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YEARS

Tax Facts 2021/22

Rates and allowances for this tax year

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Tax Facts 2021/22



A new tax year is with us again, here is a snapshot of the new numbers which apply to day to day financial planning.

Individual Saving Account ISA Allowance	2021/22	2020/21
Cash and Shares combined limit	£20,000	£20,000
Lifetime ISA	£4,000	£4,000
Junior ISA	£9,000	£9,000

Income Tax Allowance	2021/22	2020/21
Personal Saving Allowance Reduces to £500,00 for higher rate and nil for additional rate taxpayers.	£1,000	£1,000
Basic Personal Tax Allowance Reduced by £1 for every £2 of income over £100,000. Lost if earnings over £125,140.	£12,570	£12,500

Pension Contributions	2021/22	2020/21
Annual Pension Allowance Annual allowance reduces by £1 for every £2 income over £240,000.	£40,000	£40,000
Lifetime Allowance For those who have not secured any lifetime protection.	£1,073,100	£1,073,100

Capital Gains Tax	2021/22	2020/21
Individual annual exemption	£12,300	£12,300
Basic and starting rate taxpayers	10%	10%
Higher and additional rate taxpayers	20%	20%
Non-Residential property surcharge Previous losses can still be carried forward.	8%	8%

Inheritance Tax	2021/22	2020/21
Nil Rate Band	£325,000	£325,000
Plus additional Residence Nil rate band	£175,000	£175,000
Total potential exemption	£500,000	£500,000
Rate of Tax on Excess	40%	40%

Additional residence nil rate band (RNRB) tapers away for estates over £2m and is zero for estates valued over £2.35m.

Business Relief - tax efficient savings and investments	2021/22	2020/21	Income Tax Relief
Period after which qualifying investments fall outside of an investor's estate. (BR)	2 years	2 years	NIL
Venture Capital Trusts (VCTs)	£200,000	£200,000	30%
Enterprise Investment Scheme (EIS)	£2,000,000	£2,000,000	30%
Seed Enterprise Investment Scheme (SEIS) Capital gains tax exemption on 50% of gains reinvested in SEIS qualifying investments.	£100,000	£100,000	50%

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

Income Tax Rates UK Individuals	2021/22	Rate	2020/21	Rate
Basic rate	£5,001-£37,700	20%	£5,001-£37,500	20%
Higher rate	£37,701-£150,000	40%	£37,501-£150,000	40%
Additional rate	Over £150,000	45%	Over £150,000	45%

Starting rate (on savings income) - non-dividend savings income up to £5,000 is 0% where taxable non savings income does not exceed £5,000
The first £2,000 dividends received are taxed at 0%. Dividends above this limit are taxed at 7.5% for basic rate taxpayers, 32.5% for higher rate taxpayers and 38.1% for additional and trust rate taxpayers.

“Using the allowances available to you is the foundation of financial planning and the tax-free growth and income available through ISAs is particularly attractive.”

Andy Robinson, Financial Planner

