of the tax year.

National insurance	**2022/23**	**2021/22**
Lower earnings limit, primary class 1 (per week)	£123	£120
Upper earnings limit, primary class 1 (per week)	£967	£967
Apprentice upper secondary threshold (AUST) for under 21s/25s	£967	£967
Primary threshold (per week) From 6 April 2022 to 5 July 2022 From 6 July 2022 to 5 April 2023	 £190 £242	£184
Secondary threshold (per week)	£175	£170
Employment allowance (per year/employer)	£5,000	£4,000
Employee's primary class 1 rate between primary threshold and upper earnings limit (note 9)	13.25%	12%

Employee's primary class 1 rate above upper earnings limit (note 9)	3.25%	2%
Married woman's reduced rate between primary threshold and upper earnings limit	7.1%	5.85%
Married woman's rate above upper earnings limit	3.25%	2%
Employer's secondary class 1 rate above secondary threshold (note 9)	15.05%	13.80%
	2022/23	**2021/22**
Class 2 rate (per week where profits are above lower profits limit threshold (for 2021/22 above the small profits threshold)	£3.15	£3.05
Class 2 small profits threshold (per year)	N/A	£6,515
Special class 2 rate for share fishermen (per week)	£3.80	£3.70
Special class 2 rate for volunteer development workers	£6.15	£6.00
Class 3 voluntary rate (per week)	£15.85	£15.40
Class 4 lower profits limit **(note 9)**	£11,908	£9,568
Class 4 upper profits limit	£50,270	£50,270
Class 4 rate between lower profits limit and upper profits limit (note 9)	10.25%	9.00%
Class 4 rate above upper profits limit (note 9)	3.25%	2.00%
Class 1A/1B NIC (note 9)	15.05%	13.8%

Note 9: from 6 April 2022, main and additional rates of national insurance contributions will increase by 1.25% and will last for the 2022/23 tax year only. The new Health and Social Care Levy will take effect from 6 April 2023.

From 6 July 2022, primary thresholds for NI are aligned with income tax personal allowance.

The self-employed pay NICs on an annual basis, and at the end of the tax year. The annual figure for the self-employed is £11,908 reflecting 13 weeks at £9,880 and 39 weeks at £12,570.

Pensions	**2022/23**	**2021/22**
Annual allowance (note 10)	£40,000	£40,000
Lifetime allowance (note 11)	£1,073,100	£1,073,100
Money purchase annual allowance (note 12)	£4,000	£4,000

Note 10: the annual allowance is a limit to the total amount of contributions that can be paid to a defined contribution pension scheme and the total amount of benefits that you can build up in a defined benefit pension scheme

each year, for tax relief purposes.

Since 6 April 2016, individuals with a high income have had a tapered annual allowance, where for every £2 of adjusted income over a threshold, an individual's annual allowance is reduced by £1. From 6 April 2020, the tapered annual allowance applies for individuals with 'threshold income' of over £200,000, and 'adjusted income' of over £240,000. The annual allowance will be £4,000 for individuals with total adjusted income (including pension accrual) over £312,000.

Note 11: the lifetime allowance will remain the same at the current level of £1,073,100 until April 2026.

Note 12: the annual allowance is currently capped at £40,000, although a lower limit of £4,000 may apply if you have already started drawing a pension.

Reliefs and incentives	**2022/23**	**2021/22**
Enterprise Investment Scheme (EIS) – maximum (note 13)	£1,000,000	£1,000,000
Venture Capital Trust (VCT) – maximum	£200,000	£200,000
Enterprise Management Incentive Scheme (EMI) – employee limit up to the value of £250,000 in a three-year period	£250,000	£250,000
Seed Enterprise Investment Scheme (SEIS) – maximum (note 14)	£100,000	£100,000
Social Investment Tax Relief (SITR) – maximum	£1,000,000	£1,000,000
Income tax relief on EIS schemes	30%	30%
Income tax relief on VCT schemes	30%	30%
Income tax relief on SEIS schemes	50%	50%
Income tax relief on SITR schemes	30%	30%

Note 13: from 6 April 2018, the annual limit is doubled to £2m, provided that any amount over £1m is invested in one or more knowledge-intensive companies.

Note 14: capital gains tax reinvestment relief may also be available for investments made in 2018/19 on 50% of the amount invested.

Individual Savings Account (ISA)	**2022/23**	**2021/22**
ISA (NISA) annual limit	£20,000	£20,000
Junior ISA investment annual limit – under 18, living in the UK	£9,000	£9,000
Child Trust Fund annual limit	£9,000	£9,000
Lifetime ISA annual limit (note 15)	£4,000	£4,000

Note 15: to open a Lifetime ISA, you must be 18 or over but under 40. Contributions can be made until 50. The government will add a 25% bonus to the savings, up to a maximum of £1,000 per year. The lifetime ISA limit of £4,000 counts towards the annual ISA limit.

Capital gains tax	**2022/23**	**2021/22**

Basic rate tax payer	10%	10%
Higher rate tax payer	20%	20%
Gain on sale of residential property:		
Basic rate tax payer	18%	18%
Higher rate tax payer	28%	28%
Annual exemption – individuals/trusts for disabled persons (note 16)	£12,300	£12,300
Annual exemption – other trusts	£6,150	£6,150
Business Assets Disposal Relief lifetime limit (note 17)	£1,000,000	£1,000,000
Investors' Relief lifetime limit	£10,000,000	£10,000,000
Business Assets Disposal Relief / Investors' rate	10%	10%
Chattels exemption	£6,000	£6,000

Note 16: annual exemption of £12,300 is frozen until tax year 2025/26.

Note 17: Business Assets Disposal Relief (formerly Entrepreneurs' Relief) lifetime limit reduced from £10m to £1m for disposals made on or after 11 March 2020.

Inheritance tax	**2022/23**	**2021/22**
Single person's nil-rate band	£1- £325,000	£1- £325,000
Single person's 40% band	over £325,000	over £325,000
Residence nil-rate band (RNRB) – maximum (note 18)	£175,000	£175,000
Reduced rate (note 19)	36%	36%
IHT rate (for chargeable lifetime transfers)	20%	20%
Married couples or civil partnerships allowance nil-rate band	£650,000	£650,000
Gifts to charities	Exempt	Exempt
Small gifts to same person	£250	£250
General gifts – annual exemption	£3,000	£3,000
Wedding gifts to children	£5,000	£5,000
Wedding gifts to grandchildren	£2,500	£2,500
Wedding gifts to any other person	£1,000	£1,000

Note 18: the RNRB is available in respect of a main residence given away to children (including adopted, foster or stepchildren). Any unused nil-rate band transfers to the deceased's spouse or civil partner, even where death predates the availability of the additional threshold. It applies in addition to the existing nil-rate band (NRB) or threshold (currently £325,000) if the individual and estate meet the qualifying conditions.

Note 19: the estate can pay inheritance tax at a reduced rate of 36% on some assets if you leave 10% or more of the net value to charity in your will.

Business property relief	**2022/23**	**2021/22**
Business or interest in a business and transfers of unquoted shareholdings	100%	100%

Taxation of trusts	**2022/23**	**2021/22**
Accumulation or discretionary trusts:		
Trust income up to £1,000 – dividend type income (note 20)	8.75%	7.50%
Trust income up to £1,000 – all other income	20%	20%
Trust income over £1,000 – dividend type income (note 20)	39.35%	38.10%
Trust income over £1,000 – all other income	45%	45%
Interest in possession trusts:		
Dividend-type income	8.75%	7.50%
All other income	20%	20%

Note 20: trustees do not qualify for the dividend allowance. This means trustees pay tax on all dividends depending on the tax band they fall within.

Corporation tax	**2022/23**	**2021/22**
All profits and gains (excluding determination agreements and diverted profits) (note 21)	19%	19%
S.455 tax on loans made by close companies to participators	33.75%	32.50%

Note 21: corporation tax rate will remain at 19% until March 2023. From April 2023, the main rate will increase to 25% for business profits made by the company over £250,000. A small profits rate (SPR) will also be introduced for companies with profits of £50,000 or less so that they will continue to pay corporation tax at 19%. Companies with profits between £50,000 and £250,000 will pay tax at the main rate reduced by a marginal relief providing a gradual increase in the effective corporation tax rate.

Capital allowances	**2022/23**	**2021/22**
Main writing-down allowance (reducing balance)	18%	18%
Special rate writing-down allowance (reducing balance)	6%	6%
Structures and buildings allowance (SBA) (note 23)	3%	3%

Motor cars if CO2 > 50g/km but does not exceed 110g/km)	6%	6%
Motor cars if CO2 > 110g/km	6%	6%
First-year allowances (FYA) – New and unused motor cars if CO2 emissions are 50 g/km or less (or car is electric) (note 22)	100%	100%
Small pool write-off where written-down value (WDV) is £1,000 or less	100%	100%
FYA for electric charge points (note 24)	100%	100%
Annual investment allowance (AIA) (note 25)	£1,000,000	£1,000,000
AIA rate	100%	100%

Note 22: from April 2021, the thresholds for FYA will be reduced from 50g/km to 0g/km. Main rate of 18% capital allowance will be applicable for business cars with CO2 emissions not exceeding 50g/km. Business cars with CO2 emissions exceeding 50g/km will be eligible for writing-down allowance at the special rate of 6%.

Note 23: companies claiming Structures and Buildings Allowance (SBA) will be required to include further information on an allowance statement, including dates the asset was first used and/or dates of further expenditure qualifying for SBA.

Note 24: the allowance will be available until 31 March 2023 for incorporated businesses and 5 April 2023 for unincorporated businesses.

Note 25: from 1 January 2019 the annual investment allowance is increased from £200,000 to £1m for investment made from 1 January 2019. This is temporarily extended until 31 March 2023. The threshold will revert back to £200,000 from 1 April 2023.

Research and development tax credit rates	**2022/23**	**2021/22**
SME rate	230%	230%
Research and development (R&D) SME payable credit (note 26)	14.5%	14.5%
Research and development expenditure credit (RDEC) scheme	13%	13%
Film / high-end TV / videogames tax credit	25%	25%
Open-ended investment companies and authorised unit trusts	20%	20%

Note 26: for accounting periods beginning on or after 1 April 2021, the amount of SME payable R&D tax credit that a business can receive in any one year will be capped at £20,000 plus three times the company's total PAYE and NICs liability.

Patent box		
Patent box	10%	10%
VAT		
Standard rate (note 27)	20%	20%

Reduced rate	5%	5%
Zero rate	0%	0%
Flat rate of VAT on gross turnover (for limited cost trader)	16.5%	16.5%
Normal scheme registration threshold	£85,000	£85,000
Deregistration threshold	£83,000	£83,000
Cash and annual accounting scheme – maximum to join	£1,350,000	£1,350,000
Cash and annual accounting scheme – exit threshold	£1,600,000	£1,600,000
Flat-rate scheme – maximum allowed to join	£150,000	£150,000
Flat-rate scheme exit threshold	£230,000	£230,000
Note 27: Due to the coronavirus pandemic, the hospitality, holiday accommodation and attractions industry can apply a reduced rate of 5% for certain supplies made between 15 July 2020 and 30 September 2021. The rates for these sectors will be 12.5% from 1 October 2021 until 31 March 2022 before they revert to the normal standard rate of VAT at 20%.		

Annual tax on enveloped dwellings (ATED)	**2022/23**	**2021/22**
More than £0.5m but not more than £1m	£3,800	£3,700
More than £1m but not more than £2m	£7,700	£7,500
More than £2m but not more than £5m	£26,050	£25,300
More than £5m but not more than £10m	£60,900	£59,100
More than £10m but not more than £20m	£122,250	£118,600
More than £20m	£244,750	£237,400

ACCA LEGAL NOTICE

This is a basic guide prepared by *ACCA UK*'s Technical Advisory Service for members and their clients. It should not be used as a definitive guide, since individual circumstances may vary. Specific advice should be obtained, where necessary.