

TAX RATES

2023/24 and 2022/23



INCOME TAX, CAPITAL GAINS TAX, AND INHERITANCE TAX

Income tax rates: England, Wales & Northern Ireland (non-dividend income)	2023/24	2022/23
0% starting rate for savings only	Up to £5,000	Up to £5,000
20% basic rate tax	£12,571-£50,270	£12,571-£50,270
20% Construction Industry Scheme CIS deduction rate	all labour earnings	all labour earnings
40% higher rate tax	£50,271-£125,140	£50,271-£150,000
45% additional rate tax	Above £125,140	Above £150,000

Income tax

- The income tax additional rate threshold will reduce from £150,000 to £125,140 from April 2023. Reducing these thresholds will cost £1,243 for an additional rate taxpayer.
- Personal tax thresholds – ie personal allowance, basic and higher rate thresholds for income tax – are maintained until April 2028 at a current level of £12,570 and £50,270.
- Basic rate of income tax will be maintained at 20%. This was previously announced to be reduced to 19%, which will not go ahead from 2023.

Other income tax allowances

- Married Couple's Allowance and Blind Person's Allowance will be uplifted by 10.1%, from 6 April 2023.

Inheritance tax

- Inheritance tax nil-rate band and residence nil-rate band – thresholds are maintained at the current level until April 2028.

- The inheritance tax nil rate bands are already set at current levels until April 2026 and will stay fixed at these levels for a further two years until April 2028. The nil-rate band will continue at £325,000, while the residence nil-rate band will continue at £175,000, and the residence nil-rate band taper will continue to start at £2m.
- Qualifying estates can continue to pass on up to £500,000 and the qualifying estate of a surviving spouse or civil partner can continue to pass on up to £1m without an inheritance tax liability.

NATIONAL INSURANCE

National Insurance	2023/24	2022/23
Class 1 PAYE		
Class 1 Employees		
Lower earnings limit, primary class 1 (perweek) Class 1 - Lower earnings limit LEL, primary Class 1, minimum earnings to qualify for State pension and payroll benefits - set up a PAYE scheme at this level (per week) If you already have a PAYE scheme you do not have to enter employees paid below this level but you still need to check the: - Employee right to work in UK under Prevention of Illegal Working regulations and - Apply minimum wage regulations. applied on a weekly basis, except for directors (per year)	£123	£123
Primary threshold (per week) * Employees start paying NI above this point. applied on a weekly basis, except for directors (per year).		
from 6 April 2022 to 5 July 2022		£190
from 6 July 2022 to 5 April 2023	£242	£242
Employee's primary class 1 rate between primary threshold and upper earnings limit		
From 6 April 2022 to 5 November 2022		13.25%
From 6 November 2022 to 5 April 2023	12%	12%
Upper earnings limit, primary class 1 (perweek) * Employees pay a lower rate of NI above this point	£967	£967
Apprentice upper secondary threshold (AUST)for under 21s/25s	£967	£967
Employee's primary class 1 rate above upper earnings limit		
from 6 April 2022 to 5 November 2022		
from 6 November 2022 to 5 April 2023	2%	2%
Class 1 Employers		

Secondary threshold (per week) * Employers start paying NI above this point but claim Employment allowance	£175	£175
Employer's secondary class 1 rate above secondary threshold There is no upper limit.		
from 6 April 2022 to 5 November 2022		15.05%
from 6 November 2022 to 5 April 2023	13.80%	13.8%
Employment allowance (per year/employer) * Employers claim the current month applicable amount of Employment Allowance against your employer's national insurance contributions.	£5,000	£5,000
You cannot claim Employment Allowance if both of the following apply: You're a company with only one employee paid above the Class 1 National Insurance secondary threshold and The employee is also a director of the company.		
Class 1 Employees - Married woman's reduced rates		
Married woman's reduced rate between primary threshold and upper earnings limit		
from 6 April 2022 to 5 November 2022		7.1%
from 6 November 2022 to 5 April 2023	5.85%	5.85%
Married woman's rate above upper earnings limit		
from 6 April 2022 to 5 November 2022		3.25%
from 6 November 2022 to 5 April 2023	2%	2%
Class 2 Self employed		
Class 2 rate (per week where profits are above lower profits limit threshold	£3.45	£3.15
Class 2 small profits threshold (per year)	£6,725	£6,725
Class 3 voluntary contributions		
Class 3 voluntary rate (per week)	£17.45	£15.85
Class 2 Self employed		
Class 4 lower profits limit	£12,570	£11,908
Class 4 upper profits limit	£50,270	£50,270
Class 4 rate between lower profits limit and upper profits limit	9.73%	9.73%
Class 4 rate above upper profits limit	2.73%	2.73%
Class 1A/1B - Class 1 benefits		
Class 1A/1B NIC	14.53%	14.53%

National insurance:

- The national insurance thresholds for all classes will be maintained until April 2028 at the current level.
- The government will fix the level at which employers start to pay Class 1 Secondary NICs for their employees (the Secondary Threshold) at £9,100 from April 2023 until April 2028.
- The employment allowance is set to the current level of £5,000.
- The temporary 1.25% increase from 6 April 2022 in national insurance rates has been abandoned from 6 November 2022.
- The Health and Social Care Levy is no longer going ahead.
- The introduction of a separate Health and Social Care Levy tax in April 2023 has been cancelled too.

National Living Wage

- From 1 April 2023, the government will increase the National Living Wage (NLW) by 9.7% to £10.42 an hour, for those aged 23 and over.

WORKPLACE PENSION

Workplace Pension Scheme	2023/24	2022/23
Category 1 employees - Have a right to join a Workplace pension scheme But employee-only contributions. Ages 16 to 74	Earning up to 6,240 per annum 520 per month	Earning up to 6,240 per annum 520 per month
Category 2 employees - Have a Right To Opt In to a Workplace pension scheme - employee and employer contributions Ages 16 to 74	Earning over 6,240 per annum 520 per month	Earning over 6,240 per annum 520 per month
Category 3 employees - Automatic Enrolment employees are Aged 22 to State Pension Age. Enroll within six weeks of the employee start date.	Earning above 10,000 per annum 833.33 per month	Earning above 10,000 per annum 833.33 per month
Directors are exempt from Automatic Enrolment into a Workplace Pension Scheme unless there are two or more directors who have contracts of employment. Most one-man companies or family companies do not have directors with contracts of employment.		
Workplace pensions Minimum contributions are:		
Employer Minimum Contribution	3%	3%
Employee Minimum Contribution	5%	5%
Total Minimum Contribution - Employer and Employee combined	8%	8%
On earnings in excess of the Lower level of qualifying earnings 'threshold':	6,240 per annum 520 per month	6,240 per annum 520 per month
The employee gets tax relief at the income tax standard rate: So with the standard rate at 20%, when the employee contribution is £100.00 the deduction will show on the payslip as £80.00; this is calculated as £100.00 less 20% = £80.00. £100 goes into the pension pot.		
The employer gets tax relief by including amounts paid, as employer contributions, in annual Financial Statements and Corporation Tax returns.		
Depending on the rules of the scheme, the employee can pay-in less as long as the employer puts-in		

enough to meet the Total Minimum Contribution.

EMPLOYEE VEHICLES: MILEAGE ALLOWANCE PAYMENTS (MAPS)

Employee vehicles: Mileage Allowance Payments (MAPs)	Tax year 2023/24	Tax year 2022/23
Car - first 10,000 miles - per mile	45 pence	45 pence
Car - subsequent miles - per mile	25 pence	25 pence
Motorcycle - per mile	24 pence	24 pence
Cycle - per mile	20 pence	20 pence

VAT registered traders may reclaim VAT on the fuel element using HMRC fuel mileage rates according to fuel type and engine size.

CAPITAL GAINS TAX (CGT)

Capital gains tax CGT - Residential property	Tax year 2023/24	Tax year 2022/23
CGT Rate - basic rate tax payer – Residential property	18%	18%
CGT Rate - higher rate tax payer – Residential property	28%	28%
Higher rates apply to total annual income and capital gains above: For Capital gains tax, there is no additional rate above 28%.	£50,270	£50,270
If you only own one property, which has always been your main residence, Private residence relief applies to the whole period, no Capital gains tax is payable and 60 day procedures do not apply.		
An Additional relief on capital gains on a Residential property which has BOTH been your main residence AND has been let for part of the time on a commercial basis. Not applicable if it has been let during the period of ownership without being your main residence.		
Private residence relief: Actual period of residence plus, in the period prior to disposal	9 Months	9 Months
Lettings relief: the Lower of Private residence relief or £40,000 has not been available since 6th April 2020.		
Annual CGT exemptions – individuals (per year) In the year of sale; this does not accumulate over years	£6,000	£12,300
When gains are below the Annual exemption and sale proceeds are below four times the Annual exemption there is no need to declare the disposal. If sales are over four times the Annual exemption, do declare the sales; even if profits are below the Annual exemption. Sales from 06/04/2020 you also need to use the 60 day reporting procedure in these circumstances.	£24,000	£49,200
Where 60 day procedures apply, the Capital gains tax computation also needs to be included in your annual self assessment tax return. The tax payable may be slightly different depending on how accurate your estimate of other income has been in the 60 day calculation of tax.		

More or less may be payable at the CGT Rate - higher rate; see above.

Capital gains tax: reduce the annual exempt amount

- The annual exemption amount for capital gains tax for individuals will change, from £12,300 to £6,000 from April 2023 then £3,000 from April 2024.

DIVIDEND INCOME ALLOWANCES AND TAX RATES

Dividend income allowances and tax rates	Tax year 2023/24	Tax year 2022/23
Dividend allowance tax free (Tax year 2024/25 £500)	£1,000	£2,000
Dividend income basic rate	9%	9%
Dividend income higher rate	33.75%	33.75%
Dividend income additional rate	39.35%	39.35%
Higher rates apply to total annual income and capital gains above:	£50,270	£50,270
Additional rates apply to total annual income (but not capital gains) above:	£125,140	£150,000

Dividend allowance

- Dividend allowance is reduced from £2,000 to £1,000 from April 2023 and to £500 from April 2024. The threshold of £2,000 has been in place since April 2018.
- Dividends above the dividend allowance were taxed at 7.5% (basic rate), 32.5% (higher rate), and 38.1% (additional rate). From 6 April 2022, dividends are taxed at 8.75% (basic rate), 33.75% (higher rate), and 39.35% (additional rate)

STATE PENSION

State pension income	Tax year 2023/24	Tax year 2022/23
The basic State Pension if you reached State Pension age before 6 April 2016 - per week	£156	£142
The new State Pension if you reached State Pension age on or after 6 April 2016 - per week a man born on or after 6 April 1951 or a woman born on or after 6 April 1953	£203.85	£185.15
Increase basis on prior year	Consumer Prices Index CPI 10.1%	Consumer Prices Index CPI 3.1%
New State Pension paid pro rata by qualifying years; 10 years minimum; 10/35ths entitlement; 35 years maximum full entitlement. There is no benefit in paying more than 35 years.		

If you defer drawing your State pension:

The basic State Pension is increased by 10.4% for each year you defer.

The new State Pension is increased by 5.8% for each year you defer.

Pro rata increases for periods of less than one year.

FURTHER INFORMATION

SDLT

- Stamp Duty Land Tax (SDLT) cuts for England and Northern Ireland will remain in place until 31 March 2025. On 23 September 2022, the government increased the nil-rate threshold of SDLT from £125,000 to £250,000 for all purchasers of residential property in England and Northern Ireland and increased the nil-rate threshold paid by first-time buyers from £300,000 to £425,000.
- The maximum purchase price for which First Time Buyers' Relief can be claimed was increased from £500,000 to £625,000. This will now be a temporary SDLT reduction which will remain in place only until 31 March 2025.

Corporation tax

- From April 2023, the planned increase in the corporation tax rate to 25% for companies with over £250,000 in profits will go ahead. Small companies with profits up to £50,000 will continue to pay corporation tax at 19%.
- Companies with profits between £50,000 and £250,000 will pay tax at the main rate reduced by a marginal relief providing a gradual increase in the effective corporation tax rate.

Annual Investment Allowances

- Annual Investment Allowance has been confirmed at a permanent rate of £1 million from 1 April 2023.

Research & Development

- For expenditure incurred on or after 1 April 2023, Research and Development (R&D) tax reliefs will be changed as follows:
 - the small and medium-sized enterprises (SME) additional deduction will decrease from 130% to 86%
 - the SME credit rate will decrease from 14.5% to 10% and
 - R&D expenditure credit rises from 13% to 20%.

Car tax

- The chancellor has announced electric vehicles will no longer be exempt from Vehicle Excise Duty from April 2025.

- Company car taxes are under review and are going to be set up until April 2028 to provide long term certainty for taxpayers and industry in Autumn Finance Bill 2022. Rates will continue to incentivise the take up of electric vehicles:
 - appropriate percentages for electric and ultra-low emission cars emitting less than 75g of CO2 per kilometre will increase by 1 percentage point in 2025-26; a further 1% in 2026-27 and a further 1% in 2027-28 up to a maximum appropriate percentage of 5% for electric cars and 21% for ultra-low emission cars
 - rates for all other vehicle bands will be increased by 1 percentage point for 2025-26 up to a maximum appropriate percentage of 37% and will then be fixed in 2026-27 and 2027-28.

VAT

- The VAT registration and deregistration thresholds at £85,000 will not change for a further period of two years from 1 April 2024.
- Annual Tax on Enveloped Dwellings
- The annual chargeable amounts for the ATED will be uplifted by the September CPI figure of 10.1% for the 2023-24 ATED charging period.

Online Sales Tax (OST)

- The government has clearly stated that it has decided not to introduce an OST, an idea put forward by certain stakeholders in the context of business rates reform. The government's decision reflects concerns raised about an OST's complexity and the risk of creating unintended distortion or unfair outcomes between different business models.
- This does bring a degree of certainty in future planning for many online retailers and – along with the rates reforms announced – clarity for those with fixed retail premises.

Help for energy costs

- The current Energy Price Guarantee provides support for household and business energy bills until 31 March 2023. Support for households will continue from April 2023 though support will be less generous and based on a higher average usage price cap of £3000 (up from £2,500) per annum, with additional targeted support for vulnerable households.
- Further detail about eligibility for support for businesses can be found here. ACCA members have helpfully provided feedback to shape the detailed delivery of the business support scheme and today's announcement suggested the final details would be published before the end of the year.

Business Rates

- The Chancellor confirmed that the planned revaluation for England will proceed in April 2023. At revaluation, property values used to calculate non-domestic rates are updated to reflect the property market (in this case to reflect values as at 1 April

2021). Current values have been in effect since April 2017, and are based on market values as at April 2015.

- The Chancellor also confirmed that a transitional rates relief scheme, which phases in changes associated with new values, will be in place for 3 years following the revaluation.
- The business rates multiplier will be frozen in 2023-24, while relief for 230,000 businesses in retail, hospitality and leisure sectors was also increased from 50% to 75% next year;
- Revaluations are also expected to take effect in April 2023 in Scotland and Wales however poundage rates and any other decisions relating to revaluation and non-domestic rates are expected to be announced by the Welsh and Scottish Governments in their respective budgets, expected in mid-December
- A variety of other non-domestic rates relief may be available but businesses will need to check with their [local council](#).

Access to finance – eligibility for start-up loans

- As previously announced, the business secretary has widened eligibility of the start-up loans scheme to businesses trading for up to three years as follows:
- start-up loans of up to £25,000 are now available to start-ups that have been trading for up to three years, up from two years
- new 'second loans' available for businesses that have been trading for up to five years
- These loans provide much-needed support for the UK's innovators and entrepreneurs. Find out [more here](#).

Recovery loan scheme

- The Recovery Loan Scheme, launched in April 2021 to help businesses recovering from the pandemic, has been extended to 2024. Details of the scheme and eligibility criteria can be found on the British Business Bank website FAQs.

Government grants to install electric vehicle charge points

- You can potentially claim 100% of the costs of installing an electric vehicle charging point as a capital allowance. The government will legislate in Spring Finance Bill 2023 to extend the 100% First Year Allowance for electric vehicle charge points to 31 March 2025 for corporation tax purposes and 5 April 2025 for income tax purposes.

Scotland and Wales

- More detailed information about the impact on devolved budgets will be expected when the Welsh and Scottish governments announce their budgets, expected to be on 13 and 15 December, respectively.