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Your
budget booklet

2023

SPRING BUDGET 15 MARCH 2023

This Summary covers the key tax changes announced in the Chancellor's speech and includes tables of the main rates and allowances.

At the back of the Summary you will find a calendar of the tax year with important deadline dates shown.

We recommend that you review your financial plans regularly as some aspects of the Budget will not be implemented until later dates.

We will, of course, be happy to discuss with you any of the points covered in this report and help you adapt and reassess your plans in the light of any legislative changes.

Contents

Hunt for growth

Jeremy Hunt opened his first full Budget speech by declaring that it was a 'budget for growth'. He emphasised that this would be 'long term, sustainable, healthy growth'; after all, Kwasi Kwarteng's ill-fated September speech at the same despatch box was titled 'the Growth Plan'. The Office for Budget Responsibility reported that there is unlikely to be any growth in 2023, but the UK is likely at least to avoid a recession.

After the turmoil of four Chancellors of the Exchequer and three fiscal statements in 2022, it was to be expected that Mr Hunt would try to avoid too many surprises. As usual, there was plenty of speculation about what he might do – some people hoped that better than expected tax revenues would encourage him to be generous. In the event, the great majority of the tax announcements had been made in advance, and most of the speech concentrated on spending plans.

Even so, there were some striking headlines on tax: the abolition of the limit on tax-favoured pension savings and the introduction of unlimited 100% deductions against profits for company investment in new plant were more generous than most predictions. There were measures to encourage 'economically inactive' people back into the workforce, ranging from increasing the provision of free childcare to the introduction of 'returnerships' – apprenticeships for people over 50.

The announcement of significant tax changes several times a year, to apply from different dates, makes it hard to keep track of what is changing, when the changes will apply, and how they affect your finances. In this document we have set out the latest proposals and their impact, but also included some significant measures from other earlier announcements as a reminder of their importance. If you would like to discuss what it all means for you, we will be happy to help.

Significant points

- Personal tax rates and allowances on income and capital gains, and National Insurance Contributions, confirmed for 2023/24 as announced in the Autumn Statement
- Pension savings thresholds significantly increased: from 6 April 2023, Annual Allowance rises from £40,000 to £60,000 and Lifetime Allowance Charge is abolished; maximum tax-free lump sum remains 25% of Lifetime Allowance, i.e. £268,275
- Confirmation of corporation tax rate increase from 19% to 25% from 1 April 2023 on profits over £250,000 and marginal rate of 26.5% on profits between £50,000 and £250,000
- 'Super-deduction' for plant and machinery bought by companies up to 31 March 2023 replaced by 100% first-year allowance for qualifying capital expenditure, without upper limit, for three years from 1 April 2023
- Energy Price Guarantee retained at £2,500 for the average household for another 3 months to 30 June 2023
- Significant expansion of free childcare provision to be phased in from April 2024

Personal Income Tax

Tax rates and allowances – 2023/24 (Table A)

The Autumn Statement included the announcement that the main personal allowance and the 40% threshold will remain at their 2022/23 levels until the end of 2027/28. This represents a tax increase where income rises from year to year. For example, a person with a salary of £50,270 would pay £7,540 in income tax in 2022/23; if their income increases by 10% to £55,297 in any of the years to 2027/28, all of the increase will be taxed at 40%, and they will pay £9,551.

The income level above which the personal allowance is tapered away remains £100,000; it will be reduced to zero when income is £125,140. For 2023/24, this is also the threshold for paying 45% tax (reduced from £150,000). For someone earning over £150,000 purely in salary, this represents a tax increase of £1,243. The amount varies if income includes dividends, which are subject to different rates.

The High Income Child Benefit Charge continues to apply to the higher earner of a couple where one receives Child Benefit and either of them has income of more than £50,000. The clawback of the benefit creates a high effective marginal rate of tax until it is all withdrawn once income reaches £60,000.

Scottish rates and allowances – 2023/24 (Table A)

The Scottish Parliament sets its own tax rates and thresholds for Scottish taxpayers for non-savings, non-dividend income. Up to 2022/23 the Scottish rates included a starter rate that was 1% below the basic rate in the rest of the UK, and intermediate, higher and top rates that were 1% above the rest of the UK equivalents. As shown in the table, the Scottish Budget in December 2022 increased the higher and top rates for 2023/24 by a further percentage point to 42% and 47%, and matched the rest of the UK's cut in the top rate threshold to £125,140. The Welsh Government has similar powers for Welsh taxpayers, but has not varied the main UK rates.

Dividend income

The dividend allowance exempts some dividend income from tax, although it still counts towards the higher rate thresholds. For 2023/24, the allowance is reduced from £2,000 to £1,000, and it is to be reduced again to £500 for 2024/25. This increases the tax liabilities of those with dividend income above those levels, and will also require more people to file tax returns to declare those tax liabilities.

The tax rates on dividend income over £1,000 remain unchanged from the tax year 2022/23. The ordinary rate, paid by basic rate taxpayers, is 8.75%; the upper rate is 33.75% and the additional rate is 39.35%. These rates apply across the UK.

The 33.75% rate also applies to tax payable by close companies (broadly, those under the control of five or fewer shareholders) on 'loans to participators' that are not repaid

to the company within 9 months of the end of the accounting period, where the loan is advanced on or after 6 April 2022.

The reduction in the dividend allowance and the increase in the tax rates increases the relative attractiveness of holding shares in a tax-free ISA or in a Venture Capital Trust. Dividends arising in an ISA or a qualifying VCT are not taxed and do not count towards the allowance.

Employees

Company cars and fuel

The basis for taxing company cars and fuel provided for private use is set out in Table C. The charges are currently fixed until the end of 2024/25, and the Autumn Statement included confirmation of the rates going forward until 2027/28. The rates continue to incentivise the take-up of electric vehicles, even though they can no longer be provided completely tax-free.

The provision of a van available for private use gives rise to a tax charge on a deemed income figure of £3,960 (up from £3,600), plus £757 if fuel is also provided free (up from £688). An electric van available for an employee's private use does not give rise to a tax charge.

National Living Wage and National Minimum Wage

The National Living Wage will increase by 9.7% for individuals aged 23 and over to £10.42 per hour from 1 April 2023. Other rates of National Living Wage will rise from the same date by different percentages.

Company Share Ownership Plans (CSOPs)

As announced in September 2022, the limit on the value of shares that can be subject to CSOP options when granted to employees will be doubled to £60,000 with effect from 6 April 2023, along with some other relaxations to align the rules better with Enterprise Management Incentive (EMI) scheme options and to enable more companies to use the schemes.

National Insurance Contributions (NIC)

Thresholds and rates (Table D)

NIC became very complicated in 2022/23: the thresholds and the rates changed twice during the year after Chancellor Sunak introduced an increase to help pay for social care following the pandemic, and Chancellor Kwarteng reversed that increase. Chancellor Hunt announced in the Autumn Statement that the rates and most thresholds will be fixed going forward to the end of 2027/28, and no further changes have been made in the Spring Budget.

The upper limits for employee and self-employed contributions remain aligned with the point at which 40% income tax is payable (£50,270 per year, or £967 per week), and are frozen at that level until the end of 2027/28. The Lower Earnings Limit and Small Profits Threshold have only been fixed for 2023/24.

As with the freezing of income tax thresholds, the freezing of NIC rate thresholds represents a tax increase as pay rises. However, the significance of the increase is complicated, because employees pay NIC at 12% up to the Upper Earnings Limit of £50,270 and only 2% above that. The impact of the freeze is therefore proportionately higher on someone whose pay increases from £30,000 to £33,000 (£360 more in NIC) than someone whose pay increases from £60,000 to £66,000 (£120 more in NIC).

Because the Scottish higher rate of income tax applies at a lower level than in the rest of the UK (above £31,092 of taxable income in excess of allowances rather than above £37,700), Scottish taxpayers can be liable to higher rate income tax and full primary NIC on the same income (42% plus 12% in 2023/24).

Employment Allowance

The Employment Allowance reduces employers' NIC for small businesses employing at least two people being paid above the Class 1 NIC Secondary Threshold, if the total employers' NIC bill did not exceed £100,000 in the previous year. This remains unchanged at £5,000 for 2023/24.

Savings and Pensions

ISA limits

The investment limits for 2023/24 remain £20,000 for a standard adult ISA (within which £4,000 may be in a Lifetime ISA – unchanged since 2017/18), and £9,000 for a Junior ISA or Child Trust Fund.

The government intends to restrict the management of these investment funds to financial institutions with a UK presence. This will apply from April 2024.

Pension contributions (Table B)

The generous tax reliefs given to registered pension funds are limited in amount by two main rules: the Annual Allowance (AA) and the Lifetime Allowance (LTA).

The AA has capped the amount that can be put into a tax-favoured pension fund at £40,000 a year, which is reduced where the person earns over £240,000 a year down to a minimum of £4,000 (at an earnings level of £312,000 or above). Contributions made above the AA by either the individual or their employer are subject to a tax charge.

This has caused difficulties particularly for employees in final salary schemes, where the rules calculate a 'deemed contribution' based on their accrued pension benefits at

the beginning and end of the year. This can produce unpredictable and substantial tax charges, and has been blamed for some senior doctors deciding to retire early.

From April 2023, the AA is increased to £60,000; the taper will begin at £260,000, and the minimum AA will be £10,000. There is also an increase in the Money Purchase Annual Allowance, which applies where someone has started to draw taxable benefits from a money purchase pension scheme and then wishes to make further contributions: this will also be increased from £4,000 to £10,000.

The LTA has capped the total amount that can be saved in a tax-favoured pension scheme. It was introduced in 2006 at £1.8 million, but had been reduced several times and in 2022/23 stands at £1,073,100. The Autumn Statement provided for this to be frozen along with other allowances until the end of 2027/28. If the pension fund value exceeds the LTA when benefits are first taken from the fund, and again at age 75, the excess has been subject to a tax charge – 25% if the excess is left in the fund to be drawn as taxable income, and 55% if it is drawn out as a lump sum.

There were rumours before the Budget that the old limit of £1.8 million would be restored, but instead the Chancellor announced that LTA charges would be abolished altogether from 6 April 2023. The maximum amount that can be drawn as a tax-free lump sum remains 25% of the current LTA (25% x £1,073,100 = £268,275) unless the person is entitled to 'protection' in relation to the original introduction of the LTA or any of the subsequent reductions of the limit. The LTA will be abolished altogether next year and a separate rule will be brought in to limit the tax-free lump sum.

This may encourage people who have stopped contributing to funds because they are over or near the LTA to consider further investments. The problem with pension schemes is that the rules change many times over the life of the scheme, and the most relevant ones are those in force when benefits are taken. A change of government could possibly lead to a reintroduction of something similar to the LTA charge; that ought to be mitigated by transitional rules such as 'fixed protection', but it would be prudent to bear in mind the possibility that this very substantial tax cut for those with the largest pension pots might not be permanent.

Taking pension benefits

The minimum age at which people can first access their tax-advantaged pension scheme benefits is currently 55, but will be increased to 57 with effect from 6 April 2028. That increase will affect those who were born on or after 6 April 1973. In spite of speculation that this might be raised again, no announcement was made in the Budget.

Seed Enterprise Investment Scheme (SEIS)

As announced in September 2022, the generosity of the SEIS will be increased with effect from 6 April 2023. The amount that companies will be able to raise will increase from £150,000 to £250,000; the gross asset limit will be raised from £200,000 to £350,000, and the age limit on a qualifying trade will be increased from 2 to 3 years. The annual limit for investors will be doubled to £200,000.

Capital Gains Tax

Rates and annual exempt amount

The Autumn Statement included the announcement that the annual exempt amount would be cut from £12,300 to £6,000 for 2023/24 and to £3,000 for 2024/25. The rates of CGT are unchanged at 10% for basic rate taxpayers and 20% for higher rate taxpayers on general assets, and 18%/28% on residential property and carried interest.

The reduction in the exempt amount will increase the tax payable, and it is also likely to require more people to complete self-assessment returns in order to report chargeable gains. Anyone with gains of more than the exempt amount has to report them. If gains are lower than the exempt amount, up to 2022/23 it has only been necessary to file CGT pages of the self-assessment return if the proceeds of sale are four times the annual exempt amount (£49,200); from 2023/24, the reporting limit is set at £50,000.

CGT for separating spouses

Currently, tax neutral ('no gain, no loss') transfers between spouses (where the recipient takes over the CGT cost of the transferor) are only available where they have been married and 'living together' in the tax year. This means that they cease to be regarded as married from the end of the tax year in which they permanently separate, giving relatively little time (particularly if they separate late in a tax year) to organise asset transfers without triggering CGT charges.

Transfers after the end of the tax year of separation are treated as made at market value, which may crystallise a chargeable capital gain for the transferring spouse.

The window for making tax neutral transfers is extended to the earlier of:

- 3 years following the end of the tax year of separation; and
- the date of divorce.

This will be effective for transfers from 6 April 2023, irrespective of the date of separation. Also, transfers as part of a formal divorce settlement under a court order will take place at no gain, no loss without time limit.

Other changes are:

- Where they retain an interest in the family home, from 6 April 2023 the departing spouse will be able to elect for their retained interest in the former matrimonial home to continue to be eligible for main residence relief, instead of another property that is simultaneously eligible for relief; and
- divorce, but retains a right to a share of the proceeds when the property is eventually sold, the departing spouse's gain made on disposal of that right (i.e. when the subsequent sale proceeds are received) will qualify for main residence relief, to the extent it was available on their original disposal.

Inheritance Tax

Rates

The Autumn Statement fixed the IHT nil rate band at £325,000 until the end of 2027/28. Holding the threshold at the same amount for 19 years (from 6 April 2009) will bring far more people into the scope of the tax. However, the £175,000 'residential nil rate band enhancement' on death transfers can reduce the impact where it applies. A married couple may now be able to leave up to £1 million free of IHT to their direct descendants (£325,000 plus £175,000 from each parent), but the rules are complicated, and the prospect of the nil rate band being fixed for another 5 years increases the importance of proper IHT planning.

Restrictions

The only change to IHT in the March Budget was the announcement that reliefs applicable to woodlands and agricultural property will be restricted to land in the UK with effect for transfers made on or after 6 April 2024.

Corporation Tax

Rate of tax

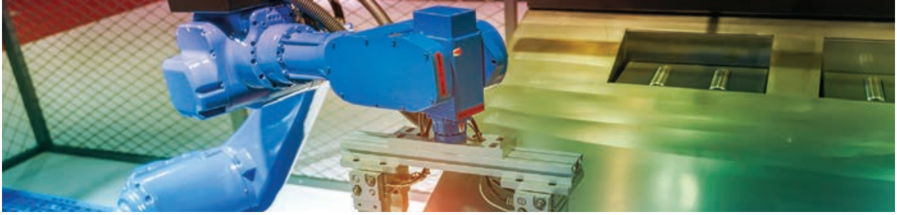
On 1 April 2023, the Corporation Tax rate will increase from 19% to 25% for companies with profits over £250,000. Since 1 April 2017, all corporate profits have been taxed at the same rate; the 'small profits rate' that was familiar before that will be reintroduced at 19% for companies with profits of up to £50,000. Between £50,000 and £250,000 there will be a tapering calculation that produces an effective marginal rate of 26.5% on profits between these limits, but an average rate on all profits of between 19% and 25%. The limits will be divided between companies that have been under common control at any time in the previous 12 months, whether UK resident or not.

Companies with an accounting period that straddles 31 March 2023 will time apportion the profits of that period to be taxed at the two different rates. For example, a company with a 30 September 2023 accounting date that makes a large profit on a transaction before 31 March 2023 will pay 25% tax on 6/12 of it. If a short accounting period is ended on 31 March 2023, that large profit will all be taxed at 19%.

Capital allowances for plant and machinery

The March 2021 Budget introduced enhanced allowances for qualifying expenditure on plant and machinery (P&M) incurred from 1 April 2021 to 31 March 2023 by companies. They can claim:

- a 'super-deduction', providing allowances of 130% on new P&M investment that would ordinarily qualify for 18% writing down allowances (WDAs) in the main capital allowance pool;



- a first-year 'special rate allowance' of 50% on new P&M investment that would ordinarily qualify for 6% WDAs in the special rate pool (e.g. integral plant in buildings).

The intention of the super-deduction was to encourage investment that might otherwise be delayed by companies wanting to claim a deduction against profits taxable at 25%. There are complex rules to prevent the benefit of the super-deduction being relieved at that higher rate.

In the most significant announcement in the Budget, as measured by the total amount of tax involved according to the government's forecasts, the Chancellor replaced the super-deduction with a 100% first-year allowance (called 'full expensing' in the speech) for qualifying new P&M investment by companies for the three years from 1 April 2023 to 31 March 2026. He also said that he intended to make this relief 'permanent' as soon as it was prudent to do so. New 'special rate' P&M assets will qualify for a 50% FYA in the same period.

The 100% Annual Investment Allowance (AIA), which is available to unincorporated businesses as well as companies, is confirmed at £1 million a year 'permanently'. This has the same effect as a 100% FYA, but it covers some special rate assets as well as general plant and machinery. It also applies to the purchase of second-hand P&M, whereas the super-deduction and new FYA are for investment in new assets.

With limited exceptions, cars do not qualify for the new FYA or the AIA.

Research and Development (R&D)

The government encourages R&D via two different schemes: the 'enhanced expenditure' scheme for small and medium enterprise (SME) companies and the Research and Development Expenditure Credit (RDEC) for large companies.

RDEC is a taxable expenditure credit, which increases from 13% to 20% for expenditure from 1 April 2023.

For SME expenditure from 1 April 2023, the additional deduction for qualifying revenue expenditure decreases from 130% to 86%. This means that each £100 spent is treated as £186 for tax purposes, rather than £230.

The SME scheme allows loss-making companies to surrender their loss relating to R&D in exchange for a payable tax credit. However, this credit is also reducing, from 14.5% to 10%. For example, a loss-making company with, say, £20,000 of qualifying R&D expenditure, will see its payable tax credit reduce from £6,670 to £3,720 as a result of these changes.

The Chancellor announced that a new credit rate will be available to SME loss-making companies whose R&D expenditure constitutes at least 40% of total expenditure.

Qualifying companies will be able to claim a payable credit rate of 14.5% for qualifying R&D expenditure, instead of the new 10% credit rate under the existing SME scheme.

The government will legislate in Spring Finance Bill 2023 to reform the R&D reliefs. The legislation will apply generally to accounting periods starting on or after 1 April 2023, except for the requirement to provide additional information, which will apply to all claims made on or after 1 August 2023.

The changes include:

- The creation of two new categories of qualifying expenditure for R&D tax relief: data licences and cloud computing services.
- Mandating companies to inform HMRC of their intention to make a claim for R&D tax relief using a new digital form within 6 months of the end of the accounting period in which the expenditure is incurred. This measure is intended to allow HMRC to perform more upfront compliance checks on new claimants, so companies that have claimed R&D tax reliefs in any of the previous three years will be exempted from this requirement.

The previously announced restriction on some overseas expenditure will now come into effect from 1 April 2024 instead of 1 April 2023.

Audio-visual tax reliefs

The film, TV and video games tax reliefs will be reformed, becoming expenditure credits instead of additional deductions from early 2024.

The new Audio-Visual Expenditure Credit will replace the current film, high-end TV, animation and children's TV tax reliefs. Film and high-end TV will be eligible for a credit rate of 34% and animation and children's TV will be eligible for a rate of 39%.

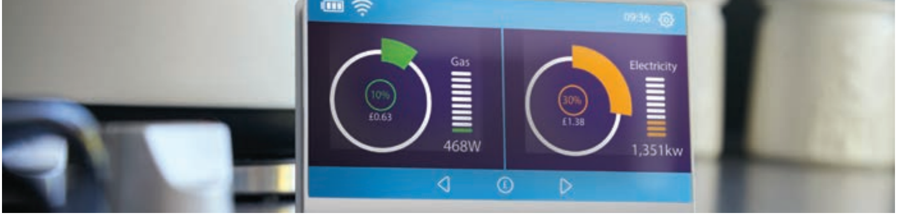
The expenditure threshold for high-end TV will remain at £1 million per hour.

The new Video Games Expenditure Credit will have a credit rate of 34%. Qualifying expenditure for the Video Games Expenditure Credit will be expenditure on goods and services that are used or consumed in the UK. Games that have not concluded development on 1 April 2025 may continue to claim EEA expenditure under the current video games tax relief until this relief ends in April 2027.

Cultural reliefs

The government intends to temporarily extend, for two years, the rate rises of three corporation tax reliefs: Theatre Tax Relief (TTR), Orchestra Tax Relief (OTR) and Museums and Galleries Exhibition Tax Relief (MGETR).

The previously increased rates will continue for 2 further years until 1 April 2025, giving relief at up to 50%. The rates will then taper down from 1 April 2025 before returning to original levels from 1 April 2026, except MGETR, which will be abolished from that date.



Value Added Tax

Registration threshold

The VAT registration and deregistration thresholds will remain frozen at their present levels of £85,000 and £83,000 until 31 March 2026. This will tend to require more businesses to register for the tax as they grow, and therefore represents a small tax-raising measure.

Healthcare reliefs

The Budget included two measures to 'keep up with changes in how the NHS operates'. From 1 May 2023, VAT exemption will be extended to healthcare services provided by staff directly supervised by registered pharmacists. In the autumn, zero rating will be extended to medicines supplied on prescriptions through Patient Group Directions.

Other measures

Cost of living support

The Chancellor began his speech with measures directed at help with energy costs. The Energy Price Guarantee (EPG), which limits the amount that energy suppliers can charge consumers, will be maintained at £2,500 for a further 3 months: it will increase to £3,000 on 1 July 2023 rather than 1 April. The EPG restricts the standard tariff that can be charged so that the amount payable by an 'average household' should not exceed the stated figure; the actual energy bills of individual households will vary.

The Chancellor also confirmed, as expected, that the 5p cut in fuel duty will be retained for the next year, and the rate will be frozen for the second year running. This will save the average motorist £200 over the period when compared with the increases in duty that were originally planned.

Childcare

The Chancellor announced significant increases in free childcare in order to encourage more people to enter or re-enter the workforce. However, the new provision will not be available immediately. From April 2024, working parents of 2 year-olds will be able to access 15 hours of free childcare per week, benefiting parents of up to 285,000 children. This will be extended to working parents of 9 month to 2 year-olds from September 2024, benefiting parents of up to 640,000 children. From September 2025, all eligible working parents of children aged 9 months up to 3 years will be able to access 30 free hours per week. These provisions will apply for 38 weeks a year.

Investment Zones

The Chancellor announced that the government would establish 12 new Investment Zones throughout the UK to provide a catalyst for high-potential knowledge intensive growth clusters. The government has invited local partners in eight areas in England to begin discussions on establishing Investment Zones, and is working closely with the devolved administrations to establish how the Zones will be delivered in Scotland, Wales and Northern Ireland. Further details of the five-year tax package and grant funding available to businesses in Zones will be announced in due course.

Foreign charities

The government will restrict charitable tax reliefs to UK charities and Community Amateur Sports Clubs only from April 2023. This is intended to 'focus UK taxpayer money on UK charities'. EU and European Economic Area charities that HMRC has accepted before 15 March 2023 as qualifying for charity tax reliefs will continue to enjoy those reliefs for a transitional period until April 2024.

Making Tax Digital

HMRC confirmed in December that Making Tax Digital for Income Tax Self-Assessment (MTD for ITSA) will be delayed by a further two years, until April 2026. The new legislation will come into effect in April 2026 for businesses, self-employed individuals and landlords with gross income over £50,000, and in April 2027 for those earning over £30,000.

Income Tax Rates and Allowances (Table A)

Main allowances	2023/24	2022/23
Personal Allowance (PA)*†	£12,570	£12,570
Blind Person's Allowance	2,870	2,600
Rent a room relief §	7,500	7,500
Trading income §	1,000	1,000
Property income §	1,000	1,000

* PA will be withdrawn at £1 for every £2 by which 'adjusted income' exceeds £100,000. There will therefore be no allowance given if adjusted income is £125,140 or more.
† £1,260 of the PA can be transferred to a spouse or civil partner who is no more than a basic rate taxpayer, where both spouses were born after 5 April 1935.
§ If gross income exceeds this, the limit may be deducted instead of actual expenses.

Rate Bands	2023/24	2022/23
Basic Rate Band (BRB)	£37,700	£37,700
Higher Rate Band (HRB)	37,701-125,140	37,701-150,000
Additional rate	over 125,140	over 150,000
Personal Savings Allowance (PSA)		
– Basic rate taxpayer	1,000	1,000
– Higher rate taxpayer	500	500
Dividend Allowance (DA)	1,000	2,000

BRB and additional rate threshold are increased by personal pension contributions (up to permitted limit) and Gift Aid donations.

Rate Bands	2023/24			2022/23		
Rates differ for General, Savings and Dividend income within each band:						
	G	S	D	G	S	D
	%	%	%	%	%	%
Basic	20	20	8.75	20	20	8.75
Higher	40	40	33.75	40	40	33.75
Additional	45	45	39.35	45	45	39.35

General income (salary, pensions, business profits, rent) usually uses personal allowance, basic rate and higher rate bands before savings income (mainly interest). To the extent that savings income falls in the first £5,000 of the basic rate band, it is taxed at nil rather than 20%.

The PSA taxes interest at nil, where it would otherwise be taxable at 20% or 40%.

Dividends are normally taxed as the 'top slice' of income. The DA taxes the first £1,000 (2022/23 £2,000) of dividend income at nil, rather than the rate that would otherwise apply.

High Income Child Benefit Charge (HICBC)
1% of child benefit for each £100 of adjusted net income between £50,000 and £60,000.

Income Tax – Scotland	Rate	2023/24	2022/23
Starter Rate	19% (19%)	£2,162	£2,162
Basic Rate	20% (20%)	2,163 – 13,118	2,163 – 13,118
Intermediate Rate	21% (21%)	13,119 – 31,092	13,119 – 31,092
Higher Rate	42% (41%)	31,093 – 125,140	31,093 – 150,000
Top Rate	47% (46%)	over 125,140	over 150,000

The Scottish rates and bands do not apply for savings and dividend income, which are taxed at normal UK rates.

Remittance basis charge	2023/24	2022/23
For non-UK domiciled individuals who have been UK resident in at least:		
7 of the preceding 9 tax years	£30,000	£30,000
12 of the preceding 14 tax years	60,000	60,000
15 of the preceding 20 tax years	Deemed to be UK domiciled for tax purposes	

Registered Pensions (Table B)

	2023/24	2022/23
Annual Allowance (AA)	£60,000	£ 40,000
Lifetime Allowance (LTA)	1,073,100	1,073,100

Annual relievable pension inputs are the higher of earnings (capped at AA) or £3,600.
The AA is usually reduced by £1 for every £2 by which relevant income exceeds £260,000 (2022/23: £240,000), down to a minimum AA of £10,000 (2022/23: £4,000).
The AA can also be reduced to £10,000 (2022/23: £4,000), where certain pension drawings have been made.
In 2023/24 there is no LTA charge on excess pensions savings.The maximum tax-free pension lump sum is £268,275 (25% of LTA), unless a higher amount is “protected".

Car and Fuel Benefits (Table C)

Cars

Taxable benefit: List price multiplied by chargeable percentage. 2023/24 and 2022/23

CO2 emissions g/km	Electric range Miles	All cars %
0	N/A	2
1-50	>130	2
1-50	70 - 129	5
1-50	40 - 69	8
1-50	30 - 39	12
1-50	<30	14
51-54	N/A	15

Then a further 1% for each 5g/km CO_2 emissions, up to a maximum of 37%.
Diesel cars that are not RDE2 standard suffer a 4% supplement on the above figures but are still capped at 37%.

Car Fuel

Where employer provides fuel for private motoring in an employer-owned car, CO_2-based percentage from above table multiplied by £27,800 (2022/23: £25,300).

National Insurance Contributions 2023/24 (Table D)

Class 1 (Employees)	Employee	Employer
Main NIC rate	12%	13.8%
No NIC on first	£242pw	£175pw
Main rate charged up to *	£967pw	no limit
2% rate on earnings above	£967pw	N/A
Employment allowance per qualifying business	N/A	£5,000

*Nil rate of employer NIC on earnings up to £967pw for employees aged under 21, apprentices aged under 25 and ex-armed forces personnel in their first twelve months of civilian employment.
Employer contributions (at 13.8%) are also due on most taxable benefits (Class 1A) and on tax paid on an employee's behalf under a PAYE settlement agreement (Class 1B).

Class 2 (Self-employed)

Flat rate per week if profits above £12,570	£3.45

If profits are less than £6,725, Class 2 must be paid voluntarily to maintain entitlement to full state benefits (including the state pension).

Class 3 (Voluntary)

Flat rate per week	£17.45

Class 4 (Self-employed)

On profits £12,570 – £50,270	9%
On profits over £50,270	2%

April 2023

M	T	W	T	F	S	S
					1	2
3	4	**5**	6	7	8	9
10	11	12	13	14	15	16
17	18	**19**	20	21	**22**	23
24	25	26	27	28	29	30

5 End of tax year. Cut-off for income and gains between 2022/23 and 2023/24.
†19 Employers pay PAYE for quarter or month March 2023.
19 Last day for final 2022/23 Employer Payment Summary to reach HMRC.
***22** PAYE electronic payment deadline.

May 2023

M	T	W	T	F	S	S
1	2	**3**	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	**19**	20	21
22	23	24	25	26	27	28
29	30	**31**				

1 Commencement of £10 daily penalties for 2021/22 tax returns not filed.
3 Employers submit P46(car) form showing quarter's changes to company cars.
†19 Employers pay PAYE for month April 2023.
***22** PAYE electronic payment deadline.
31 Employers deadline to send 2022/23 P60 to employees.

June 2023

M	T	W	T	F	S	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	**22**	23	24	25
26	27	28	29	30		

†19 Employers pay PAYE for month May 2023.
***22** PAYE electronic payment deadline.

July 2023

M	T	W	T	F	S	S
					1	2
3	4	**5**	**6**	7	8	9
10	11	12	13	14	15	16
17	18	**19**	20	21	**22**	23
24	25	26	27	28	29	30
31						

5 Agree 2022/23 PAYE Settlement Agreement
6 Employers send P11D and annual share scheme returns to HMRC and P11D to employees.
†19 Employers pay Class 1A NIC for 2022/23.
†19 Employers pay PAYE for quarter or month June 2023.
***22** PAYE and Class 1A NIC electronic payment deadline.
31 Deadline for payment of second instalment of 2022/23 self assessed tax on income.

August 2023

M	T	W	T	F	S	S
	1	**2**	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	**19**	20
21	**22**	23	24	25	26	27
28	29	30	31			

1 If 2021/22 tax return not filed, further £300 penalty (or 5% of tax due, if higher) .
2 Employers submit P46(car) form showing quarter's changes to company cars.
†19 Employers pay PAYE for month July 2023.
***22** PAYE electronic payment deadline.

September 2023

M	T	W	T	F	S	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	**19**	20	21	**22**	23	24
25	26	27	28	29	30	

†19 Employers pay PAYE for month August 2023.
***22** PAYE electronic payment deadline.

* Electronic payments due on a weekend must be made on the previous working day unless "Faster Payments" is used.
† Cheque payments due on a weekend must reach HMRC on the previous working day.

October 2023

M	T	W	T	F	S	S
						1
2	3	4	**5**	6	7	8
9	10	11	12	13	14	15
16	17	18	**19**	20	21	**22**
23	24	25	26	27	28	29
30	**31**					

1 Corporation Tax payment deadline for companies with 31 December 2022 year-end.
5 Deadline for notifying HMRC if Income Tax or CGT is due for 2022/23 and no tax return received.
†19 Employers pay PAYE for quarter or month September 2023 and 2022/23 PAYE Settlement Agreement liability.
***22** PAYE electronic payment deadline.
31 Last day to file 2022/23 SA return on paper.

November 2023

M	T	W	T	F	S	S
		1	**2**	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	**19**
20	21	**22**	23	24	25	26
27	28	29	30			

2 Employers submit P46(car) form showing quarter's changes to company cars.
†19 Employers pay PAYE for month October 2023.
***22** PAYE electronic payment deadline.

December 2023

M	T	W	T	F	S	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	**19**	20	21	**22**	23	24
25	26	27	28	29	**30**	**31**

†19 Employers pay PAYE for month November 2023.
***22** PAYE electronic payment deadline.
30 File 2022/23 SA return online to take advantage of coding out of Income Tax underpayments.
31 Corporation Tax filing deadline for companies with 31 December 2022 year-end.

January 2024

M	T	W	T	F	S	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	**19**	20	21
22	23	24	25	26	27	28
29	30	**31**				

1 Corporation Tax payment deadline for companies with 31 March 2023 year-end.
†19 Employers pay PAYE for quarter or month Dec 2023.
***22** PAYE electronic payment deadline.
31 File 2022/23 Income Tax and CGT online return. Pay 2022/23 tax to avoid interest and first instalment of 2023/24 self assessment tax on income. Companies within IR35 to file Earlier Year Update for 2022/23.

February 2024

M	T	W	T	F	S	S
			1	**2**	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	**22**	23	24	25
26	27	28	29			

1 If 2021/22 tax return not filed, a further penalty of £300 (or 5% of tax due, if higher). If 2022/23 tax return not filed, a penalty of £100.
2 Employers submit P46(car) form showing quarter's changes to company cars.
†19 Employers pay PAYE for month January 2024.
***22** PAYE electronic payment deadline.

March 2024

M	T	W	T	F	S	S
				1	**2**	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	**19**	20	21	**22**	23	24
25	26	27	28	29	30	**31**

2 Deadline for payment of balance of 2022/23 tax to avoid a 5% late payment penalty.
†19 Employers pay PAYE for month February 2024.
***22** PAYE electronic payment deadline.
31 Corporation Tax filing deadline for companies with 31 March 2023 year-end.

* Electronic payments due on a weekend must be made on the previous working day unless "Faster Payments" is used.
† Cheque payments due on a weekend must reach HMRC on the previous working day.

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Your
tax tables

2023/2024

Income Tax

Allowances	2023/24	2022/23
Personal Allowance (PA)*	£12,570	£12,570
Marriage Allowance†	1,260	1,260
Blind Person's Allowance	2,870	2,600
Rent a room relief**	7,500	7,500
Trading Income**	1,000	1,000
Property Income**	1,000	1,000

*PA is withdrawn at £1 for every £2 by which 'adjusted income' exceeds £100,000. There is no allowance given above £125,140.

†The part of the PA that is transferable to a spouse or civil partner who is not a higher or additional rate taxpayer.

**If gross income exceeds this, the limit may be deducted instead of actual expenses.

Rate bands	2023/24	2022/23
Basic Rate Band (BRB)	£37,700	£37,700
Higher Rate Band (HRB)	37,701 – 125,140	37,701 – 150,000
Additional rate	over 125,140	over 150,000
Personal Savings Allowance (PSA)		
– Basic rate taxpayer	1,000	1,000
– Higher rate taxpayer	500	500
Dividend Allowance (DA)	1,000	2,000

BRB and additional rate threshold are increased by personal pension contributions (up to permitted limit) and Gift Aid donations.

Tax rates

Rates differ for General/Savings/Dividend income	2023/24			2022/23		
	G	S	D	G	S	D
Basic rate %	20	20	8.75	20	20	8.75
Higher rate %	40	40	33.75	40	40	33.75
Additional rate %	45	45	39.35	45	45	39.35

General income (salary, pensions, business profits, rent) usually uses personal allowance, basic rate and higher rate bands before savings income (mainly interest). Scottish taxpayers are taxed at different rates on general income (see below).

To the extent that savings income falls in the first £5,000 of the basic rate band, it is taxed at nil rather than 20%.

The PSA taxes interest at nil, where it would otherwise be taxable at 20% or 40%.

Dividends are normally taxed as the 'top slice' of income. The DA taxes the first £1,000 of dividend income at nil, rather than the rate that would otherwise apply.

Income tax - Scotland		2023/24	2022/23
Starter rate	19% (19%)	£2,162	£2,162
Basic rate	20% (20%)	2,163 – 13,118	2,163 – 13,118
Intermediate rate	21% (21%)	13,119 – 31,092	13,119 – 31,092
Higher rate	42% (41%)	31,093 – 125,140	31,093 – 150,000
Top rate	47% (46%)	over 125,140	150,000

Savings and dividend income are taxed at normal UK rates.

High Income Child Benefit Charge (HICBC)

1% of child benefit for each £100 of adjusted net income between £50,000 and £60,000.

Income Tax (continued)

Remittance basis charge	2023/24	2022/23
For non-UK domiciled individuals who have been UK resident in at least:		
7 of the preceding 9 tax years	£30,000	£30,000
12 of the preceding 14 tax years	60,000	60,000
15 of the preceding 20 tax years	Deemed to be UK domiciled	

Pensions

Registered Pensions	2023/24	2022/23
Annual Allowance (AA)*	£60,000	£40,000
Lifetime Allowance (LTA)	1,073,100	1,073,100

Annual relievable pension inputs are the higher of earnings (capped at AA) or £3,600.
*Usually tapered down, to a minimum of £10,000 (2022/23: £4,000), when adjusted income exceeds £260,000 (2022/23: £240,000).
In 2023/24 there is no LTA charge on excess pensions savings. The maximum tax-free pension lump sum is £268,275 (25% of LTA), unless a higher amount is "protected".

State pension (per week)	2023/24	2022/23
Old state pension	£156.20	£141.85
New state pension	203.85	185.15

Annual investment limits

	2023/24	2022/23
Individual Savings Account (ISA)		
– Overall limit	£20,000	£20,000
– Lifetime ISA	4,000	4,000
Junior ISA	9,000	9,000
EIS – 30% relief	2,000,000	2,000,000
Seed EIS (SEIS) – 50% relief	200,000	100,000
Venture Capital Trust (VCT) – 30% relief	200,000	200,000

National Insurance Contributions

Class 1 (Employees)	Employee	Employer
Main NIC rate	12%	13.8%
No NIC on first	£242pw	£175pw
Main rate charged up to*	£967pw	no limit
2% rate on earnings above	£967pw	N/A
Employment allowance per business**	N/A	£5,000

*Nil rate of employer NIC on earnings up to £967pw for employees aged under 21, apprentices aged under 25 and ex-armed forces personnel in their first twelve months of civilian employment.
**Some businesses do not qualify, including certain sole director companies and employers who have an employer's Class 1 NIC liability of £100,000 or more for 2022/23.
Employer contributions (at 13.8%) are also due on most taxable benefits (Class 1A) and on tax paid on an employee's behalf under a PAYE settlement agreement (Class 1B).

National Insurance Contributions (continued)

Class 2 (Self-employed)

Flat rate per week if profits above £12,570	£3.45

Class 3 (Voluntary)

Class 3: Flat rate per week	£17.45

Class 4 (Self-employed)

On profits between £12,570 and £50,270	9%
On profits over £50,270	2%

Employees with earnings above £123pw and the self-employed with annual profits over £6,725 can access entitlement to contributory benefits.

Vehicle Benefits

Cars: Taxable benefit: List price of car multiplied by chargeable percentage.

CO_2 g/km	Electric Range miles	2023/24 & 2022/23 %
0	N/A	2
1-50	>130	2
1-50	70 -129	5
1-50	40 - 69	8
1-50	30 - 39	12
1-50	<30	14
51-54	N/A	15

Then a further 1% for each 5g/km CO_2 emissions, up to a maximum of 37%.

Diesel cars that are not RDE2 standard suffer a 4% supplement on the above figures but are still capped at 37%.

Vans: Chargeable value of £3,960 (2022/23: £3,600) if private use is more than home-to-work. Zero-emission vans charged at £Nil (2022/23: £Nil).

Fuel

Employer provides fuel for private motoring in an employer-owned:
Car: CO_2-based percentage from above table multiplied by £27,800 (2022/23: £25,300).
Van: £757 (2022/23: £688).
Employee contributions do not reduce taxable figure unless all private fuel is paid for by the employee (in which case there is no benefit charge).

Tax-free mileage allowances

Employee's own transport	per business mile
Cars first 10,000 miles	45p
Cars over 10,000 miles	25p
Business passengers	5p
Motorcycles	24p
Bicycles	20p

Capital Gains Tax

Annual exempt amount	2023/24	2022/23
Individuals, estates	£6,000	£12,300
Most trusts	3,000	6,150
Tax rate		
Individual (to basic rate limit)*	10%	10%
Individual (above basic rate limit)*	20%	20%
Trusts, estates*	20%	20%
Business Asset Disposal Relief (BADR) **	10%	10%

*Individuals are taxed at 18%/28% on gains on residential property and receipts of carried interest. Trusts and estates are taxed at 28% in these circumstances.
**BADR is available on qualifying gains up to a lifetime limit of £1m.

Corporation Tax

Year to	31.3.2024	31.3.2023
Main rate (all profits)	N/A	19%
Main rate (profits above £250,000)	25%	N/A
Small profits rate (profits up to £50,000)	19%	N/A
Marginal relief band (MRB)	£50k – £250k	N/A
Fraction in MRB (effective marginal rate)	3/200 (26.5%)	N/A
Research and development relief		
SME enhanced expenditure deduction*	86%	130%
Large company R&D Expenditure Credit**	20%	13%

*Additional deduction for qualifying R&D. **Taxable expenditure credit for qualifying R&D. SMEs that make losses can surrender any R&D loss to HMRC in exchange for a payment of 10% (year to 31.3.23: 14.5%) of the loss (capped at £20,000 plus 3 x PAYE & NIC). Qualifying loss-making companies where R&D expenditure constitutes at least 40% of total expenditure are able to claim a payable credit rate of 14.5% from 1 April 2023.

Main capital allowances

Plant and machinery allowances	Year to 31.3.24	Year to 31.3.23
Companies only		
– First-year allowance (main pool)	100%	N/A
– Super-deduction (main pool)	N/A	130%
– First-year allowance (special rate pool)	50%	50%
Annual Investment Allowance (AIA)		
– Expenditure of up to £1m	100%	100%
New electric vans	100%	100%
Writing down allowance: main pool	18%	18%
Writing down allowance: special rate pool	6%	6%
Motor cars purchased From 1.4.21	**CO_2 (g/km)**	**Allowance**
New cars only	Nil	100%
In general pool	up to 50	18%
In special rate pool	above 50	6%
Structures and buildings allowance		
Fixed deduction per annum		3%

Property Taxes

Annual Tax on Enveloped Dwellings (ATED)

ATED applies to 'high value' residential properties owned via a corporate structure, unless the property is used for a qualifying purpose. The tax applies to properties valued at more than £500,000.

Property value	Annual charge to 31.3.2024	31.3.2023
£0.5m – £1m	£4,150	£3,800
£1m – £2m	8,450	7,700
£2m – £5m	28,650	26,050
£5m – £10m	67,050	60,900
£10m – £20m	134,550	122,250
Over £20m	269,450	244,750

Stamp Duty Land Tax (SDLT), Land and Buildings Transaction Tax (LBTT) and Land Transaction Tax (LTT)

Residential property (1st property only)

SDLT - England & NI		LBTT - Scotland		LTT - Wales	
£000	Rate	£000	Rate	£000	Rate
Up to 250	Nil	Up to 145	Nil	Up to 225	Nil
250 – 925	5%	145 – 250	2%	225 – 400	6.0%
925 – 1,500	10%	250 – 325	5%	400 – 750	7.5%
Over 1,500	12%	325 – 750	10%	750 – 1,500	10.0%
		Over 750	12%	Over 1,500	12.0%

A supplement applies for all three taxes where an additional residential property interest is purchased for more than £40,000 (unless replacing a main residence). It is also payable by all corporate purchasers. The rate is 3% (SDLT), and 6% (LBTT) of the total purchase price. LTT has specific higher rates in bandings: up to 180k: 4%, 180 - 250k: 7.5%, 250 - 400k: 9%, 400 - 750k: 11.5%, 750-1,500k: 14%, >1,500k: 16%.

For SDLT:

– First-time buyers purchasing a property of up to £625,000 pay a nil rate on the first £425,000 of the purchase price.

– A 2% supplement applies where the property is bought by certain non-UK residents.

– A rate of 15% may apply to the total purchase price, where the property is valued above £500,000 and purchased by a 'non-natural person' (e.g. a company).

For LBTT, first-time buyer relief increases the nil rate band to £175,000.

Non-residential or mixed use property

SDLT - England & NI		LBTT - Scotland		LTT - Wales	
£000	Rate	£000	Rate	£000	Rate
Up to 150	Nil	Up to 150	Nil	Up to 225	Nil
150 – 250	2%	150 – 250	1%	225 – 250	1%
Over 250	5%	Over 250	5%	250 – 1,000	5%
				Over 1,000	6%

Value Added Tax

Standard rate (1/6 of VAT-inclusive price)	20%
Registration level from 1.4.2017	£85,000 per annum
Deregistration level from 1.4.2017	83,000 per annum

Inheritance Tax

	2023/24	2022/23
Nil rate band (NRB)*	£325,000	£325,000
NRB Residential enhancement (RNRB)†*	175,000	175,000
Tax rate on death**	40%	40%
Tax rate on lifetime transfers to most trusts	20%	20%

*Up to 100% of the proportion of a deceased spouse's/civil partner's unused NRB and RNRB band may be claimed to increment the current NRB and RNRB when the survivor dies.

†RNRB is available for transfers on death of a main residence to (broadly) direct descendants.

It tapers away at the rate of £1 for every £2 of estate value above £2m.

**Rate reduced to 36% if at least 10% of the relevant estate is left to charity.

Unlimited exemption for transfers between spouses/civil partners, except if UK domiciled transferor and foreign domiciled transferee, where maximum exemption £325,000.

100% Business Property Relief (BPR) for all shareholdings in qualifying unquoted trading companies, qualifying unincorporated trading businesses and certain farmland/buildings.

Reduced tax charge on gifts within 7 years before death

Years before death	0-3	3-4	4-5	5-6	6-7
% of full death tax charge payable	100	80	60	40	20

Annual exemptions for lifetime gifts include £3,000 per donor and £250 per recipient.

Key dates and deadlines

Self assessment payment dates		2023/24	2022/23
1st payment on account	31 January	2024	2023
2nd payment on account	31 July	2024	2023
Balancing payment	31 January	2025	2024
Capital Gains Tax*	31 January	2025	2024

Other payment dates

Class 1A NIC	19 July	2024	2023
Class 1B NIC	19 October	2024	2023

Corporation tax is due 9 months and 1 day from the end of the accounting period, unless a 'large' company paying by quarterly instalments.

2022/23 Filing deadlines

Issue P60s to employees	31 May	2023
P11D, P11D(b)	6 July	2023
Self Assessment Tax Return (SATR) paper version	31 October	2023
Online SATR if outstanding tax to be included in 2024/25 PAYE code	30 December	2023
Online SATR	31 January	2024

*A CGT return is due within 60 days of completion of sale of any UK land and buildings by a non-resident and of sale of UK residential property with a tax liability by a UK resident. Any CGT payable is also due within 60 days.

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