

tax

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2021/21

*B* **i r d** *S* **i m p s o n**

144 Nethergate Dundee DD1 4EB  
Tel 01382 227841 Fax 01382 202622  
Email [admin@birdsimpson.co.uk](mailto:admin@birdsimpson.co.uk)  
**Web [www.birdsimpson.co.uk](http://www.birdsimpson.co.uk)**

**Partners**

Murray A C Dalgety BAcc CA  
Neil S Young MA CA  
Alison Wilson MA CA

**Associates**

Neil J Fleming CA  
Ross Graham BAcc CA

Registered to carry on audit work by The Institute of Chartered Accountants of Scotland and authorised and regulated by the Financial Conduct Authority for investment business.

<b>INCOME TAX</b>	<b>20/21</b>	<b>19/20</b>
<b>UK taxpayers excluding Scottish taxpayers' non-dividend, non-savings income</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 tax on taxable income over	£150,000	£150,000
<b>All UK taxpayers</b>		
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%
<i>*Not available if taxable non-savings income exceeds the starting rate band</i>		
<b>Scottish taxpayers – non-dividend, non-savings income</b>		
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
<b>High Income Child Benefit Charge</b>		
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> – max	£9,075	£8,915
(if at least one born before 6/4/35) – min	£3,510	£3,450
Blind person's allowance	£2,500	£2,450
Rent-a-room relief	£7,500	£7,500
Property allowance	£1,000	£1,000
Trading allowance	£1,000	£1,000
<i>**Personal allowance reduced by £1 for every £2 of adjusted net income over £100,000</i>		
<i>†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</i>		
<b>Non-domicile remittance basis charge after UK residence in at least:</b>		
7 of the last 9 tax years	£30,000	£30,000
12 of the last 14 tax years	£60,000	£60,000

<b>STATE PENSIONS</b>	<b>Annual</b>	<b>Weekly</b>
New state pension – state pension age reached after 5/4/16	£9,110.40	£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

<b>REGISTERED PENSIONS</b>	<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%	
Max. pension commencement lump sum	25% of pension benefit value	
<i>*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)</i>		

<b>TAX INCENTIVISED INVESTMENT</b>	<b>20/21</b>	<b>19/20</b>
<b>Total Individual Savings Account (ISA)</b>		
<b>limit excluding Junior ISAs (JISAs)</b>	£20,000	£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 Enterprise Investment Scheme (SEIS) at 50%</b>	£100,000	£100,000
SEIS CGT reinvestment relief	50%	50%
<i>*Above £1,000,000 investment must be in knowledge-intensive companies</i>		

<b>CAPITAL GAINS TAX</b>	<b>20/21</b>	<b>19/20</b>
<b>Tax Rates – Individuals</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%
<b>Exemptions</b>		
Annual exempt amount: Individuals, estates, etc	£12,300	£12,000
Trusts generally	£6,150	£6,000
<b>Chattels</b> gain limited to 5/3rds of proceeds exceeding	£6,000	£6,000
<b>Entrepreneurs' Relief</b>		
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		

<b>CORPORATION TAX</b>	<b>Profits</b>	<b>Diverted profits</b>	<b>Loans to participants</b>
Years to 31/3/21 and 31/3/20	19%	25%	32.5%

## **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

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

**Employment Allowance** £4,000

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

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

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

**Small profits threshold** No compulsory NICs if profits less than £6,475 pa

**Class 4 Self-employed** On annual profits of £9,500 to £50,000: 9%  
Over £50,000: 2%  
£15.30 (£795.60 pa)

**Class 3** Voluntary flat rate per week

## **CAR BENEFITS**

Taxable amount depends 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

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

<b>All non-diesel cars over 50g/km CO<sub>2</sub></b>	<b>51–54</b>	<b>55 &amp; over</b>
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 the maximum of 37%

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

<b>VANS – FOR PRIVATE USE</b>	<b>20/21</b>	<b>19/20</b>
Zero emission: chargeable amount	£2,792	£2,058
Other vans: chargeable amount	£3,490	£3,430
Fuel: chargeable amount	£666	£655

## 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 or 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	%
Up to £125,000	0	Up to £150,000	0
£125,001–£250,000	2	£150,001–£250,000	2
£250,001–£925,000	5	Over £250,000	5
£925,001–£1,500,000	10		
Over £1,500,000	12		

**First-time buyers:** 0% on first £300,000 for properties up to £500,000

**Residential property** bought by companies etc. over £500,000: 15% of value

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

Residential property	%	Commercial property	%
Up to £145,000	0	Up to £150,000	0
£145,001–£250,000	2	£150,001–£250,000	1
£250,001–£325,000	5	Over £250,000	5
£325,001–£750,000	10		
Over £750,000	12		

**First time buyers:** 0% on first £175,000

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

Residential property	%	Commercial property	%
Up to £180,000	0	Up to £150,000	0
£180,001–£250,000	3.5	£150,001–£250,000	1
£250,001–£400,000	5	£250,000–£1,000,000	5
£400,001–£750,000	7.5	Over £1,000,000	6
£750,001–£1,500,000	10		
Over £1,500,000	12		

## INHERITANCE TAX

	20/21	19/20
Nil-rate band*	£325,000	£325,000
Residence nil-rate band*†	£175,000	£125,000
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		

\*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

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## MAIN CAPITAL AND OTHER ALLOWANCES

Plant & machinery 100% annual investment allowance (1st year)	£1,000,000
From 1/1/21	£200,000
Enterprise zone plant & machinery (max €125m per project)	100%
Plant & machinery*	18%
Patent rights & 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> For new cars only

Research and development (R&D) – capital expenditure	100%
R&D revenue expenditure relief – small/medium-sized companies	230%
R&D expenditure credit – large companies	13%

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## VALUE ADDED TAX

Standard rate	20%	Reduced rate eg on domestic fuel	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 limits			£1,350,000

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## MAIN DUE DATES FOR TAX PAYMENT

### Income Tax, NICs and Capital Gains Tax – Self-assessment

31 January in tax year	} Normally 50% of previous year's income tax, (less tax deducted at source) and class 4 NICs
Following 31 July	
Following 31 January	Balance of income tax and class 4 NICs, class 2 NICs and balance of CGT

Inheritance Tax on death:	Normally 6 months after end of month of death
Lifetime transfer 6 April–30 September:	30 April in following year
Lifetime transfer 1 October–5 April:	6 months after month of transfer

### Corporation Tax Self-Assessment

- Profits under £1,500,000: 9 months + 1 day after end of accounting period
- Profits £1,500,000 or over: normally payable in 7th, 10th, 13th and 16th months after start of the accounting period
- Profits £20,000,000 or over: normally payable in 3rd, 6th, 9th and 12th months after start of the accounting period
- Growing companies: no instalments where profits are £10,000,000 or less and the company was not a large company for the previous year