

CORPORATION TAX

| Rates | Year from 1 April | |
|-----------|-------------------|--------|
| | 2022 % | 2021 % |
| Main rate | 19 | 19 |

The main rate will increase to 25% from 1 April 2023. A small profits rate will also be introduced from the same date with an initial rate of 19%.

Tax payments

Quarterly payments on account – very large companies and large companies

| | Period from start of accounting period | |
|--------|--|-----------------------|
| | Large companies | Very large companies |
| First | 6 months and 14 days | 2 months and 14 days |
| Second | 9 months and 14 days | 5 months and 14 days |
| Third | 12 months and 14 days | 8 months and 14 days |
| Fourth | 15 months and 14 days | 11 months and 14 days |

| Small and medium companies | Period from end of accounting period | |
|----------------------------|--------------------------------------|--------------------|
| | Due date | |
| | | 9 months and 1 day |

Growing companies do not have to pay by instalments in the period in which they become large if their profits are less than £10 million.

A large company has profits exceeding £1.5 million. A very large company has profits exceeding £20 million. Adjustments are made to these limits for associated companies.

Tax returns

The filing date is twelve months after the end of the accounting period. Special rules apply for periods of account of longer than twelve months.

CAPITAL ALLOWANCES

First year / Initial allowances

The following expenditure is eligible for 100% writing down allowance in the first year:

- Annual Investment Allowance (“AIA”) (note 1)
- New zero emission cars or goods vehicles
- Plant and machinery for electric vehicle charging points and gas refuelling stations
- Plant and machinery for use in freeport tax sites
- Plant, machinery and buildings (not land) used for the purposes of carrying out research and development.

Super-deductions

From 1 April 2021 to 31 March 2023 for corporation tax purposes, certain expenditure is eligible for increased relief as follows:

- Qualifying plant and machinery - 130% first year allowance
- Qualifying special rate assets - 50% first year allowance

Annual writing down allowances (“WDA”)

| Structures and buildings pool | % of cost | |
|--|-----------|---------|
| | 2022/23 | 2021/22 |
| | % | % |
| – non-residential structures and buildings | 3 | 3 |

| Special rate pool | % of reducing balance | |
|--|-----------------------|---|
| | % | % |
| – Long life assets (life of at least 25 years) | 6 | 6 |
| – Integral features of a building | | |
| – Cars (emissions of 50g/km and above) | | |
| – Thermal insulation | | |
| – Solar panels | | |

| | | |
|---------------------------------|----|----|
| Main rate pool | 18 | 18 |
| – Other plant and machinery | | |
| – Cars (emissions below 50g/km) | | |
| Patents and know-how | 25 | 25 |

Notes:
(1) The AIA is currently at a temporary amount of £1m, reducing to £200,000 from 1 April 2023.

CAR & FUEL BENEFITS

Company car benefits

The benefit is calculated using a percentage of the list price when new. This percentage is determined as follows:

| CO ₂ emissions (g/km) | 2022/23 | | 2021/22 | |
|----------------------------------|--------------------------------|-------------------------------------|-------------------------------------|-----------------------------------|
| | All cars | Cars registered before 6 April 2020 | Cars registered before 6 April 2020 | Cars registered from 6 April 2020 |
| 0 | 2 | | 1 | 1 |
| 1 - 50 (note 4) | 2 - 14 | | 2 - 14 | 1 - 13 |
| 51 - 74 | 15 - 19 | | 15 - 19 | 14 - 18 |
| 75 - 99 | 20 - 24 | | 20 - 24 | 19 - 23 |
| 100 and above | Increased by 1% for each 5g/km | | Increased by 1% for each 5g/km | |

Notes:

- The maximum percentage is 37%
- For diesel cars, the percentage is increased by 4%, still subject to the above maximum. This does not apply to RDE2 standard cars or diesel hybrids
- Different rules apply for vehicles which meet the definition of a company van
- For cars with emissions between 1 and 50 g/km the rate will be determined on the basis of the electric range in miles with lower percentages for those with higher electric ranges.

Fuel benefit scale rates

The benefit is calculated by applying the percentage as determined for car benefits to the fixed amount of £25,300 (2021/22 - £24,600). The fuel benefit scale charge is reduced to nil if the employee is required to, and does, make good the cost of all fuel provided for private use. Employer-provided electricity for use in employees electric or hybrid cars is an exempt benefit.

Authorised annual mileage rates

Tax free mileage allowances are 45p per mile on the first 10,000 miles, and 25p thereafter. For National Insurance purposes the mileage allowance is 45p per mile irrespective of annual mileage.

VALUE ADDED TAX

| Rates | % | |
|----------|----|--|
| Standard | 20 | |
| Reduced | 5 | |

Thresholds

| | From 1 April 2022 | 1 April 2021 |
|---|-------------------|--------------|
| Registration threshold (for supplies in previous 12 months or next 30 days)* | 85,000 | 85,000 |
| Deregistration threshold* | 83,000 | 83,000 |
| Cash accounting scheme | 1,350,000 | 1,350,000 |
| Annual accounting scheme | 1,350,000 | 1,350,000 |
| Flat rate scheme | 150,000 | 150,000 |
| De minimis limits for partial exemption (provided exempt input tax is less than 50% of total input tax) | 625 pcm | 625 pcm |

* Not available to non-established taxable persons.

STAMP DUTY & STAMP DUTY RESERVE TAX

| | |
|--|------|
| Shares and marketable securities - standard rate | 0.5% |
| - higher rate | 1.5% |

Transfers of shares or marketable securities traded on recognised growth markets are not subject to stamp taxes. Stamp duty reserve tax does not apply to transfers of holdings in unit trusts or open ended investment companies, except for non pro-rata redemptions in specie.

STAMP DUTY LAND TAX

Stamp Duty Land Tax does not apply in Scotland, which operates a separate Land and Buildings Transaction Tax, or in Wales, which operates a separate Land Transaction Tax.

Residential property

| Consideration (incl VAT where applicable) | Within each band |
|---|------------------|
| | % |
| £0 – £125,000 | Nil |
| £125,001 – £250,000 | 2 |
| £250,001 – £925,000 | 5 |
| £925,001 – £1,500,000 | 10 |
| More than £1,500,000 | 12 |

The rate of SDLT is increased by 3% for purchases of residential property where the purchaser already owns at least one residential property, or for all purchases by companies and most trusts.

A charge of 15% applies to purchases of residential property by ‘non-natural persons’ (predominantly companies) for consideration in excess of £500,000 subject to certain exclusions.

The rate of SDLT is increased by 2% for all purchases of residential property by non-UK residents, in addition to other SDLT payable.

First-time buyers are exempt from SDLT on the first £300,000 of consideration on properties worth up to £500,000.

Non-residential property

| Consideration (incl VAT where applicable) | Within each band |
|---|------------------|
| | % |
| £0 – £150,000 | Nil |
| £150,001 – £250,000 | 2 |
| More than £250,000 | 5 |

Lease rentals (residential and non-residential)

| Net present value of lease payments | Within each band |
|-------------------------------------|------------------|
| | % |
| £0 – £125,000* | Nil |
| £125,001* – £5,000,000 | 1 |
| More than £5,000,000** | 2 |

* Nil band is £150,000 for non-residential property

** Applies only to non-residential property, otherwise the rate is 1%.

Returns and payments

Stamp duty returns must be filed within 14 days of the effective date of the transaction which is also the due date for payment of any tax.

ANNUAL TAX ON ENVELOPED DWELLINGS

| Property Value on the later of 1 April 2017 and acquisition | 2022/23 | Annual tax 2021/22 |
|---|---------|--------------------|
| £500,000 - £1 million | 3,800 | 3,700 |
| £1 million - £2 million | 7,700 | 7,500 |
| £2 million - £5 million | 26,050 | 25,300 |
| £5 million - £10 million | 60,900 | 59,100 |
| £10 million - £20 million | 122,250 | 118,600 |
| Over £20 million | 244,750 | 237,400 |

The tax for the 2022/23 year is payable by a company or other corporate body owning a high value residential property on 1 April 2022. The return and payment are due by 30 April 2022.

TAX DATES: RETURNS & PAYMENTS

| Personal and trust tax returns | 2022/23 | |
|------------------------------------|--------------------|-----------------|
| 2022/23 paper return | By 31 October 2023 | |
| 2022/23 online return | By 31 January 2024 | |
| Tax payments | 2022/23 | 2021/22 |
| First interim income tax payment | 31 January 2023 | 31 January 2022 |
| Second interim income tax payment | 31 July 2023 | 31 July 2022 |
| Final balancing income tax payment | 31 January 2024 | 31 January 2023 |
| Capital gains tax payment | 31 January 2024 | 31 January 2023 |

Professional advice should be sought before taking any action based on this Budget summary.

INCOME TAX

| Rates: individuals | Taxable income | Dividend income | Other savings | Other |
|--------------------------------|----------------|-----------------|---------------|-------|
| | £ | % | % | % |
| 2022/23 | | | | |
| Starting rate band for savings | 0-5,000 | N/A | 0 | N/A |
| Basic rate band | 0-37,700 | 8.75 | 20 | 20 |
| Higher rate band | 37,701-150,000 | 33.75 | 40 | 40 |
| Additional rate band | Excess | 39.35 | 45 | 45 |
| 2021/22 | | | | |
| Starting rate band for savings | 0-5,000 | N/A | 0 | N/A |
| Basic rate band | 0-37,700 | 7.5 | 20 | 20 |
| Higher rate band | 37,701-150,000 | 32.5 | 40 | 40 |
| Additional rate band | Excess | 38.1 | 45 | 45 |

Dividends are deemed to be the top slice of income in computing the tax liability, followed by other savings income.

If the remittance basis of taxation is claimed, foreign dividend income is taxed at the rate applicable to other income.

The Scottish Parliament and Welsh Assembly have power to vary the income tax rate for income other than savings or dividends. The rates above apply to the rest of the UK.

| Allowances: individuals | 2022/23 | | 2021/22 | |
|---|---------|-----|---------|-----|
| | £ | % | £ | % |
| Personal Allowance (note 1) | 12,570 | 100 | 12,570 | 100 |
| Married Couple's Allowance (note 2) | 9,415 | 10 | 9,125 | 10 |
| Marriage Allowance (note 3) | 1,260 | 100 | 1,260 | 100 |
| Blind Person's Allowance | 2,600 | 100 | 2,520 | 100 |
| Savings Allowance - Higher rate taxpayers | 500 | 100 | 500 | 100 |
| Savings Allowance - Basic rate taxpayers | 1,000 | 100 | 1,000 | 100 |
| Dividend Allowance | 2,000 | 100 | 2,000 | 100 |

- Notes:**
- Personal allowances for those with taxable income in excess of £100,000 are reduced by £1 for every £2 of taxable income in excess of £100,000.
 - The allowance is reduced by 50% of the excess of the total income above £31,400 (2021/22 - £30,400). The minimum Married Couple's Allowance after such reduction, if applicable, is £3,640 (2021/22 - £3,530). The Married Couple's Allowance is only available where either spouse was born before 6 April 1935.
 - An individual may transfer up to this amount of their unused Personal Allowance to their spouse/civil partner provided that the recipient does not pay tax at the higher or additional rates.

| Rates: UK trusts | 2022/23 | | | 2021/22 | | |
|---|-----------------|---------------|-------|-----------------|---------------|-------|
| | Dividend income | Other savings | Other | Dividend income | Other savings | Other |
| | % | % | % | % | % | % |
| Life interest trusts and estates in administration | 8.75 | 20 | 20 | 7.5 | 20 | 20 |
| Discretionary trusts, subject to a standard rate band of £1,000 | 39.35 | 45 | 45 | 38.1 | 45 | 45 |

NATIONAL INSURANCE CONTRIBUTIONS

| | 2022/23 | | 2021/22 | |
|-------------------------------------|-----------------|-------|-----------------|------|
| | Weekly earnings | Rate | Weekly earnings | Rate |
| | £ | % | £ | % |
| Employed (Class 1) | | | | |
| Primary contributions (employees) | 0-190 | Nil | 0-184 | Nil |
| | 191-967 | 13.25 | 185-967 | 12.0 |
| | Over 967 | 3.25 | Over 967 | 2.0 |
| Secondary contributions (employers) | Over 175 | 15.05 | Over 170 | 13.8 |

An annual allowance of £4,000 (2021/22 - £4,000) is available to offset against an employer's Class 1 secondary liability with certain restrictions.

Employers pay 15.05% (2021/22 - 13.8%) Class 1A/1B contributions on the cost of benefits in kind.

Self-employed

Class 2 contributions are £3.15 (2021/22 - £3.05) per week unless annual profits do not exceed £6,725 (2021/22 - £6,515).

Class 4 contributions are 10.25% (2021/22 - 9%) of annual profits between £9,880 and £50,270 (2021/22 - between £9,568 and £50,270), and 3.25% thereafter.

From 6 April 2023, the increases of 1.25% to National Insurance will be split into a separate Health and Social Care Levy, with NIC rates returning to their previous levels.

INVESTMENTS AND SAVINGS

Enterprise Investment Schemes and Venture Capital Trusts

| Income tax relief and maximum qualifying investment per year | % | £ |
|--|----|-----------|
| Seed Enterprise Investment Scheme ("SEIS") | 50 | 100,000 |
| Enterprise Investment Scheme ("EIS") | 30 | 1,000,000 |
| Venture Capital Trust ("VCT") | 30 | 200,000 |

The minimum period of ownership necessary to avoid withdrawal of income tax relief is three years for EIS and SEIS investments, and five years for VCT investments.

For EIS investments, the limit is doubled to £2 million, where the investment is in 'knowledge-intensive' companies.

Capital gains tax relief

Any gain on investment in an EIS or SEIS company on which income tax relief has been given will be exempt from capital gains tax on a subsequent disposal after three years, subject to certain conditions. All gains on the disposal of shares in VCTs are exempt, up to the maximum qualifying investment.

50% of capital gains reinvested into a subscription for shares that qualifies for SEIS income tax relief in the same or following tax year are exempt from capital gains tax. The relief is withdrawn in circumstances where the related SEIS income tax relief is withdrawn.

Capital gains tax deferral (EIS only)

Tax on capital gains can be deferred if the gains are reinvested into a subscription for qualifying (broadly, EIS) shares, without limit. Gains eligible to be reinvested are those realised within three years before and one year after the date of the subscription for the EIS shares. The deferred tax falls due when the related EIS shares are either disposed of or cease to be qualifying shares.

Individual Savings Accounts (ISAs)

| Annual subscription limits | 2022/23 | 2021/22 |
|----------------------------------|---------|---------|
| | £ | £ |
| ISA | 20,000 | 20,000 |
| Junior ISA | 9,000 | 9,000 |
| Lifetime ISA (note 1) | 4,000 | 4,000 |
| (part of ISA subscription limit) | | |
| Help to Buy ISA (note 2) | 200 pcm | 200 pcm |

Notes:

- The Lifetime ISA allows individuals to save up to £4,000 per annum with a contribution from the government of an additional 25%. The funds may be drawn to purchase a first home or at any time after the age of 60.
- The Help To Buy ISA enables first time house buyers to save funds towards the purchase of their first home. The amounts saved receive a government bonus of 25% up to a maximum bonus of £3,000. Help To Buy ISAs were closed to new applicants from 1 December 2019.

PENSIONS

| | 2022/23 | 2021/22 |
|--|-----------|-----------|
| | £ | £ |
| Lifetime Allowance limit | 1,073,100 | 1,073,100 |
| Annual Allowance limit (note 1) | 40,000 | 40,000 |
| Money Purchase Annual Allowance (note 2) | 4,000 | 4,000 |

Notes:

- The annual allowance is tapered by £1 for every £2 of adjusted income in excess of £240,000 (2021/22: £240,000) subject to a minimum of £4,000 (2021/22: £4,000). If relief is not used in a year it may be carried forward up to 3 years provided the individual was a member of a registered scheme in the year to which the unused relief relates.
- The money purchase annual allowance relates to those individuals who have already started to draw pension benefits. There is no ability to carry forward unused allowances from the previous 3 years.

RESIDENT NON-UK DOMICILIARIES

Non-UK domiciliaries who have been resident for fewer than 15 out of the 20 previous tax years can claim the remittance basis such that their foreign income and gains are only subject to UK taxation to the extent that they are remitted to the UK.

No remittance basis charge is payable by resident non-UK domiciliaries who:

- have been resident in the UK for fewer than 7 out of the previous 9 tax years; or
- have unremitted foreign income and gains of less than £2,000; or
- are under the age of 18 for the whole tax year; or
- are dual resident and protected by a double taxation agreement.

| Resident in the UK for | Annual remittance basis charge | |
|--|--------------------------------|---------|
| | 2022/23 | 2021/22 |
| | £ | £ |
| at least 7 of the previous 9 tax years | 30,000 | 30,000 |
| at least 12 of the previous 14 tax years | 60,000 | 60,000 |

In most cases, remittance basis users will not be entitled to the annual income tax allowances and capital gains tax annual exemption. When the remittance basis is not claimed, resident non-UK domiciliaries will be subject to UK taxation on their worldwide income and gains (including deemed income and gains).

From 6 April 2017, resident non-UK domiciliaries are deemed domiciled in the UK for income tax, capital gains tax and inheritance tax purposes where they have been resident in the UK for 15 or more of the previous 20 tax years.

CAPITAL GAINS TAX

| Gains | 2022/23 | 2021/22 |
|--|---------|---------|
| | % | % |
| Individuals - gains within basic rate band (note 2) | 10 | 10 |
| Individuals - gains exceeding basic rate band (note 2) | 20 | 20 |
| UK Trusts and estates in administration | 20 | 20 |

Notes:

- The disposal of residential property not qualifying for main residence relief attracts a surcharge of 8%. This also applies to carried interest. A capital gains tax return for disposals of UK residential property by UK resident individuals or trustees must be submitted within 60 days of completion together with a payment on account of the tax due.
- The remaining basic rate band is calculated as £37,700 (2021/22: £37,700) less taxable income and any gains on which business asset disposal relief has been claimed.
- Gains matched to capital payments from certain offshore trusts are chargeable at rates applicable to individuals plus a maximum supplementary charge of 60% of the tax.
- Non-resident individuals and trustees are subject to capital gains tax on direct and indirect disposals of all UK immovable property (subject to rebasing and certain reliefs). The same applies to non-resident companies except they will be subject to corporation tax rather than capital gains tax. A capital gains tax return for any direct or indirect disposals of UK immovable property by non-resident individuals or trustees must be submitted within 60 days of completion together with a payment on account of the tax due.

| Annual Exemption | 2022/23 | 2021/22 |
|------------------|---------|---------|
| | £ | £ |
| Individuals | 12,300 | 12,300 |
| Trustees | 6,150 | 6,150 |

The annual exemption available to trusts is normally divided equally between all those UK resident trusts made by the same settlor after 6 June 1978. The minimum exemption per trust is one tenth of the full annual exemption for individuals.

Indexation Allowance

Companies receive Indexation Allowance on their capital gains. Indexation has been frozen from 1 January 2018 with relief due only with reference to the Retail Price Index at December 2017.

Business Asset Disposal Relief (previously Entrepreneurs' Relief)

| | 2022/23 | 2021/22 |
|------------------------|------------|------------|
| | % | % |
| Capital gains tax rate | 10% | 10% |
| Lifetime limit | £1 million | £1 million |

Investors' Relief

| | 2022/23 | 2021/22 |
|------------------------|-------------|-------------|
| | % | % |
| Capital gains tax rate | 10% | 10% |
| Lifetime limit | £10 million | £10 million |

INHERITANCE TAX

| Rates | 2022/23 | 2021/22 |
|---------------------------------------|---------|---------|
| | % | % |
| Transfers on death | 40 | 40 |
| Transfers on death - reduced rate (1) | 36 | 36 |
| Chargeable lifetime transfers | 20 | 20 |
| | £ | £ |
| Nil rate band limit | 325,000 | 325,000 |
| Residence nil rate band limit (2) | 175,000 | 175,000 |

Notes:

- The reduced rate applies to taxable estates where 10% or more of the estate is left to charity.
- The residence nil rate band is withdrawn by £1 for every £2 that the net value of the estate exceeds £2 million.

Potentially exempt transfers

Inheritance tax does not generally arise on lifetime transfers between individuals provided that the donor survives the gift by at least 7 years.

Reduced tax charge on gifts within seven years of death:

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

Credit is given for tax paid on lifetime transfers within seven years of death. If the value of the lifetime transfer falls within the nil rate band, the above relief may have no effect.

Trusts

Transfers to trusts (other than charitable trusts, trusts for people who are disabled and trusts established on death) are taxed as lifetime transfers.

Discretionary trusts and most trusts created on or after 22 March 2006 are subject to an IHT charge of up to 6% every 10 years, and exit charges.

| Exemptions and reliefs | £ |
|--|---------|
| Normal expenditure out of income | Exempt |
| Annual exemption | 3,000 |
| Small gifts to same person – per year | 250 |
| Spouses and civil partners both with UK domicile | Exempt |
| Spouses and civil partners where donee is not UK domiciled | 325,000 |

| | |
|--|--------|
| Marriage gifts made by: | |
| – parent | 5,000 |
| – grandparent | 2,500 |
| – other person | 1,000 |
| Gifts to charities and qualifying political parties | Exempt |
| Transfers of qualifying heritage assets (subject to various undertakings) | Exempt |
| Agricultural property relief | % |
| Transfers with vacant possession (or right to obtain within 12 months) | 100 |
| Land let under a tenancy for more than 12 months made on or after 1 September 1995 | 100 |
| Most other cases | 50 |

| | |
|---|-----|
| Business property relief (subject to exclusions) | |
| Unincorporated businesses | 100 |
| Unquoted shares | 100 |
| Quoted shares (controlling holding) | 50 |
| Land, buildings, machinery or plant used by qualifying businesses | 50 |

Tax payments on chargeable lifetime transfers

Inheritance tax on chargeable lifetime transfers and transfers becoming chargeable on death is due 6 months after the end of the month of transfer or death.

Pre-owned assets

A charge to income tax may arise on benefits received by individuals having free or low cost enjoyment of assets they formerly owned or funded, subject to some exemptions, including a de minimis of £5,000 a year of the taxable value of the benefit.

For land and buildings the taxable benefit is the open market rent. For chattels and intangible property, the taxable benefit is determined by applying the official rate of interest to the capital value of the asset. Most assets are to be revalued every 5 years.