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The Autumn Budget 2021

BUDGET 27 OCTOBER 2021

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

An age of optimism?

Throughout the pandemic, the government has been paying out unprecedented amounts of support to employers, businesses, and self-employed people to protect the economy from collapsing, at the same time as incurring all the costs of supporting the health system through its greatest crisis. We have been waiting for the bill to arrive – the tax increases that will pay for it all. We might have expected the Chancellor to arrive at the despatch box in a sombre mood.

Instead, he spent most of his speech spreading more money to every corner of the United Kingdom. He spoke of billions here, millions there, freezing duty on fuel and alcohol, cutting business rates for small businesses, supporting families, building houses. Although he started by saying 'we have challenging months ahead', he moved rapidly on to what he called 'an economy fit for a new age of optimism'.

So, where has he hidden the bad news? In truth, most of it had already been announced. The freezing of tax allowances and bands was a substantial tax-raising measure in the March Budget. The Prime Minister described the new Health and Social Care Levy in September: extra National Insurance and dividend taxation are expected to raise £17 billion each year. Adjustments to uprating pension benefits will raise another £5 billion a year. These are very large amounts – most other announcements are measured in millions.

When the Chancellor sits down, the Government publishes everything on the internet – proposals he hasn't mentioned; the detail of things he only touched on; and the tables of financial estimates that show what is significant and what is marginal. This booklet summarises the most important points and explains how they affect businesses and individuals. We will be happy to discuss the proposals with you and help you understand the implications for your finances.

Significant points

- 30-day reporting and payment deadline for CGT on UK residential property extended to 60 days for transactions completing on or after 27 October 2021
- 100% Annual Investment Allowance continues at £1m until 31 March 2023, instead of reducing to £200,000 on 1 January 2022
- Confirmation of 1.25% increases in National Insurance Contributions (NIC) and dividend tax rates from 6 April 2022, as well as increases in most NIC thresholds
- Residential Property Developer Tax to be introduced from 1 April 2022 at 4% on profits over £25 million
- Reform of basis period rules for unincorporated business and LLPs from 2023/24
- Temporary reliefs for Business Rates for small businesses in 2022/23, with longer-term reform of the system and reliefs for expenditure to be introduced in April 2023
- New late submission and payment penalty regimes to be introduced for VAT (for accounting periods beginning on or after 1 April 2022)
- Making Tax Digital for Income Tax Self Assessment to be introduced from 2024/25, along with a new penalty regime for late submission and payment

Personal Income Tax

Tax rates and allowances – 2022/23 (Table A)

As announced in the March 2021 Budget, the income tax rates and bands and the main allowances are frozen at their 2021/22 levels until the end of 2025/26, instead of their usual inflationary increases each year. Although this means that someone with the same income will pay the same tax year on year, the effect of inflation on salaries and business profits means that this represents a significant tax increase over the period (£8 billion in extra government receipts forecast for 2025/26 compared to annual increases in bands and allowances).

There are no changes to the income levels at which the High Income Child Benefit Charge begins to claw back Child Benefit receipts (£50,000) and at which tax-free personal allowances are withdrawn (£100,000). These measures create a higher marginal tax rate in the income bands £50,000 – £60,000 (for those in receipt of Child Benefit) and £100,000 – £125,140 (as the personal allowance is reduced to nil).

The Scottish Parliament sets its own tax rates and thresholds for Scottish taxpayers for non-savings, non-dividend income. It will announce its Budget for 2022/23 on 9 December. The Welsh Government has similar powers for Welsh taxpayers, but has not varied the main UK rates.

Dividend income

The tax rates on dividend income over £2,000 will increase for the tax year 2022/23. The ordinary rate, paid by basic rate taxpayers, will rise from 7.5% to 8.75%; the upper rate becomes 33.75% (from 32.5%) and the additional rate 39.35% (from 38.1%). These rates will apply across the UK. The addition of 1.25% to each rate is related to the increases in National Insurance Contributions and the introduction of the Health and Social Care Levy described further below, and is intended to ensure that individuals who work through companies and take their profits as dividends rather than salary cannot avoid paying the charge. However, it will also apply to dividends from passive investments, as well as from personal companies.

The 33.75% rate will also apply to tax payable by close companies on 'loans to participators' that are not repaid to the company within 9 months of the end of the accounting period.

High Income Child Benefit Charge (HICBC)

The HICBC applies where a taxpayer has income of over £50,000 and is the higher earner of a couple where one partner receives Child Benefit. A tax case showed that HMRC could not raise a 'discovery' assessment where a person had not been aware they were liable for this charge and had not been asked to file a tax return. The law will be amended with retrospective effect to enable HMRC to collect the charge in these circumstances.

Employees

Company cars and fuel

The basis for taxing company cars and fuel provided for private use is set out in Table C. No changes were made to the rates already announced in previous years, so cars first registered after 5 April 2020 and electric cars will see their benefit charge rise by one percentage point (subject to the maximum of 37%). The rates for 2022/23 will be the same for cars registered before and after 5 April 2020, and will now remain fixed until the end of 2024/25.

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

National Living Wage (NLW) and National Minimum Wage (NMW)

The NLW will increase by 6.1% for individuals aged 23 and over to £9.50 per hour from 1 April 2022. Other rates of NMW will rise from the same date by different percentages, as recommended by the Low Pay Commission.

National Insurance Contributions

Thresholds and rates (Table D)

The thresholds above which employer's and employee's National Insurance Contributions (NIC) become payable will increase in line with inflation in 2022/23. 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 2025/26.

As announced on 7 September 2021, a new Health and Social Care Levy will be charged to raise £13 billion a year – dwarfing most of the other figures in the Budget policy decisions. In 2022/23, this will be achieved by raising the rates of NIC; in 2023/24, the levy will be formally separated from NIC and collected separately by HMRC, and will also apply to earnings that are not charged to NIC (principally earnings of individuals who are above State Pension age).

From 6 April 2022, Class 1 NIC paid by employers and employees, and Class 4 NIC paid by self-employed people, will increase by 1.25%. This means that employees will pay 13.25% from the primary threshold up to the upper earnings limit and 3.25% above that; employers will pay 15.05% on all earnings above the secondary threshold. Self-employed people will pay 10.25% on earnings between £9,880 and £50,270 and 3.25% above that. The rates will revert back to their previous levels from 6 April 2023 when the separate levy is introduced.

The increase in the rates is offset to a very small extent by the increase in the thresholds below which no NIC are due. For example, the contributions for an employee with a salary of £50,000 will rise from £4,852 to £5,316 (employee's) and from £5,680 to £6,155 (employer's).

Ex-service personnel

An employer taking on ex-service personnel in their first year of civilian employment is eligible for a nil rate of employer's NIC on earnings up to £967 per week. In 2021/22 the NIC had to be paid and reclaimed at the end of the year, but from 6 April 2022 it is expected that the PAYE system will allow for a nil rate of contributions under Real Time Information.

Savings and Pensions

ISA limits

The investment limits for 2022/23 remain £20,000 for a standard adult ISA (within which £4,000 may be in a Lifetime ISA), and £9,000 for a Junior ISA or Child Trust Fund.

Pension contributions (Table B)

The tax reliefs for pension contributions remain unchanged. As announced in the March 2021 Budget, the Lifetime Allowance, which is the maximum amount that a person can save in tax-advantaged pension schemes before extra tax charges arise on drawing benefits and at the age of 75, is frozen at its 2020/21 level of £1,073,100 until the end of 2025/26.

Contributions to a registered pension scheme by individuals and their employers are restricted by the Annual Allowance (AA). Where this is exceeded, an AA charge arises. The taxpayer can choose to ask the pension scheme to pay an AA charge if it exceeds £2,000, reducing the future pension benefits instead of having to meet the liability personally. The deadlines for 'Scheme Pays' reporting and payment will be extended in circumstances where there is a delay in the individual receiving the information that shows they are liable to the charge. The new rule takes effect from 6 April 2022, but it also has retrospective effect to 6 April 2016.

Taking pension benefits

The minimum age at which most people can first access their tax-advantaged pension scheme benefits is 55. This will be increased to 57 with effect from 6 April 2028, and will therefore affect those who are born on or after 6 April 1973.

Capital Gains Tax

Rates and annual exempt amount

As announced in the March 2021 Budget, the annual exempt amount will be fixed at its 2020/21 level of £12,300 until the end of 2025/26. No changes have been announced to the rates at which gains are taxed.

Sales of UK property

Since 2015, non-UK residents have been required to report the sale of UK residential property, and pay any CGT due, within 30 days of completion of the transaction. This was extended to non-residential UK property in 2019 and, from April 2020, to UK residents selling residential property on which CGT is payable. The deadline is extended to 60 days for reporting and payment, for both UK and non-UK residents, where a transaction is completed on or after 27 October 2021.

Inheritance Tax

Rates

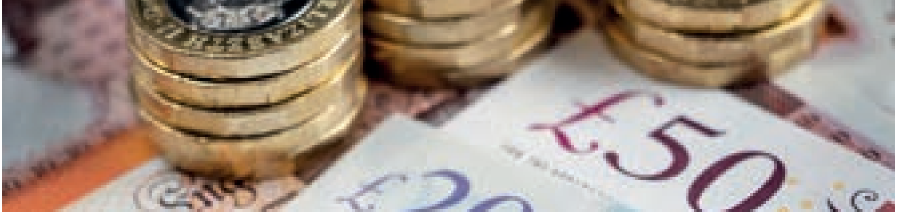
The March 2021 Budget fixed the IHT nil rate band at £325,000 until the end of 2025/26. Holding the threshold at the same amount for 17 years (from 6 April 2009) will bring far more people into the scope of the tax. However, the introduction of the ‘residential nil rate band enhancement’ on death transfers can reduce the impact where it applies. A married couple are now 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 the next 4 years increases the importance of proper IHT planning.

Business Tax

Reform of basis periods

For sole traders and individuals who are members of partnerships (including limited liability partnerships), the profits assessable in a tax year are those arising in the ‘basis period’ for that year, which is normally the accounting period ending in the tax year. Special rules apply on commencement and cessation of trade, as well as on a change of accounting date. These produce complications, such as some profits being assessed twice (‘overlap profits’). The double charge then has to be relieved later, usually on cessation of trade (but also sometimes where the business changes its year-end).

From 2024/25 (a year later than previously announced), a different basis of assessing profits is being introduced. Trading profits chargeable in a tax year will be the profits actually arising in that tax year, by apportioning the business accounting periods across tax years if the business does not have a 31 March or 5 April year-end.



2023/24 will be a transitional year for moving from the old to the new basis of assessment. It will involve up to 23 months' profits being assessed in the year, with full relief for any overlap profits previously taxed twice. As businesses may have a significant increase in taxable profits for 2023/24 due to these rules, such additional profits will be spread over a period of five years (although a business may opt out of spreading and, instead, treat the additional amounts as arising fully in 2023/24). The rules will also aim to reduce the impact of transition year profits on allowances and benefits. Businesses with accounting periods ending early in a tax year (e.g. 30 April or 31 May) will have a much smaller delay between profits being earned and tax being payable on them.

Carry back of losses

The March 2021 Budget extended the period for which companies and unincorporated businesses can 'carry back' losses to offset against taxable profits of earlier years and claim a refund of tax paid on those profits. Losses of 2020/21 and 2021/22 can be carried back three years (subject to monetary limits). This rule has not been extended, so losses of 2022/23 will revert to the normal carry back period of one year.

Cultural tax reliefs

The government is extending the support it gives to the arts sector through Museums and Galleries Exhibition Tax Relief (MGETR) for two years until 31 March 2024, and increasing the headline rates of MGETR, Theatre Tax Relief, and Orchestra Tax Relief. Changes will also be made to better target the reliefs and safeguard them from abuse.

Corporation Tax

As announced in March 2021, the Corporation Tax rate will remain at 19% until 31 March 2023. It will then increase to 25% for companies with profits over £250,000. Since 1 April 2015, 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 under common control.

Capital allowances for plant and machinery

The March Budget introduced enhanced allowances for qualifying expenditure on plant and machinery (P&M) contracted for from 3 March 2021 and 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.

The rate of the super-deduction will require adjustment if an accounting period straddles 1 April 2023 to ensure that the super-deduction cannot be relieved at the 25% rate of corporation tax. Adjustments will also be required on the disposal of assets on which a super-deduction or special rate allowance has been claimed.

No further changes were announced in relation to this measure in October 2021.

The 100% Annual Investment Allowance (AIA) will be available for qualifying expenditure on P&M up to £1 million until 31 March 2023, rather than being reduced to its former level of £200,000 after 31 December 2021 as previously announced. The limit will be subject to transitional rules where accounting periods straddle 31 March 2023.

The AIA may produce more tax relief for companies than the 50% FYA available for special rate expenditure described above. As the main corporation tax rate will increase from 19% to 25% on 1 April 2023, advancing expenditure to enjoy the 100% deduction will also reduce the benefit of the tax relief available.

Research & Development (R&D)

The Small and Medium-sized Enterprise (SME) R&D relief (a 130% enhancement of the expenditure) and the R&D expenditure credit (currently 13%) apply to ‘qualifying expenditure’ as defined in the legislation. At present, this comprises:

- Staff costs
- Software used directly for the R&D
- Relevant payments to the subjects of clinical trials
- Consumable or transformable materials
- Subcontracted R&D costs
- Externally provided workers

Following a consultation launched in March 2021, R&D tax reliefs will be reformed to support modern research methods by expanding qualifying expenditure to include data and cloud costs.

At present there is no limitation on incurring the expenditure outside the UK, for example by subcontracting work to suppliers in other countries. The legislation will be amended to focus support towards innovation in the UK, which is likely to require qualifying expenditure, or at least a large percentage of it, to be incurred within the UK.

Other changes will be made to target abuse and improve compliance. The changes to the law are intended to take effect for expenditure incurred from 1 April 2023.

Cross-border group relief

'Group relief' allows losses to be surrendered from one company in a group for relief against profits of another company. The rules currently distinguish between companies established in European Economic Area (EEA) states and companies from non-EEA states. In specific circumstances, EEA companies can surrender losses as group relief to UK companies.

For accounting periods ending after 27 October 2021, the law will be amended to remove the separate rules for EEA-resident companies so that all non-UK resident companies can only surrender losses of a UK permanent establishment as group relief if it is not possible for the loss to be deducted from non-UK profits of any person for any period.

Where a company's accounting period straddles 27 October 2021, it will be notionally split into two separate accounting periods for these purposes, one up to 27 October and the second from 28 October to the end of the period.

Uncertain tax treatments

The law will be changed to require very large companies and partnerships to notify HMRC where they take a tax position in their returns for VAT, corporation tax or income tax (including PAYE) that is 'uncertain'. An 'uncertain treatment' is defined as arising either where a provision has been made in the accounts for the uncertainty, or the position taken in the accounts is contrary to HMRC's known position (as stated in the public domain or in dealings with HMRC). Taxpayers will only need to notify where the tax advantage of the position taken, when compared with HMRC's view, is expected to be over £5 million in a 12-month period. The new rule will apply for returns filed with effect from 1 April 2022.

VAT

Registration threshold

The VAT registration and deregistration thresholds will remain frozen at their present levels of £85,000 and £83,000 until 31 March 2024. This will tend to require more businesses to register for the tax as they grow, and therefore represents a small tax-raising measure.

Reduced rate

No further changes have been announced relating to the reduced rate of VAT that has applied to qualifying supplies by hospitality, leisure and entertainment businesses to help offset the impact of the pandemic. The rate reduced from 20% to 5% in July 2020, and increased to 12.5% with effect from 1 October 2021. It will revert back to the standard 20% rate on 1 April 2022.

HMRC says that there are no plans to introduce 'anti-forestalling rules' to counter the VAT saving enjoyed by someone who pays a deposit before the rate goes back up – on present plans, that will lock in the 12.5% rate of VAT to the extent that the supply is paid for before 1 April 2022, even if the actual supply takes place later.

Default surcharge

As announced in March 2021, the rules for late payment of VAT will be reformed for return periods beginning on or after 1 April 2022. Default surcharge will be replaced by interest on late payment and separate penalties for late filing of returns.

Property

Residential Property Developer Tax

As announced in February 2021, the government will introduce a new tax from April 2022 on the profits that companies and corporate groups derive from UK residential property development. This is intended to ensure that the largest developers make a fair contribution to help pay for building safety remediation. The tax will be charged at 4% on profits exceeding an annual allowance of £25 million.

Annual Tax on Enveloped Dwellings (ATED)

ATED applies to residential property worth above £500,000 which is owned through companies and other corporate structures, unless the situation qualifies for a relief. The rates increase automatically each year in line with inflation: they will rise by 3.1% from 1 April 2022 in line with the September 2021 Consumer Price Index. The amount ranges from £3,800 to £244,750.

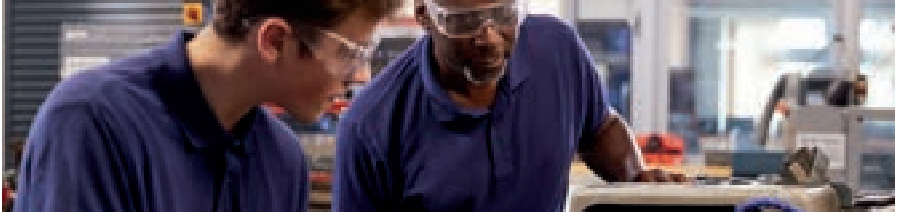
The next 5-yearly revaluation of relevant properties is due on 1 April 2022, which may affect the ATED payable from 1 April 2023, if a property moves into a different valuation band as a result.

Other measures

Making Tax Digital (MTD) for Income Tax

As announced on 23 September 2021, the government has decided to delay the requirement for sole traders and landlords with income over £10,000 to file income tax self assessment (ITSA) information using MTD until the tax year 2024/25. General partnerships will not be required to join the system until 6 April 2025.

At the same time that MTD for ITSA is introduced, new penalties for late filing and late payment will apply to those within the new system.



Business rates

To reduce the burden of business rates in England, the government will:

- freeze the business rates multiplier for a second year, from 1 April 2022 to 31 March 2023
- introduce a new temporary business rates relief for eligible retail, hospitality and leisure properties for 2022/23, giving 50% relief up to a £110,000 per business cap
- extend transitional relief for small and medium-sized businesses, and the supporting small business scheme, for 1 year, restrictiing increases in rates bills, subject to subsidy control limits

The government will reform the system of business rates by increasing the frequency of revaluations from 5 years to 3 years, starting in 2023. At the same time, it will introduce reliefs where occupiers incur certain types of expenditure on improvements, including eligible plant and machinery used in onsite renewable energy generation and storage.

Recovery Loan Scheme

The Recovery Loan Scheme, which was introduced to help businesses recover from the impact of the pandemic, will be extended until 30 June 2022. The following changes will apply to all offers made from 1 January 2022:

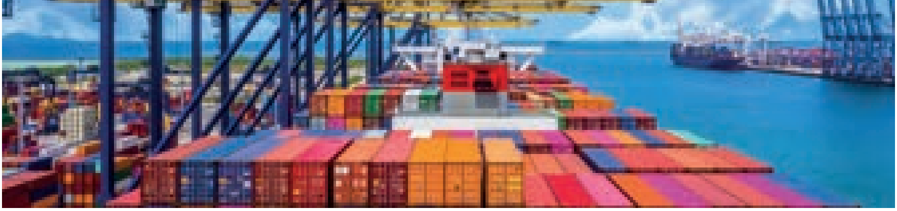
- The scheme will only be open to small and medium-sized enterprises
- The maximum amount of finance available will be £2 million per business
- The guarantee coverage that the government will provide to lenders will fall to 70%

Apprenticeship funding

In England, the government will continue to meet 95% of the apprenticeship training cost for employers who do not pay the Apprenticeship Levy. The £3,000 apprenticeship hiring incentive payment (per new hire) has been extended by four months to 31 January 2022.

In Wales, apprenticeships are funded by the Welsh government, and apprenticeship incentive payments ranging from £1,500 – £4,000 are available until 28 February 2022.

In Scotland, the type of funding available depends upon the type of apprenticeship. Additionally, the Adopt an Apprentice scheme entitles employers to £5,000 for employing an apprentice who has been made redundant.



Alcohol duty reform

The Chancellor devoted space in his speech to set out a number of measures that he intends to take to make the taxation of alcoholic drinks simpler and more rational. This will include a 5% cut on duty for various drinks sold in pubs, and a relief for small producers of drinks below 8.5% ABV. The government is consulting on the details, and has not announced when the reforms will take effect.

In the meantime, alcohol duty rates have been frozen at their present levels.

Universal Credit

The Chancellor announced two measures that are intended to benefit Universal Credit recipients: reducing the taper rate at which extra earnings leads to a reduction in benefits (from 63% to 55%) and increasing the Work Allowance by £500 a year. These measures are intended to take effect not later than 1 December 2021. They will benefit some claimants by more than the £20 per week that has been recently taken away, but not everyone will qualify.

Freeports

The March Budget outlined the introduction of 'Freeports', areas in which a number of tax and other incentives will operate to encourage trade. The enhanced tax reliefs will include 10% Structures and Buildings Allowances (instead of 3%), 100% First Year Allowances for plant and machinery, full relief from Stamp Duty Land Tax, full Business Rates relief for five years, and relief from Employer's NIC. The reliefs will depend on designation as a 'tax site' within a Freeport and will run until 30 September 2026, with a possible extension to April 2031.

The English Freeports announced so far are East Midlands Airport, Felixstowe & Harwich, Humber, Liverpool City Region, Plymouth and South Devon, Solent, Teesside and Thames. The first tax sites have been designated at Humber, Teesside and Thames, and those Freeports will begin initial operations from November.

The October Budget included further measures clarifying the VAT reliefs that will apply in free zones. The main VAT benefit is that businesses selling goods within free zones will be able to zero rate their supplies, and services carried out on goods in those zones may also be zero rated subject to conditions. This provides a cash flow advantage to businesses. Where goods leave a free zone and there is no qualifying onward supply of the goods which meets the conditions, or where there is a breach of the rules of the free zone customs procedure, VAT will be due. This prevents a business that cannot recover input tax locating in a free zone to avoid irrecoverable VAT.

Income Tax Rates and Allowances (Table A)

Main allowances	2022/23	2021/22
Personal Allowance (PA)*†	£12,570	£12,570
Blind Person's Allowance	2,600	2,520
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	2022/23	2021/22
Basic Rate Band (BRB)	£37,700	£37,700
Higher Rate Band (HRB)	37,701-150,000	37,701-150,000
Additional rate	over 150,000	over 150,000
Personal Savings Allowance (PSA)		
– Basic rate taxpayer	1,000	1,000
– Higher rate taxpayer	500	500
Dividend Allowance (DA)	2,000	2,000

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

Rate Bands	2022/23			2021/22		
Rates differ for General, Savings and Dividend income within each band:						
	G	S	D	G	S	D
Basic	20%	20%	8.75%	20%	20%	7.5%
Higher	40%	40%	33.75%	40%	40%	32.5%
Additional	45%	45%	39.35%	45%	45%	38.1%

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 £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	2021/22
Starter Rate	19%	£2,097
Basic Rate	20%	2,098 – 12,726
Intermediate Rate	21%	12,727 – 31,092
Higher Rate	41%	31,093 – 150,000
Top Rate	46%	over 150,000

The Scottish rates and bands do not apply for savings and dividend income, which are taxed at normal UK rates. **The Scottish rates for 2022/23 have not yet been announced.**

Remittance basis charge	2022/23	2021/22
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)

	2022/23	2021/22
Lifetime Allowance (LA)	£1,073,100	£1,073,100
Annual Allowance (AA)	40,000	40,000

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 £240,000, down to a minimum AA of £4,000.
The AA can also be reduced to £4,000, where certain pension drawings have been made.

Car and Fuel Benefits (Table C)

Cars

Taxable benefit: List price multiplied by chargeable percentage.

		2022/23	2021/22 percentage for cars first registered	
CO2 emissions g/km	Electric range Miles	All cars %	Pre 06.04.2020 %	Post 05.04.2020 %
0	N/A	2	1	1
1-50	>130	2	2	1
1-50	70 - 129	5	5	4
1-50	40 - 69	8	8	7
1-50	30 - 39	12	12	11
1-50	<30	14	14	13
51-54	N/A	15	15	14

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 £25,300 (2021/22: £24,600).

National Insurance Contributions (Table D)

Class 1 (Employees)	Employee	Employer
Main NIC rate	13.25%	15.05%
No NIC on first	£190pw	£175pw
Main rate* charged up to	£967pw	no limit
2% rate on earnings above	£967pw	N/A
Employment allowance per qualifying business	N/A	£4,000

*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 15.05%) 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	£3.15
Small profits threshold	£6,725
Class 3 (Voluntary)	
Flat rate per week	£15.85
Class 4 (Self-employed)	
On profits £9,880 – £50,270	10.25%
On profits over £50,270	3.25%

April 2022

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 2021/22 and 2022/23.
†19 Employers pay PAYE for quarter or month March 2022.
19 Last day for final 2021/22 Employer Payment Summary to reach HMRC.
***22** PAYE electronic payment deadline.

May 2022

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 2020/21 tax returns not filed.
3 Employers submit P46(car) form showing quarter's changes to company cars.
†19 Employers pay PAYE for month April 2022.
***22** PAYE electronic payment deadline.
31 Employers deadline to send 2021/22 P60 to employees.

June 2022

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 2022.
***22** PAYE electronic payment deadline.

July 2022

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 2021/22 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 2021/22.
†19 Employers pay PAYE for quarter or month June 2022.
***22** PAYE and Class 1A NIC electronic payment deadline.
31 Deadline for payment of second instalment of 2021/22 self assessed tax on income.

August 2022

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 2020/2021 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 2022.
***22** PAYE electronic payment deadline.

September 2022

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 2022.
***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 2022

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 2021 year-end.
5 Deadline for notifying HMRC if Income Tax or CGT is due for 2021/22 and no tax return received.
†19 Employers pay PAYE for quarter or month September 2022 and 2021/22 PAYE Settlement Agreement liability.
***22** PAYE electronic payment deadline.
31 Last day to file 2021/22 SA return on paper.

November 2022

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 2022.
***22** PAYE electronic payment deadline.

December 2022

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 2022.
***22** PAYE electronic payment deadline.
30 File 2021/22 SA return online to take advantage of coding out of Income Tax underpayments.
31 Corporation Tax filing deadline for companies with 31 December 2021 year-end.

January 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 March 2022 year-end.
†19 Employers pay PAYE for quarter or month Dec 2022.
***22** PAYE electronic payment deadline.
31 File 2021/22 Income Tax and CGT online return. Pay 2021/22 tax to avoid interest and first instalment of 2022/23 self assessment tax on income. Companies within IR35 to file Earlier Year Update for 2021/22.

February 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					

1 If 2020/21 tax return not filed, a further penalty of £300 (or 5% of tax due, if higher). If 2021/22 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 2023.
***22** PAYE electronic payment deadline.

March 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		

2 Deadline for payment of balance of 2021/22 tax to avoid a 5% late payment penalty.
†19 Employers pay PAYE for month February 2023.
***22** PAYE electronic payment deadline.
31 Corporation Tax filing deadline for companies with 31 March 2022 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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