

Personal Taxation 2023/24



Changes this year signified by ↑ or ↓

INCOME TAX

Starting Rate Limit - £5,000 (savings income only)	0%
Personal Allowance (basic)	£12,570
Basic Rate - £12,571 - £50,270	20%
Higher Rate - £50,271 - £125,140 ↓	40%
Additional Rate - Over £125,141 ↓	45%
Income Limit for Personal Allowance*	£100,000
Marriage / Civil Partners Transferable Allowance	£1,260
Married Couples Allowance Min**	£4,010 ↑
Married Couples Allowance Max**	£10,375 ↑
Blind Persons Allowance	£2,870 ↑
Rent-a-room Tax-free Income	£7,500

* Personal Allowance reduces by £1 for every £2 of income above the income limit, irrespective of age. Personal Allowance may differ from person to person.

** Available if at least one born before 6th April 1935. Reduced by £1 for every £2 over £34,600 ↑ until minimum reached

TAX ON SAVINGS/INTEREST INCOME

Taxed in addition to earned income at income tax rates.

Personal Savings Allowance

Basic Rate Taxpayer	£1,000
Higher Rate Taxpayer	£500
Additional Rate Taxpayer	£nil

TAX ON DIVIDEND INCOME

Dividend Allowance	£1,000 ↓
Dividends Ordinary Rate	8.75%
Dividend Upper Rate	33.75%
Dividend Additional Rate	39.35%

SOCIAL SECURITY BENEFITS

Child Benefit

Eldest/Only Child*	£24.00 p.w. ↑
Other Children	£15.90 p.w. ↑

State Pension

Single Tier (Reaching SPA from 6.4.16)**	£203.85 p.w. ↑
Basic - Single Person (SPA before 6.4.16)	£156.20 p.w. ↑
Basic - Spouse/Civil Partner (SPA before 6.4.16)	£93.60 p.w. ↑

Statutory Sick Pay (SSP)

	£109.40 p.w. ↑
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* Child benefit is reduced by 1% for every £100 of household income over £50,000. A tax charge applies if not dealt with accordingly.

** State Pension entitlement depends on National Insurance record. Requires a minimum of 10 years contributions to receive Single Tier State Pension, to receive full amount of Single Tier State Pension, 35 years of contributions are required.

NATIONAL INSURANCE CONTRIBUTIONS

Class 1 Employee	Weekly	Monthly	Yearly
Lower Earnings Limit (LEL)	£123	£533	£6,396
Primary Threshold (PT)	£242 ↑	£1,048 ↑	£12,570 ↑
Secondary Threshold (ST)	£175	£758	£9,100
Upper Earnings Limit (UEL)	£967	£4,189	£50,270

Earnings Per Week

£0 - £123 (Below LEL)	Nil - No NI Record Credit
£123 - £242 ↑ (LEL to PT)	Nil - NI Record Credited
£242 ↑ - £967 (PT-UEL)	12.00% ↓
Above £967 (UEL)	2.00%* ↓

Class 1 Employer

Below £242 ↑	Nil
£242 ↑ - £967	13.80% ↓
Above £967	13.80% ↓ (No limit)
Class 2 (Self Employed)	£3.45 p.w. ↑ where profits exceed £6,275 p.a. ↓ (Small Profits Threshold)
Class 3 (Voluntary)	Flat rate p.w. £17.45 ↑
Class 4 (Self Employed)	9.00% ↓ on profit £12,570 ↑ - £50,270 2.00% ↓ on profit over £50,270

Class 1 & 2 National Insurance (NI) contributions are no longer payable once you reach State Pension Age. Class 4 contributions will remain payable for the tax year you reach State Pension Age, if there is a taxable profit from your business, after the tax year ends, you will be exempt.

NI is payable on earned income only (i.e. not pensions or investment income).

* From 6 April 2023, the National Insurance contribution rates will go back down to 2021 to 2022 levels. The levy will then become a separate new tax of 1.25%.

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CAPITAL GAINS TAX (CGT)

CGT is payable when realising gains made on assets by sale or transfer

Personal Annual Exemption	£6,000 ↓
Trusts Exemption (generally)	£3,000 ↓
Chattels (restricted to 1/3 x proceeds exceeding limit)	£6,000
Sale of Main Residence	Exempt
Up to Basic Rate Limit	10%
Above Basic Rate Limit	20%
Residential Property Surcharge	8%
Trustees & Personal Representatives	20%
Business Asset Disposal Relief*	10%
Business Asset Disposal Relief Lifetime Limit	£1m
CGT Deferral Relief	Unlimited

* 10% on lifetime limit of £1,000,000 for trading businesses and companies (minimum 5% participation) held for at least 2 years.

INCOME TAX RELIEF

	Maximum Investment	Min Holding Period	Relief Rate
EIS Relief	£2m*	3 Years	30%
SITR Relief	£1m	3 Years	30%
SEIS Relief	£100k	3 Years	50%
VCT Relief	£200k	5 Years	30%

Income tax relief given straight away, however shares must be held for minimum period or tax relief will be reclaimed. Shares can be passed to a spouse/civil partner.

* Amount over £1M must be invested in 'knowledge intensive' companies.

INHERITANCE TAX (IHT)

IHT Nil-rate Band (Individuals)	£325,000
Nil-rate Band (Married/Civil Partnership Couples)	£650,000
Residence Nil-rate Band*	£175,000
IHT Rate (in excess of Nil-rate Band)	40%
Reduced IHT Rate (if 10% Net Estate left to charity)	36%
Gift 'Annual Exemption' (carry forward by 1 year)	£3,000
Wedding/Civil Ceremony Gifts	£1,000
Wedding/Civil Ceremony Gifts for a grandchild	£2,500
Wedding/Civil Ceremony Gifts for a child	£5,000
Normal Gifts out of Disposable Income	Exempt
Gifts to Charities and Political Parties	Exempt
Gift to Spouse or Civil Partner	Exempt
Chargeable Lifetime Transfer (CLT) Tax Rate	20%
Period gifts above Nil-rate Band remain in the estate	7 Years
Period for 'Business Assets' to qualify for IHT relief**	2 Years

* Per person. If estate over £2m Allowance is reduced by £1 for every £2 over.

** 100% relief on a business, interest in a business or shares in AIM/unlisted companies when held for more than period. May be reduced to 50% in some circumstances.

Inheritance Tax Taper Relief

No. of years between Gift and Death	0-3	3-4	4-5	5-6	6-7
Rate of Relief	0%	20%	40%	60%	80%

Tapering relief may apply when person giving the gift dies within 7 years.

PENSIONS

Normal Minimum Pension Age*	55
State Pension Age (currently)**	66
* The minimum pension age is set to increase to 57 from 2028.	
** State Pension age is scheduled to rise to 67 between 2026 and 2028.	
Contributions	
Unearned Annual Allowance	£3,600
Annual Allowance (max of 100% relevant U.K. earnings and the limit)	£60,000 ↑
Money Purchase Annual Allowance*	£10,000 ↑
Tapered Annual Allowance**	£10,000 ↑
Annual Allowance Charge	20 - 45%
Lifetime Allowance (LTA)***	£1,073,100
LTA Lump Sum Charge	0% ↓
LTA Income Charge (in addition to marginal rate)	0% ↓

* May apply from the point of accessing pension income flexibly for the first time. Once subject to this allowance it cannot be changed.

** If "Adjusted income" is above £260,000 p.a. ↑ and 'Threshold Income' is not below £200,000, tapering of Annual Allowance occurs reducing it from £60,000 ↑ by £1 for every £2 over £260,000 ↑ income. Reduces to a minimum of £10,000. ↑

*** Remains for this year, however the LTA charge has been removed and the LTA will be removed in April 2024. The maximum tax free cash is set at £268,275, except where protections apply.

Auto Enrolment

	Employer Minimum	Employee Minimum
Contributions	3%	5%
Qualifying Earnings	£6,240* - £50,270	
Earnings trigger for automatic enrolment	£10,000	

* Minimum levels are dependent on arrangement of the scheme.

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STAMP DUTY LAND TAX (ENGLAND)

Value Banding	Main Residence	Additional Property
£0 - £250,000 ↑	0%	3% (over £40,000)
£250,001 - £925,000	5%	8%
£925,001 - £1.5m	10%	13%
£1.5m+	12%	15%

Levels and charges vary if in Scotland / Wales.

First Time Buyers are exempt from Stamp Duty on properties up to £425,000 and pay 5% on the portion between £425,001 and £625,000

Property purchased by a company	Rate
£500,000+	15%

Taxes charged on value tranches. Usually payable within 30 days of completion.

ISA LIMITS

Adult (16+) ISA Allowance	£20,000
Junior ISA Allowance	£9,000
Lifetime ISA	
Lifetime ISA Contribution Limit (for bonus)*	£4,000
Government Bonus	25%
Maximum Government Bonus	£1,000 p.a.

* Not in addition to normal ISA allowance. Other qualifying rules apply.

VALUE ADDED TAX (VAT)

Standard Rate	20%
Lower Rate	5%
Zero Rate	0%

DATES FOR TAX PAYMENTS

TAX YEAR - 06/04/2023 to 05/04/2024

Income Tax (by Tax Return, not PAYE)

Interim Payment 31st January during the tax year
31st July following the end of the tax year

Final Payment 31st January following the end of the tax year

Capital Gains Tax 31st January following end of the tax year

Capital Gains on Residential property Within 30 days

Inheritance Tax

Death Usually 6 months after the end of month of death

Lifetime Transfer 6 months after the end of the month of transfer

NATIONAL MINIMUM & LIVING WAGE

National Minimum Wage

Apprentice (<19 or in first year)	£5.28 per hour ↑
Under 18	£5.28 per hour ↑
18 to 20 Years	£7.49 per hour ↑
21 to 22 Years	£10.18 per hour ↑

National Living Wage

23 years and over	£10.42 per hour ↑
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