

The Foresight Guide:

Tax

2023/24

Foresight

Individual Savings Accounts

	2023/24	2022/23
Subscription Limit	£20,000*	£20,000*

*Of which £4,000 can be invested into a Lifetime ISA. You must be over 18 and under 40 to open a Lifetime ISA. The Government will add a 25% bonus to savings. Conditions apply to withdrawals and could result in a 25% penalty.

Tax Relief for Individuals 2023/24 and 2022/23

Enterprise Investment Scheme (EIS)

Relief on investments in certain unquoted trading companies up to £1m p.a.: Additional £1m for investment into 'knowledge-intensive companies'.

- Income tax relief at 30%
- Capital gains tax exemption on disposal
- Capital gains tax deferral
- IHT relief after 2 years through BR
- Loss relief

Venture Capital Trusts (VCT)

Relief on investments in certain qualifying companies up to £200,000 p.a.:

- Income tax relief at 30%
- Capital gains tax exemption on disposal
- Dividends received from VCTs are exempt from income tax

Seed Enterprise Investment Scheme (SEIS)

Relief on investments in certain unquoted trading companies up to £100,000 p.a.:

- Income tax relief at 50%
- Capital gains tax exemption on disposal
- Capital gains from the disposal of other non-SEIS assets may be exempt up to a maximum of 50% by reinvesting the gain into a SEIS investment

Corporation Tax

2023/24	2022/23
Main Rate %	Main Rate %
25*	19

*Different rates may apply for ring fence companies, unit trusts and open ended investment companies.

Capital Allowances

Plant and Machinery - Annual Investment Allowance (AIA)

The AIA gives a 100% write-off on most types of plant and machinery costs, including integral features and long life assets but not cars, of up to £1,000,000 p.a. It is available to any 'qualifying person'.

Any costs over the AIA fall into the normal capital allowance pools below. The AIA may be shared between certain businesses under common ownership.

General plant and machinery

The rate applied to expenditure incurred on general plant and machinery is 18%

Other Plant and Machinery Allowances

The rate applied to expenditure incurred on long life assets and integral features is 6%.

Cars

For expenditure incurred on cars, costs are generally allocated to one of the two plant and machinery pools. Cars with CO² emissions less than or equal to 50g/km receive an 18% writing down allowance p.a. Cars with CO² emissions exceeding 50g/km receive a 6% writing down allowance p.a. New cars with CO² emissions of 0g/km and electric cars qualify for 100% first year allowances.

Pension Allowances

Tax Year	Annual Allowances (£)	Standard Lifetime Allowance (£)
2023/24	60,000	Unlimited
2022/23	40,000*	1,073,100
2021/22	40,000*	1,073,100
2020/21	40,000*	1,073,100
2019/20	40,000*	1,055,000

Value Added Tax

	2023/24	2022/23
Standard Rate	20%	20%
Annual Registration Limit	£85,000	£85,000
Annual Deregistration Limit	£83,000	£83,000

Income Tax Allowances

	2023/24	2022/23
Personal allowance	£12,570*	£12,570
(Reduce personal allowance by £1 for every £2 of adjusted net income over £100,000) *£1,250 may be transferable between certain spouses where neither pay tax above the basic rate.		
Personal savings allowance (basic rate taxpayers)	£1,000	£1,000
Personal savings allowance (higher rate taxpayers)	£500	£500
Dividend allowance	£1,000	£2,000
Married couple’s allowance (relief at 10%)**	£10,375	£9,415
Blind person’s allowance	£2,870	£2,600

Income Tax Rates

Income Tax Rates for England, Wales and Northern Ireland 2023/24 and 2022/23

Band	Income %	Dividends %
Up to £37,700	20	8.75
£37,701 - £125,140	40	33.75
Over £125,140	45	39.35

* 0% starting rate applies to the first £5,000 of savings income. For many taxpayers this is not relevant as the starting rate does not apply if their taxable non-savings income exceeds the starting rate limit.
+Subject to Personal Allowance.

Income Tax Rates for Scotland 2023/24*

Band	Rate %
£12,571 - £14,732	19
£14,733 - £25,688	20
£25,689 - £43,662	21
£43,663 - £125,140	42
Over £125,140	47

Dividend income is taxed the same in Scotland as the rest of the UK (see Income Tax Rates for England, Wales and Northern Ireland table).

National Insurance

2023/24 Class 1 (employed) rates

Employee		Employer	
Earnings per week	%	Earnings per week	%
Up to £242	Nil*	Up to £175	Nil*
£243.01 - £967	12	Over £175	13.8
Over £967	2		

*0% rate also applies for employees under 21 and apprentices under 25 on earnings up to £967 per week.

Class 1A (employers)	13.8% on employee taxable benefits
Class 1B (employers)	13.8% on PAYE settlement agreements
Class 2 (self-employed)	Flat rate per week £3.45 where profits exceed £12,570 per annum
Class 3 (voluntary)	Flat rate per week £17.45
Class 4 (self-employed)	Profits up to £12,570 - nil Profits from £12,570 to £50,270 - 9% Profits above £50,270 per annum 2%

Capital Gains Tax

Individuals

	2023/24*	2022/23*
Annual exemption	£6,000	£12,300
Standard rate	10%	10%
Higher rate*	20%	20%

Trusts

Annual exemption	£3,000	£6,150
Rate	20%	20%

*For higher and additional rate taxpayers.

**Higher rates (18/28%) may apply to the disposal of certain residential property and carried interest.

Inheritance Tax

Chargeable transfers 2023/24	Death rate	Lifetime rate
0 - £325,000 (nil rate band)	Nil	Nil
Over £325,000	40%	20%

*A reduced rate of 36% may apply if 10% of the net chargeable estate is left to charity. Nil rate bands of surviving spouses/civil partners may be increased by unused nil rate bands of deceased spouses/civil partners

	2023/24	2022/23
Main residence nil rate band*	£175,000	£175,000

*For estates with a net value of more than £2m, this will be reduced by £1 for every £2 over the threshold.

Reliefs	Annual exemption:	£3,000	Gifts for a marriage	Parent:	£5,000
	Small gifts:	£250		Grandparent:	£2,500
				Other:	£1,000

Reduced charge on gifts within seven years of death when in excess of NRB (nil-rate band)

Years before death	0-3	3-4	4-5	5-6	6-7
% of death charge	100	80	60	40	20

Property Stamp Taxes

Residential	England & NI	Scotland	Wales
Price / Premium Payable	SDLT	LBTT	LTT
£1 - £125,000	Nil	Nil	Nil
£125,001 - £145,000	Nil	Nil	Nil
£145,001 - £180,000	Nil	2%	Nil
£180,001 - £225,000	Nil	2%	Nil
£225,001 - £250,000	Nil	2%	6%
£250,001 - £325,000	5%	5%	5%
£325,001 - £400,000	5%	10%	5%
£400,001 - £750,000	5%	10%	7.5%
£750,001 - £925,000	5%	12%	10%
£925,001 - £1.5m	10%	12%	10%
Over £1.5m	12%	12%	12%

Annual Tax on Enveloped Dwellings

Residential Property Value	2023/24	2022/23
£500,001 - £1m	£4,150	£3,800
£1m - £2m	£8,450	£7,700
£2m - £5m	£28,680	£26,050
£5m - £10m	£67,050	£60,900
£10m - £20m	£134,550	£122,250
Over £20m	£269,450	£244,750

Other Guides from Foresight:

- Foresight Guide to **BR**
- Foresight Guide to **EIS**
- Foresight Guide to **IHT**
- Foresight Guide to **VCTs**

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