

Tax Rates & Allowances

For 2020/2021 Tax Year

Important Dates

5 October 2020

Deadline to register for Self Assessment if you're self employed or a sole trader, not self-employed or registering a partner or partnership.

31 October 2020

Deadline for submission of 2019/20 paper tax returns.

31 January 2021

The deadline for filing online 2019/20 Self Assessment tax return. First interim payment of Income Tax due for 2020/21, where required.



Pensions

	2020/21
Lifetime allowance	£1,073,100
Annual allowance*	£40,000**

* Income Tax relief available on higher of £3,600 or relevant earnings, subject to annual allowance limit. Potential to bring forward unused relief from the previous three years, subject to certain limits.

** Reduces by £1 for every £2 adjusted income over £240,000 to a minimum of £4,000.

Money Purchase Annual Allowance	£4,000
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Basic State Pension - Single person per year	£6,981
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New State Pension* - Single person per year	£9,110
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* You may get more or less than the indicated full New State Pension, based on your National Insurance record.

Individual Savings Accounts

	2020/21
Maximum Subscription	£20,000*
Junior ISA	£9,000
Lifetime ISA	£4,000

* The £20,000 ISA allowance will be reduced by any contributions made to the Lifetime ISA within the same tax year.

Capital Gains Tax

	2020/21
Basic Rate Tax Payer	10%
Higher Rate Tax Payer	20%
Residential Property Sales - Basic Rate Tax Payer	18%
Residential Property Sales - Higher Rate Tax Payer	28%

Annual Exemptions	2020/21
Individuals	£12,300
Trusts	£6,150
Chattels	£6,000

Income tax

Band	Taxable Income	Tax Rate
Personal Allowance	Up to £12,500	0%
Basic Rate	£12,501 - £50,000	20%
Higher Rate	£50,001 - £150,000	40%
Additional Rate	Over £150,000	45%

Income Tax (Scotland)

Band	Taxable Income	Tax Rate
Personal Allowance	Up to £12,500	0%
Starter Rate	£12,501 to £14,585	19%
Basic Rate	£14,586 to £25,158	20%
Intermediate Rate	£25,159 to £43,430	21%
Higher Rate	£43,431 to £150,000	41%
Top Rate	Over £150,000	46%

Personal Savings Allowance

Basic Rate	£1,000 of savings income (Interest)
Higher Rate tax	£500 of savings income (Interest)
Additional Rate tax payers	No Savings Allowance

Dividend Allowance

The Dividend Allowance	£2,000
Amounts received over the £2,000 allowance will be taxed as follows:	
Basic Rate	7.5%
Higher Rate	32.5%
Additional Rate	38.1%

Main Income Tax Reliefs

	2020/21
Personal Allowance (for income up to £100,000)*	£12,500
Maximum Amount of Married/Civil Partnership Couple's Allowance**	£9,075
Minimum Amount of Married/Civil Partnership Couples Allowance**	£3,510
Married/Civil Partnership Transferable allowance***	£1,250
Income Limit for Age-Related Allowance****	£30,200
Blind Persons Allowance	£2500

* Reduced by £1 for every £2 income above £100,000, non-residents may not be entitled.

** Available to persons born before 6 April 1935. Relief limited to 10%

*** Available to married couples and civil partners who are not in receipt of married couple's allowance

**** Reduced by £1 for every £2 of income over this limit

Reduced Tax Charge On Gifts Made Within The Seven Years Before Death

Years Before Death	0-3	3-4	4-5	5-6	6-7
Tax Paid	40%	32%	24%	16%	8%

Inheritance Tax

	2020/21
Free of Tax Up To	£325,000
Additional Threshold*	£175,000
Tax on Excess**	40%
Transfers to Certain Trusts	20%
Annual Gift Exemption	£3,000
Gifts to Charities	Exempt
Small Gift to Same Person	£250

Marriage/Civil Partnership Gifts by

Parent	£5,000
Grandparent/party to marriage/civil partnership	£2,500
Other person	£1,000

* Reduced by £1 for every £2 the estate is above £2,000,000

** A reduced rate of 36% applies where 10% or more of a net chargeable estate is left to charity.

Inheritance Tax Payments

- **On death:** 6 months after end of month of death.
 - **Lifetime Transfer 6 Apr - 30 Sep:** 30 April in following year.
 - **Lifetime Transfer 1 Oct - 5 Apr:** 6 months after end of month of transfer.
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Stamp Duty Land Tax

Residential property purchased in England, Wales and Northern Ireland

Consideration paid:	Rate:
Value up to £125,000	0%
£125,001 - £250,000	2%
£250,001 - £925,000	5%
£925,001 - £1,500,000	10%
Over £1,500,000	12%

3% supplement to residential rates for second or buy to let homes above £40,000.

National Insurance

Class 1 National Insurance thresholds

You can only make National Insurance deductions on earnings above the Lower Earnings Limit (LEL).

Class 1 National Insurance thresholds	2020 to 2021
LEL	£6,240 per year
Primary Threshold (PT)	£9,516 per year
Secondary Threshold (ST)	£8,788 per year
Upper Secondary Threshold (under 21) (UST)	£50,000 per year
Apprentice Upper Secondary Threshold (apprentice under 25) (AUST)	£50,000 per year
Upper Earnings Limit (UEL)	£50,000 per year

Class 1 National Insurance rates

Employee (primary) contribution rates. Deduct primary contributions (employee's National Insurance) from your employees' pay through PAYE.

National Insurance category letter	Earnings at or above LEL up to and including PT	Earnings above the PT up to and including UEL	Balance of earnings above UEL
A	0%	12%	2%
B	0%	5.85%	2%
C	nil	nil	nil
H*	0%	12%	2%
J	0%	2%	2%
M**	0%	12%	2%
Z***	0%	2%	2%

* Apprentice under 25

** Under 21

*** Under 21 - deferment

National Insurance (Cont'd)

Employer (secondary) contribution rates

You pay secondary contributions (employer's National Insurance) to HMRC as part of your PAYE bill. Pay employers' PAYE tax and National Insurance.

National Insurance category letter	Earnings at or above LEL up to and including ST	Earnings above ST up to and including UEL/UST/AUST	Balance of earnings above UEL/UST/AUST
A	0%	13.80%	13.80%
C	0%	13.80%	13.80%
C	0%	13.80%	13.80%
H*	0%	0%	13.80%
J	0%	13.80%	13.80%
M**	0%	0%	13.80%
Z***	0%	0%	13.80%

* Apprentice under 25

** Under 21

*** Under 21 - deferment

This guide is provided for general information purposes only and it should not be relied upon in place of legal or other professional tax advice. The information is sourced from HMRC and Government legislation as at 18th April 2020 and is correct to the best of our knowledge. Tax rules and legislation can change, and the value of tax benefits are dependent on individual circumstances.



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