

**martin aitken**

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# Tax Rates

2020/21

July update



## INCOME TAX

<b>UK taxpayers excluding Scottish taxpayers' non-dividend, non-savings income</b>	<b>20/21</b>	<b>19/20</b>
20% basic rate on first slice of taxable income up to	£37,500	£37,500
40% higher rate on next slice of taxable income over	£37,500	£37,500
45% additional rate on taxable income over	£150,000	£150,000

### All UK taxpayers

Starting rate at 0% on band of savings income up to*	£5,000	£5,000
Personal savings allowance at 0%: Basic rate	£1,000	£1,000
Higher rate	£500	£500
Additional rate	£0	£0
Dividend allowance at 0% – all individuals	£2,000	£2,000
Tax rates on dividend income: Basic rate	7.5%	7.5%
Higher rate	32.5%	32.5%
Additional rate	38.1%	38.1%
Trusts: Standard rate band generally	£1,000	£1,000
Rate applicable to trusts: Dividends	38.1%	38.1%
Other income	45%	45%

\*Not available if taxable non-savings income exceeds the starting rate band

### Scottish taxpayers – non-dividend, non-savings income

19% starter rate on taxable income up to	£2,085	£2,049
20% basic rate on next slice up to	£12,658	£12,444
21% intermediate rate on next slice up to	£30,930	£30,930
41% higher rate on next slice up to	£150,000	£150,000
46% top rate on income over	£150,000	£150,000

**High Income Child Benefit Charge**, 1% of benefit per £100 of adjusted net income between £50,000 – £60,000

<b>Main personal allowances and reliefs</b>	<b>20/21</b>	<b>19/20</b>
Personal allowance**	£12,500	£12,500
Marriage/civil partner's transferable allowance	£1,250	£1,250
Married couple's/civil partner's allowance at 10% <sup>†</sup>		
(if at least one born before 6/4/35) – maximum	£9,075	£8,915
– minimum	£3,510	£3,450
Blind person's allowance	£2,500	£2,450
Rent-a-room relief	£7,500	£7,500
Property allowance and trading allowance (each)	£1,000	£1,000

\*\*Personal allowance reduced by £1 for every £2 of adjusted net income over £100,000

<sup>†</sup>Married couple's/civil partner's allowance reduced by £1 for every £2 of adjusted net income over £30,200 (£29,600 for 19/20), until minimum reached

## REGISTERED PENSIONS

	<b>20/21</b>	<b>19/20</b>
Lifetime allowance	£1,073,100	£1,055,000
Money purchase annual allowance	£4,000	£4,000
Annual allowance*	£40,000	£40,000
Annual allowance charge on excess is at applicable tax rate(s) on earnings		
Lifetime allowance charge if excess is drawn as cash 55%; as income 25%		
Pension commencement lump sum up to 25% of pension benefit value		
*Reduced by £1 for every £2 of adjusted income over £240,000 (£150,000 for 19/20) to a minimum of £4,000 (£10,000 for 19/20), subject to threshold income being over £200,000 (£110,000 for 19/20)		

## STATE PENSIONS

New state pension – where state pension age reached after 5/4/16	<b>Annual</b> £9,110.40	<b>Weekly</b> £175.20
Basic state pension – single person*	£6,981.00	£134.25
Basic state pension – spouse/civil partner*	£4,183.40	£80.45

\*State pension age reached before 6/4/16

## TAX INCENTIVISED INVESTMENT

<b>Total Individual Savings Account (ISA) limit excluding Junior ISAs (JISAs)</b>	<b>20/21</b> £20,000	<b>19/20</b> £20,000
Lifetime ISA	£4,000	£4,000
JISA and Child Trust Fund	£9,000	£4,368
<b>Venture Capital Trust (VCT) at 30%</b>	£200,000	£200,000
<b>Enterprise Investment Scheme (EIS) at 30%*</b>	£2,000,000	£2,000,000
EIS eligible for CGT deferral relief	No limit	No limit
<b>Seed EIS (SEIS) at 50%</b>	£100,000	£100,000
SEIS CGT reinvestment relief	50%	50%

\*Above £1,000,000 investment must be in knowledge-intensive companies

## NATIONAL INSURANCE CONTRIBUTIONS

<b>Class 1</b>	<b>Employee</b>	<b>Employer</b>
NICs rate	12%	13.8%
No NICs for employees generally on the first	£183 pw	£169 pw
No NICs for younger employees* on the first	£183 pw	£962 pw
NICs rate charged up to	£962 pw	No limit
2% NICs on earnings over	£962 pw	N/A

### Employment Allowance

Per business – not available if sole employee is a director or employer's NICs for 19/20 £100,000 or more

<b>Limits and Thresholds</b>	<b>Weekly</b>	<b>Monthly</b>	<b>Annual</b>
Lower earnings limit	£120	£520	£6,240
Primary threshold	£183	£792	£9,500
Secondary threshold	£169	£732	£8,788
Upper earnings limit (and upper secondary thresholds*)	£962	£4,167	£50,000

\*Employees generally under 21 years and apprentices under 25 years

**Class 1A Employer** On car and fuel benefits and most other taxable benefits provided to employees and directors 13.8%

**Class 2 Self-employed** Flat rate per week £3.05 (£158.60 pa)

### Small profits threshold

No compulsory NICs if annual profits less than £6,475

**Class 4 Self-employed** On annual profits of £9,500 to £50,000: 9%  
Over £50,000: 2%

**Class 3** Voluntary flat rate per week £15.30 (£795.60 pa)

## CAPITAL GAINS TAX

<b>Tax Rates – Individuals</b>	<b>20/21</b>	<b>19/20</b>
Below UK higher rate income tax band	10%	10%
Within UK higher and additional rate income tax bands	20%	20%
<b>Tax Rate – Trusts and Estates</b>	20%	20%
<b>Surcharge</b> for residential property and carried interest	8%	8%

### Exemptions

Annual exempt amount: Individuals, estates, etc £12,300 £12,000  
Trusts generally £6,150 £6,000

**Chattels** gain limited to 5/3rds of proceeds exceeding £6,000 £6,000

### Business Asset Disposal Relief

10% on lifetime limit of £1,000,000 (£10,000,000 before 11 March 2020)  
For trading businesses and companies (minimum 5% participation) held for at least 2 years

## INHERITANCE TAX

	20/21	19/20
Nil-rate band*	£325,000	£325,000
Residence nil-rate band*†	£175,000	£150,000
Rate of tax on excess	40%	40%
Rate if at least 10% of net estate left to charity	36%	36%
Lifetime transfers to and from certain trusts	20%	20%
Overseas domiciled spouse/civil partner exemption	£325,000	£325,000
100% relief: businesses, unlisted/AIM companies, certain farmland/buildings		
50% relief: certain other business assets e.g. farmland let before 1/9/95		
Annual exempt gifts of:	£3,000 per donor	£250 per donee

### Tapered tax charge on lifetime gifts within 7 years of death

Years between gift and death	0-3	3-4	4-5	5-6	6-7
% of death tax charge	100	80	60	40	20

\*Up to 100% of the unused proportion of a deceased spouse's/civil partner's nil-rate band and/or residence nil-rate band can be claimed on the survivor's death

†Estates over £2,000,000: the value of the residence nil-rate band is reduced by 50% of the excess over £2,000,000

## STAMP DUTIES AND PROPERTY TRANSACTION TAXES

**Stamp Duty and SDRT:** Stocks and marketable securities 0.5%

### Additional residential and all corporate residential properties

£40,000 or more – add 3% to SDLT/LTT rate(s) and 4% on LBTT rate(s)

### England & N Ireland – Stamp Duty Land Tax (SDLT) on slices of value

Residential property	%	Commercial property	%
(from 8/7/20 - 31/3/21)			
Up to £500,000	0	Up to £150,000	0
£500,001–£925,000	5	£150,001–£250,000	2
£925,001–£1,500,000	10	Over £250,000	5
Over £1,500,000	12		

**Residential properties** bought by companies etc over £500,000: 15% of total consideration, subject to certain exemptions

### Scotland – Land and Buildings Transaction Tax (LBTT) on slices of value

Residential property	%	Commercial property	%
(from 15/7/20 - 31/3/21)			
Up to £250,000	0	Up to £150,000	0
£250,001–£325,000	5	£150,001–£250,000	1
£325,001–£750,000	10	Over £250,000	5
Over £750,000	12		

### Wales – Land Transaction Tax (LTT) on slices of value

Residential property	%	Commercial property	%
(from 27/7/20 - 31/3/21)			
Up to £250,000	0*	Up to £150,000	0
£250,001–£400,000	5	£150,001–£250,000	1
£400,001–£750,000	7.5	£250,001–£1,000,000	5
£750,001–£1,500,000	10	Over £1,000,000	6
Over £1,500,000	12		

\*For second homes, buy to let etc, 3.5% rate applies between £180,000 and £250,000.

## CORPORATION TAX

	Profits	Diverted profits	Loans to participants
Years to 31/3/21 and 31/3/20	19%	25%	32.5%

## VALUE ADDED TAX

Standard rate	20%
Reduced rate, e.g. on domestic fuel and from 15/7/20 - 12/1/21 on hospitality, holiday accommodation and attractions	5%
Since 1/4/17: Registration level £85,000	Deregistration £83,000
Flat rate scheme turnover limit	£150,000
Cash and annual accounting schemes turnover limit	£1,350,000

## CAR BENEFITS

Taxable amount based on original list price and CO<sub>2</sub> emissions in g/km.

**Zero emission cars** no charge

**Petrol and diesel hybrids** with CO<sub>2</sub> emissions 1–50g/km

Range – electric-only miles	< 30	30–39	40–69	70–129	130 +
Registered pre-6/4/20 (NEDC)	14%	12%	8%	5%	2%
Registered post-5/4/20 (WLTP)	12%	10%	6%	3%	0%

**All non-diesel cars over 50g/km CO<sub>2</sub>**

	51–54	55 & over
Registered pre-6/4/20 (NEDC)	15%	16%*–37%
Registered post-5/4/20 (WLTP)	13%	14%*–37%

\*Increased for every extra 5g/km by 1% up to the maximum 37%

**Diesels** not meeting RDE2 standards: add 4%, up to 37% maximum

Fuel Benefit – taxable amount for private use	20/21	19/20
CO <sub>2</sub> % charge used for car benefit multiplied by	£24,500	£24,100

## VANS – FOR PRIVATE USE

	20/21	19/20
Zero emission: chargeable amount	£2,792	£2,058
Other vans: chargeable amount	£3,490	£3,430
Fuel: chargeable amount	£666	£655

## TAX-FREE BUSINESS MILEAGE ALLOWANCE – OWN VEHICLE

Cars and vans first 10,000 miles	45p per mile	then 25p per mile
Qualifying passenger	5p per mile	
Motorcycles	24p per mile	Bicycles 20p per mile

## MAIN CAPITAL AND OTHER ALLOWANCES

Plant and machinery 100% annual investment allowance (1st year)	
1/1/19 to 31/12/20	£1,000,000
From 1/1/21	£200,000
Enterprise zone plant and machinery (max €125m per project)	100%
Plant and machinery*	18%
Patent rights and know-how*	25%
Certain long-life assets and integral features of buildings*	6%
Structures and buildings (straight line)	3%
Electric charge points	100%

### Motor Cars

CO <sub>2</sub> emissions of g/km:	50 or less <sup>†</sup>	51–110	Over 110
Capital allowance:	100% first year	18% pa*	6% pa*

\*Annual reducing balance

<sup>†</sup> New cars only

### Research and Development

Capital expenditure	100%
Revenue expenditure relief – small/medium-sized companies	230%
Research and development expenditure credit – large companies	13%

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