

UK



TAX GUIDE



BLACKTOWER
FINANCIAL MANAGEMENT GROUP

Introduction

If you are living in England or thinking of moving abroad to settle in UK, there are several financial considerations to contemplate. Forward planning is ideal if you want to reduce your tax liability and optimise your wealth. Knowing where you stand with UK taxes is essential to making the most of your hard-earned cash.

While England may only be 21 short miles from mainland Europe, there are marked differences between English taxes and the investment landscape in the UK. It's important to have a clear and full understanding of the tax ramifications of living in the UK, which means seeking advice is essential. This is a highly specialised subject, and ensuring you've planned effectively requires a high-level understanding of the ways in which cross-jurisdictional concerns affect your financial investments and goals.

There are many implications to be aware of when living in England or the UK, whether you're looking to buy or sell a property, receiving pension income, drawing on savings, or investing. At first glance, it may seem UK taxes are the same as other European countries. From a practical perspective, however, especially over the long-term, the impact can be significant.

This guide has been specially created by Blacktower to help you make sense of all the relevant tax issues and how they might affect you.

The contents of this Tax Guide are believed to be correct at the date of publication. Every care has been taken that the information in this Guide is accurate at the time of release. However, all information and tax figures are subject to change and you should always make enquiries, check details and, where necessary, seek legal advice before entering into any transaction. The information is for guidance only and does not constitute advice. You should seek professional tax advice tailored to your needs and circumstances before making any decision.

The Spring Budget 2023

INCOME TAX

Main personal allowances and reliefs	23/24	22/23
Personal allowance*	12,570	12,570
Marriage/civil partner's transferable allowance	1,260	1,260
Married couple's/civil partner's allowance a 10% – max. (if at least one born before 6/4/35) – minimum	10,375 4,010	9,415 3,640
Blind person's allowance	2,870	2,600
Rent-a-room relief	7,500	7,500
Property allowance and trading allowance (each)	1,000	1,000

* Personal allowance reduced by 1 for every 2 of adjusted net income over 100,000
Married couple's/civil partners' allowance reduced by 1 for every 2 of adjusted net income over 34,600 (31,400 for 22/23) until minimum reached

UK taxpayers excluding Scottish taxpayers' non-dividend, non-savings income	23/24	22/23
20% basic rate on taxable income up to	37,700	37,700
40% higher rate on next slice of income over	37,700	37,700
45% additional rate on income over	125,140	150,000

Scottish taxpayers – non-dividend, non-savings income	23/24	22/23
19% starter rate on taxable income up to	2,162	2,162
20% basic rate on next slice up to	13,118	13,118
21% intermediate rate on next slice up to	31,092	31,092
42% (41% for 22/23) higher rate on next slice up to	125,140	150,000
47% (46% for 22/23) top rate on income over	125,140	150,000

All UK taxpayers	23/24	22/23
Starting rate at 0% on band of savings income up to**	5,000	5,000
Personal savings allowance at 0%: Basic rate Higher rate Additional rate	1,000 500 0	1,000 500 0
Dividend allowance at 0%: All individuals	1,000	2,000
Tax rates on dividend income: Basic rate Higher rate Additional rate	8.75% 33.75% 39.35%	8.75% 33.75% 39.35%
Trusts: Standard rate band generally	1,000	1,000
Rate applicable to trusts: Dividends Other income	39.35% 45%	39.35% 45%

** Not available if taxable non-savings income exceeds the starting rate band

High Income Child Benefit Charge:
1% of benefit per 100 of adjusted net income between 50,000–60,000

REGISTERED PENSIONS

Main personal allowances and reliefs	23/24	22/23
Lifetime allowance*	1,073,100	1,073,100
Money purchase annual allowance	10,000	4,000
Annual allowance**	60,000	40,000
Annual allowance charge on excess is at applicable tax rate(s) on earnings		
Pension commencement lump sum up to 25% of pension benefit value (maximum 268,275 for 23/24)		

* Lifetime allowance charge removed after 5 April 2023

** Reduced by 1 for every 2 of adjusted income over 260,000 (240,000 for 22/23) to a minimum of 10,000 (4,000 for 22/23), subject to threshold income being over 200,000

STATE PENSIONS

	Annual	Weekly
New state pension	10,600.20	203.85
Basic state pension – single person*	8,122.40	156.20
Basic state pension – spouse/civil partner*	4,867.20	93.60

*State pension age reached before 6/4/16

TAX INCENTIVISED INVESTMENTS

	23/24	22/23
Total Individual Savings Account (ISA) limit, excluding Junior ISAs (JISAs)	20,000	20,000
Lifetime ISA	4,000	4,000
JISA/Child Trust Fund	9,000	9,000
Venture Capital Trust (VCT) at 30%	200,000	200,000
Enterprise Investment Scheme (EIS) at 30%*	2,000,000	2,000,000
EIS eligible for CGT deferral relief	No limit	No limit
Seed EIS (SEIS) at 50%	200,000	100,000
SEIS CGT reinvestment relief	50%	50%

*Above 1,000,000 investment must be in knowledge-intensive companies

NATIONAL INSURANCE CONTRIBUTIONS

Class 1	Employee	Employer
NICs rate	12%	13.8%
No NICs for employees generally on the first	242 pw	175 pw
No NICs for younger employees* on the first	242 pw	967 pw
NICs rate charged up to	967 pw	No limit
2% NICs on earnings over	967 pw	N/A

* No employer NICs on the first 967 pw for employees generally under 21 years, apprentices under 25 years and veterans in first 12 months of civilian employment. No employer NICs on the first 481pw for employees at freeports and investment zones in Great Britain in the first three years of employment

Limits and thresholds	Weekly	Monthly	Annual
Lower earnings limit	123	533	6,396
Primary threshold	242	1,048	12,570
Secondary threshold	175	758	9,100
Upper earnings limit (and upper secondary thresholds for younger/veteran employees and apprentices under 25)	967	4,189	50,270

Employment Allowance	5,000
Per business – not available if sole employee is a director or employer's NICs for 22/23 are 100,000 or more	

Class 1A Employer			
On most employees' and directors' taxable benefits			13.8%
Class 2 Self-employed	Flat rate per week	3.45	(179.40 pa)
	Small profits threshold		6,725
	Lower profits limit		12,570
Class 4 Self-employed	On annual profits of	12,570 to	9%
		Over 50,270:	2%
Class 3	Voluntary flat rate per week	17.45	(907.40 pa)

CAPITAL GAINS TAX

Tax Rates – Individuals		23/24	22/23
Annual exempt amount:	Individuals, estates, etc.	6000	12,300
	Trusts generally	3000	6150
Tax rate:	Below UK higher rate income tax band	10%	10%
	Within UK higher and additional rate income tax bands	20%	20%
	Trusts and Estates	20%	20%
Surcharge	for residential property and carried interest	8%	8%

Business Asset Disposal Relief
10% on lifetime limit of 1,000,000 for trading businesses and companies (minimum 5% participation) held for at least 2 years

INHERITANCE TAX

	22/23	22/23
Nil-rate band*	325,000	325,000
Residence nil-rate band* †	175,000	175,000
Rate of tax on excess	40%	40%
Rate if at least 10% of net estate left to charity	36%	36%
Lifetime transfers to and from certain trusts	20%	20%
Overseas domiciled spouse/civil partner exemption	325,000	325,000

* Up to 100% of the unused proportion of a deceased spouse's/civil partner's nil-rate band and/or residence nil-rate band can be claimed on the survivor's death

† Estates over 2,000,000: the value of the residence nil-rate band is reduced by 50% of the excess over 2,000,000

100% relief: businesses, unlisted/AIM companies, some farmland/buildings
50% relief: certain other business assets
50% relief: certain other business assets
Tapered tax charge on lifetime gifts within 7 years of death
Years 0–3 full 40% rate, then 8% less for each year until 0% at 7 or more years.

STAMP DUTIES & PROPERTY TRANSACTION TAXES

Stamp Duty and SDRT: Stocks and marketable securities	0.5%
Additional residential and all corporate residential properties	
40,000 or more – add 3% to SDLT rates, 6% to LBTT rates and 4% to most LTT rates	

England & N Ireland – Stamp Duty Land Tax (SDLT) on slices of value			
Residential property	%	Commercial property*	%
Up to 250,000	0	Up to 150,000	0
250,001–925,000	5	150,001–250,000	2
925,001–1,500,000	10	Over 250,000	5
Over 1,500,000	12		
First time buyers: 0% on first 425,000 for properties up to 625,000 Non-resident purchasers: 2% surcharge on properties 40,000 or more Residential properties bought by companies etc over 500,000: 15% of total consideration, subject to certain exemptions			
†0% for freeport and investment zone qualifying property in England only			

Scotland – Land and Buildings Transaction Tax (LBTT) on slices of value			
Residential property	%	Commercial property*	%
Up to 145,000	0	Up to 150,000	0
145,001–250,000	2	150,001–250,000	1
250,001–325,000	5	Over 250,000	5
325,001–750,000	10		
Over 750,000	12		
First time buyers: 0% on the first 175,000			

Wales – Land Transaction Tax (LTT) on slices of value			
Residential property	%	Commercial property*	%
Up to 225,000	0	Up to 225,000	0
225,001–400,000	6	225,001–250,000	1
400,001–750,000	7.5	250,001–1,000,000	5
750,001–1,500,000	10	Over 1,000,000	6
Over 1,500,000	12		

CORPORATION TAX

Year to 31/3/24	Profits	Effective rate	Diverted profits
	0–50,000	19.0%	31%
	50,001–250,000	26.5%	31%
	250,001 and above	25.0%	31%
Year to 31/3/23	19%		25%
Loans to participators	Made in 23/24: 33.75%		Made in 22/23: 33.75%

VALUE ADDED TAX

Standard rate	20%
Domestic fuel	5%
Installation of energy saving materials (except Northern Ireland)	0%
Registration level 85,000	Deregistration 83,000
Flat rate scheme turnover limit	150,000
Cash and annual accounting schemes turnover limit	1,350,000

CAR BENEFITS

Taxable amount based on original list price and CO2 emissions in g/km.

Zero emission cars 2%

Petrol and diesel hybrids with CO2 emissions 1–50g/km

Range – electric-only miles	< 30	30–39	40–69	70–129	130+
	14%	12%	8%	5%	2%

*Increased for every extra 5g/km by 1% up to the maximum 37%

Diesels not meeting RDE2: add 4% to non-diesel rates, up to 37%

Fuel benefit – taxable amount for private use	23/24	22/23
CO2 % charge used for car benefit multiplied by	27,800	25,300

VANS - FOR PRIVATE USE

	23/24	22/23
Zero emission: chargeable amount	Nil	Nil
Other vans: chargeable amount	3,960	3,600
Fuel: chargeable amount	757	688

TAX-FREE BUSINESS MILEAGE ALLOWANCE –OWN VEHICLE

Cars and vans first 10,000 miles	45p per mile	thereafter 25p per mile
Qualifying passenger	5p per mile	
Motorcycles	24p per mile	Bicycles 20p per mile

MAIN CAPITAL AND OTHER ALLOWANCES

Plant & machinery (P&M) 100% annual investment allowance (1st year)	1,000,000
P&M allowance for companies (1st year)*	100%
Special rate P&M allowance for companies (1st year)*	50%
P&M**	18%
Patent rights and know-how**	25%
Special rate P&M e.g. long-life assets and integral features of buildings**	6%
Structures and buildings (straight line) †	3%
Electric charge points	100%

Motor Cars			
CO2 emissions of g/km:	0*	1–50	Over 50
Capital allowance:	100% first year	18% pa**	6% pa**

*New and unused only **Annual reducing balance 10% for freeports & investment zones in GB

Research and Development	
Capital expenditure	100%
R&D expenditure credit – large companies	20%
Revenue expenditure relief – small/medium-sized companies	186%
Credit rate for surrenderable losses – small/medium-sized companies	10% ††

††14.5% if R&D intensity is 40% or above

SOCIAL SECURITY BENEFITS

Weekly rates for 2023/24

Statutory Pay Rates	
Based on minimum average earnings of at least 123 pw:	
Statutory Sick Pay	109.40 standard rate
Statutory Maternity Pay/Statutory Adoption Pay	First 6 weeks: 90% of average weekly pay Next 33 weeks: 90% average weekly pay up to 172.48
Statutory Paternity Pay	90% of average weekly pay up to 172.48
Shared Parental Pay	Up to 37 weeks: 90% of average weekly pay up to 172.48
Child Benefit (see 'Income Tax - High Income Child Benefit Charge')	
First or only child	24.00
Each subsequent child	15.90
National Living Wage (NLW)/National Minimum Wage (NMW) Year to 31/3/24	
Aged 22 and over - National Living Wage	10.42
Age 21–22 - National Minimum Wage	10.18
Aged 18–20 - National Minimum Wage	7.49
Under 18/apprentice - National Minimum	5.28

MAIN DUE DATES FOR TAX PAYMENTS

Income Tax, NICs and Capital Gains Tax – Self-Assessment	
31 Jan in tax year Following 31 July Following 31 Jan	Normally 50% of previous year's income tax (less tax deducted at source) and class 4 NICs Balance of income tax, class 4 NICs, CGT and all class 2 NICs
Inheritance Tax	
On death:	10.42
Lifetime transfer 6 April–30 September:	10.18
Lifetime transfer 1 October–5 April:	7.49
Capital gains tax – Residential UK Property	
Report and pay within 60 days of completion of conveyance of the property	
Corporation Tax – Self-Assessment	
<ul style="list-style-type: none"> • Profits under 1,500,000: 9 months + 1 day after end of accounting period • Profits 1,500,000–20,000,000: normally payable in 7th, 10th, 13th and 16th months after start of the accounting period • Profits over 20,000,000: normally payable in 3rd, 6th, 9th and 12th months after start of the accounting period • Growing companies: no instalments where profits are 10,000,000 or less and the company was not a large company for the previous year. 	

SOCIAL SECURITY BENEFITS

Make the payment on the previous working day where the due date falls on a weekend/bank holiday.

Every month:

- 19 Submit CIS contractors' monthly return.
- 22 PAYE/NICs/CIS deductions paid electronically for period ending 5th of the month (19th if not paying electronically).

Month end: Submit CT600 for year ending 12 months previously. Last day to amend CT600 for year ending 24 months previously.

April 2023

- 1 New corporation tax rates come into force. Full expensing capital allowances for companies introduced. R&D tax reliefs amended.
- 6 New additional and top rate income tax thresholds, dividend allowance and capital gains tax annual exempt amount come into force. Pensions lifetime allowance charge removed and pension annual allowances increased. SEIS personal investment limit rises to 200,000. Start of transitional year for basis period reforms.

July 2023

- 5 Last date to agree a new PAYE Settlement Agreement (PSA) for 2022/23.
- 6 Deadline for employers to return forms P11D (expenses) and P11D (b) (benefits) for 2022/23 to HMRC and provide copies to employees.
- 22 Pay class 1A NICs (19 July if not paying electronically).
- 31 Confirm tax credit claims for 2022/23 and renewal for 2023/24. Second payment on account for 2022/23 income tax and class 4 NICs.

August 2023

- 1 Penalty of 5% of the tax due or 300, whichever is the greater, where the 2021/22 tax return has not been filed.

October 2023

- 5 Deadline to register for self-assessment for 2022/23.
- 22 Pay tax and class 1B NICs on PSAs (19th if not paying electronically).
- 31 Deadline for 2022/23 tax return if filed on paper.

December 2023

- 30 Deadline to submit 2022/23 tax return online to have underpaid PAYE tax collected through the 2024/25 tax code.

January 2024

- 31 Submit 2022/23 self-assessment tax return online. Pay balance of 2022/23 income tax, class 4 NICs, CGT and all class 2 NICs plus first payment on account for 2023/24 income tax and class 4 NICs.

February 2024

- 1 Initial penalty imposed where the 2022/23 tax return has not been filed or has been filed on paper after 31 October 2023.

March 2024

- 2 Last day to pay 2022/23 tax to avoid automatic 5% penalty.

CONCLUSION

Professional, expert advice is critical when attempting to plan and manage your finances, particularly if there are possible cross-border jurisdictions and language issues to consider.

At Blacktower, we understand that everyone is different, and it is important that your adviser understands you, your circumstances, your long-term goals and your cash flow needs. We take the time to get to know you and will answer all your investing, saving and retirement planning questions so that we may provide a truly bespoke service.

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