

Sherlock & Co  
Chartered Accountants

# TAX FACTS

2020/21

The bottom half of the page features a decorative geometric design. It is divided into three main triangular sections meeting at a central point. The left triangle is a solid blue. The right triangle contains a vibrant, ethereal image of the aurora borealis in shades of green, blue, and pink. The bottom triangle is a solid dark grey or black.

## **INCOME TAX RATES (EXCLUDING SCOTLAND) 2020/21 2019/20**

Savings allowance – tax rate of 0% on savings income:		
• Basic rate taxpayers	£1,000	£1,000
• Higher rate taxpayers	£500	£500
• Additional rate taxpayers	£0	£0
Starting rate band* – tax rate of 0% on savings income up to:	£5,000	£5,000
Basic rate band – tax rate of 20% on savings and non-savings income up to:	£37,500	£37,500
Higher rate band – tax rate of 40% on savings and non-savings income	£37,501 – £150,000	£37,501 – £150,000
Additional rate band – tax rate of 45% on savings and non-savings income	£150,000+	£150,000+
Dividend allowance – tax rate of 0% on dividend income up to:	£2,000	£2,000
Tax rates on dividends:		
• Basic rate band	7.5%	7.5%
• Higher rate band	32.5%	32.5%
• Additional rate band	38.1%	38.1%
Rates applicable to trusts:		
• Dividends	38.1%	38.1%
• Other income	45%	45%

\*Not available if taxable non-savings income exceeds the starting rate limit.

## **MAIN PERSONAL ALLOWANCES 2020/21 2019/20**

Personal allowance*	£12,500	£12,500
Transferable tax allowance for married couples	£1,250	£1,250
Married couples/civil partners' allowance at 10%† (if at least one born pre 6/4/35)		
– maximum	£9,075	£8,915
– minimum	£3,510	£3,450
Rent-a-room tax-free income	£7,500	£7,500

\*Reduced by £1 for every £2 of income over £100,000.

†Reduced by £1 for every £2 of income over £30,200 (£29,600 in 2019/20).

## **HIGHER INCOME CHILD BENEFIT CHARGE**

1% of benefit per £100 of income from £50,000 to £60,000

## **NON-DOMICILE REMITTANCE BASIS CHARGE 2020/21 2019/20**

After UK residence in at least:		
• 7 of the last 9 tax years	£30,000	£30,000
• 12 of the last 14 tax years	£60,000	£60,000

## **ENTERPRISE MANAGEMENT INCENTIVE (EMI) SCHEMES**

A tax-advantaged share option scheme for employees of eligible smaller companies.

- No income tax on acquisition of shares unless the exercise price is less than the market value at date of grant.
- The maximum value of shares under option is £250,000 per employee and £3 million in total.

## TAX-EFFICIENT INVESTMENTS 2020/21

### Individual Savings Accounts

ISA – annual limit	£20,000
Junior ISA/Child Trust Fund – annual limit	£9,000
Lifetime ISA – annual limit	£4,000
Help to Buy ISA – limits	£1,000 initial and £200 per month

### Enterprise Investment Scheme (EIS)

Income tax relief	30%
Maximum investment	£1,000,000*
*£2,000,000 for knowledge-intensive companies.	

### Seed Enterprise Investment Scheme (SEIS)

Income tax relief	50%
Maximum investment	£100,000

### Venture Capital Trusts (VCT)

Income tax relief	30%
Maximum investment	£200,000

## NATIONAL INSURANCE CONTRIBUTIONS 2020/21

### Class 1

Employees	%
First £120.00 per week	Nil
Next £63.00 per week	*0
Next £779.00 per week	12
Above £962.00 per week	2

Employers	Employees Under 21†	Employees 21 & over†
First £120.00 per week	Nil	Nil
Next £49.00 per week	0%	0%
Next £793.00 per week	0%	13.8%
Above £962.00 per week	13.8%	13.8%

\* Treated as paid Class 1 NIC. † Age 25 if an apprentice.

### Employment Allowance

Amount offset against employer's Class 1 NICs	£4,000
Not available if a director is the sole employee.	
From 2020/21 not available to employers with an employer's NIC liability of more than £100,000 in the prior year.	

**Class 1A** Paid by employers on benefits in kind – 13.8%.

**Class 1B** Paid by employers on PAYE settlement agreements – 13.8%.

**Class 2** Paid by self-employed – £3.05 per week.  
Exemption available if net earnings below £6,475.

**Class 3** Voluntary rate – £15.30 per week.

**Class 4** Paid by self-employed – 9% of profits between £9,500 and £50,000 plus 2% of profits above £50,000.

## CAR BENEFITS 2020/21

Taxable benefit is a percentage of a car's list price when new.

CO <sub>2</sub> emissions (g/km)	Electric range (miles)	Reg'd pre 6 April 2020	Reg'd from 6 April 2020	CO <sub>2</sub> emissions (g/km)	Reg'd pre 6 April 2020	Reg'd from 6 April 2020
0		0%	0%	100-104	25%	23%
1-50	130 or more	2%	0%	105-109	26%	24%
1-50	70-129	5%	3%	110-114	27%	25%
1-50	40-69	8%	6%	115-119	28%	26%
1-50	30-39	12%	10%	120-124	29%	27%
1-50	Less than 30	14%	12%	125-129	30%	28%
51-54		15%	13%	130-134	31%	29%
55-59		16%	14%	135-139	32%	30%
60-64		17%	15%	140-144	33%	31%
65-69		18%	16%	145-149	34%	32%
70-74		19%	17%	150-154	35%	33%
75-79		20%	18%	155-159	36%	34%
80-84		21%	19%	160-164	37%	35%
85-89		22%	20%	165-169	37%	36%
90-94		23%	21%	170 & over	37%	37%
95-99		24%	22%			

4% surcharge for diesel cars

### Private Fuel

Apply the car benefit percentage to:

£24,500

## VANS FOR PRIVATE USE

Vans: chargeable amount  
Fuel: chargeable amount

2020/21	2019/20
£3,490	£3,430
£666	£655

## TAX-FREE MILEAGE ALLOWANCE – OWN VEHICLE

Cars: 45p per mile first 10,000 business miles then 25p per mile  
Qualifying passenger: 5p per business mile  
Motorcycles: 24p per business mile  
Bicycles: 20p per business mile

## PENSIONS

	2020/21	2019/20
Lifetime allowance	£1,073,100	£1,055,000
Annual allowance*	£40,000	£40,000
Money purchase annual allowance	£4,000	£4,000

\*Subject to taper down to £4,000 if threshold income over £200,000 and adjusted income over £240,000.

Lifetime allowance charge 55% if excess drawn as cash  
25% if excess drawn as income

Maximum relievable personal contribution capped by the annual allowance and the greater of 100% of relevant earnings and £3,600.

Maximum pension commencement lump sum 25% of pension benefit value.

## STATE PENSIONS

	2020/21	2019/20
Single tier per week*	£175.20	£168.60
Basic – single person per week†	£134.25	£129.20
Basic – spouse/civil partner per week†	£80.45	£77.45

\*State pension age reached after 5/4/16.

†State pension age reached before 6/4/16.

## CAPITAL GAINS TAX

Exemptions	2020/21	2019/20
Individuals, estates, certain trusts	£12,300	£12,000
Most trusts	£6,150	£6,000
Chattels exemptions-proceeds up to:	£6,000	£6,000

### Tax rates

Individuals up to basic rate limit	10%	10%
Individuals above basic rate limit	20%	20%
Trusts and estates	20%	20%
Surcharge for residential property and carried interest	8%	8%

### Entrepreneurs' relief

10% on lifetime limit of: £1,000,000  
For trading businesses and companies (minimum 5% employee/director shareholding) held for at least 2 years.

### Investors' relief

10% on lifetime limit of: £10,000,000  
For newly issued shares in unlisted trading companies held for at least 3 years (not generally available for existing employees/officers).

## INHERITANCE TAX

Taxable estate & gifts	2020/21	2019/20
Nil-rate band	£325,000	£325,000
Residence nil-rate band*	£175,000	£150,000
Standard rate of tax	40%†	40%†
Rate for chargeable lifetime transfers	20%	20%

\*for estates over £2,000,000 tapered by 50% of excess.

† 36% where at least 10% of net estate left to charity.

Gifts within 7 years of death	0-3	3-4	4-5	5-6	6-7
% of standard rate	100	80	60	40	20

### Nil-rate band transfers

The unused proportion of a deceased spouse's/civil partner's nil-rate band can be claimed on the surviving spouse's/civil partner's death.

### Main exemptions

Annual gifts per donor – £3,000. Small gifts per donee – £250.

## ANNUAL TAX ON ENVELOPED DWELLINGS (ATED)

Payable each year by certain companies, partnerships or collective investment vehicles owning residential property in the UK.

Residential property value	2020/21	2019/20
£500,001 – £1,000,000	£3,700	£3,650
£1,000,001 – £2,000,000	£7,500	£7,400
£2,000,001 – £5,000,000	£25,200	£24,800
£5,000,001 – £10,000,000	£58,850	£57,900
£10,000,001 – £20,000,000	£118,050	£116,110
Over £20,000,000	£236,250	£232,350

Reliefs are available where certain conditions are met.

## STAMP DUTY

Stocks and marketable securities	0.5%
No charge to Stamp Duty unless the duty exceeds £5.	

## STAMP DUTY LAND TAX FOR ENGLAND AND NORTHERN IRELAND

### Residential (on slice of consideration)

£0 – £125,000	Nil
£125,001 – £250,000	2%
£250,001 – £925,000	5%
£925,001 – £1,500,000	10%
Over £1,500,000	12%

- Rates increased by 3% for additional properties with value of £40,000 or more.
- Flat 15% rate where consideration is more than £500,000, and purchaser is a non-natural person such as a company (subject to reliefs).
- Relief for first-time buyers purchasing a property for £500,000 or less.

### Commercial (on slice of consideration)

£0 – £150,000	Nil
£150,001 – £250,000	2%
Over £250,000	5%

## VALUE ADDED TAX

Standard rate	20%
Reduced rate	5%
Registration threshold from 1/4/20	£85,000
Deregistration threshold from 1/4/20	£83,000
Flat rate scheme turnover limit	£150,000
Cash and annual accounting schemes turnover limit	£1,350,000

## CORPORATION TAX

Year to 31/3/21	19%
Year to 31/3/20	19%

## CAPITAL ALLOWANCES

Annual Investment Allowance of 100%	
(from 1 January 2019 to 31 December 2020)	£1,000,000
(from 1 January 2021)	£200,000

Main rate for plant and machinery	18%†
Special rate for long-life assets and integral features in buildings	6%†
Structures and buildings allowances	3%§
Motor cars - based on CO <sub>2</sub> emissions	
• 75g/km or less*	100% first year
• 76–130g/km	18%†
• 131g/km or more	6%†

\*Only for new cars. †Reducing balance. § Straight line.

## RESEARCH AND DEVELOPMENT

Enhanced revenue deduction for SMEs	230%
Above-the-line tax credit for large companies	13%

# FINANCIAL CALENDAR 2020/21

## EVERY MONTH

- 1 Corporation tax due for companies (other than large and very large companies) with years ending 9 months and a day previously, e.g. tax due 1 October 2020 for years ending 31 December 2019.
- 14 Quarterly instalments of corporation tax due for large and very large companies (months depend on accounting year end).
- 19 Deadline for submitting CIS contractors' monthly returns.
- 22 Deadline for paying PAYE/NIC and CIS deductions for the month ending 5<sup>th</sup> of the current month (19<sup>th</sup> if not paying electronically).

**Month end** Deadline for submission of CT600 for years ending 12 months previously. Last day to amend CT600 for years ending 24 months previously. Deadline for filing of accounts with Companies House for private companies with years ending 9 months previously and for public companies with years ending 6 months previously.

## MARCH 2020

- 31 Last few days to use any allowances and exemptions in 2019/20.

## APRIL 2020

- 1 New National Living/Minimum Wage rates.
- 5 Deadline for registering online to 'payroll' benefits and expenses in 2020/21.
- 6 First day of the 2020/21 tax year. Changes to many tax allowances, rates and thresholds.
- 19 Last day to submit final RTI Full Payment Submission (FPS) or Employer Payment Submission (EPS) for 2020/21. (After this date corrections for 2019/20 must be made on a RTI Earlier Year Update.)
- 30 IHT due on lifetime transfers made between 6 April and 30 September 2019. (IHT on other transfers payable 6 months after the end of the month in which the transfer or death occurred.)

## MAY 2020

- 1 Start of daily penalties where the 2018/19 personal tax return has not been filed (charged for up to 90 days).
- 31 Deadline for issuing 2019/20 P60s to employees.

## JULY 2020

- 5 Deadline for agreeing a 2019/20 PAYE Settlement Agreement (PSA) with HMRC.
- 6 Deadline for employers to send forms P11D and P11D(b) for 2019/20 to HMRC and to provide copies to employees. Deadline for online filing of 2019/20 returns for employee share schemes.
- 22 Deadline for paying Class 1A NICs for 2019/20 (19 July if not paying electronically).
- 31 Due date for second payment on account for 2019/20 income tax.

## **AUGUST 2020**

- 1 Penalty of 5% of the tax due or £300, whichever is the greater, charged where the 2018/19 personal tax return has not been filed.

## **OCTOBER 2020**

- 5 Deadline to register for self-assessment for 2019/20.
- 22 Deadline for paying tax and Class 1B NICs on PSAs (19 October if not paying electronically).
- 31 Deadline for submission of 2019/20 personal tax returns if filed on paper.

## **DECEMBER 2020**

- 30 Deadline to submit 2019/20 personal tax returns online in order to have underpaid PAYE collected through the 2021/22 tax code.

## **JANUARY 2021**

- 31 Deadline for submission of 2019/20 personal tax returns if filed online. Due date for final payment of 2019/20 income tax, CGT, Class 2 and Class 4 NICs, plus first payment on account for 2020/21 income tax.

## **FEBRUARY 2021**

- 1 Initial penalty imposed where the 2019/20 personal tax return has not been filed online.

## **MARCH 2021**

- 2 Last day to pay 2019/20 personal tax liability to avoid an automatic 5% penalty.
- 31 Last few days to use any allowances and exemptions in 2020/21.

## **CONTACT US**

If you have any queries or need any advice, please do not hesitate to contact us on:

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