

2023/24 Personal Taxes

Income tax

2023/24 2022/23

Starting rate for savings only income 0%	£5,000	£5,000
Dividend allowance 0%	£1,000	£2,000
Basic rate 20% (8.75% for dividends)	£37,700	£37,700
Higher rate 40% (33.75% for dividends)	£37,701-£125,140	£37,701-£150,000
Additional rate 45% (39.35% for dividends)	£125,141+	£150,001+

Personal savings allowance - 0% for basic rate tax payers on £1,000, £500 for higher rate tax payers

Personal Allowances

2023/24 2022/23

Everyone £12,570 £12,570*

No longer any age related additional allowances

* Reduced by £1 for every £2 above income limit, where income exceeds £100,000

[How should I draw money from my limited company?](#)

[5 Steps for an effective tax planning strategy](#)

NI Contributions

2023/24

Class 1

Employer

Weekly earnings	% of all earnings
£0 - £123	NIL
£124 - £175	0.0%
£176 - £967	13.8%
Over £967	13.8%

Employee

Weekly earnings	% of all earnings
£0 - £123	NIL
£124-£242	0%
£243-£967	12%
Over £967	2%

The above rates apply to those not contracted out of S2P.

Class 1A	Employer	13.8%
Class 2*	S/Employed	£3.45 pw
Class 3	Voluntary	£17.45 pw
Class 4	S/Employed	
	£0-£12,570	0%
	£12,571 - £50,270	9.00%
	Over £50,270	2.00%

*** Payable on net earnings over £12,570
(22/23 £11,908)**

Capital Gains Tax

2023/24 2022/23

Individual Exemption	£6,000	£12,300
Chattels Exemption	£6,000	£6,000
Trusts exemption	£3,000	£6,150
Transfers between husband and wife living together are exempt.		
Main Rate	20%^	20%^
Basic Rate	10%^	10%^
Entrepreneurs Rate*	10%	10%

* Available on first £1million of eligible gains in lifetime where disposal is post 11th March 2020
 ^Does not apply to residential property which is 28% and 18%

Pensions

Annual allowance	100% of net relevant earnings or £3,600 if higher	
Capped at	2023/24	2022/23
	£60,000	£40,000

Note: Ability to utilise unused annual allowances of up to £40,000 for 2023, 2022 and 2021 if member of defined benefit or contribution scheme in previous 3 years. Amount is tapered if adjusted annual income exceeds £260,000 (£240,000 in 2023). Money purchase annual allowance (if in drawdown) £10,000

Lifetime limit Unlimited
 Amounts exceeding lifetime limit taxed at 55% if extracted as a lump sum, or 25% if not

Inheritance Tax

Exempt transfers:

Gifts to UK domiciled spouse
 Gifts to charity
 Overseas domiciled spouse up to £325,000
 Annual exemption £3,000
 Small gifts £250
 Wedding gifts - £5,000 child, £2,500 grandchild or remoter issue, £1,000 other

Non UK assets held by a non domiciled individual

Nil rate band: £325,000

Rate of tax at death 40%*

*36% where 10% of estate left to charity

Residence Nil Rate band £175,000

Lifetime tax rate 20%

No IHT on transfers to individuals unless death within 7 years

Reduced tax charge on gifts made when death is within 7 years

Years:	0-3	3-4	4-5	5-6	6-7
% taxable	100	80	60	40	20

[How to spare your loved ones an Inheritance tax bill](#)

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Information correct as at time of preparation 15 March 2023 subject to change

2023/24 Business Taxes

Corporation Tax

Profits	1st April 2023	1st April 2022
£0 - £50,000	19.0%	19.0%
£50,001 - £250,000	26.5%	19.0%
£250,001 +	25.0%	19.0%

Where an owner or director of the company has affiliations with other "Associated" companies the bandings above are divided between the number of associated companies

Value Added Tax

Standard Rate	
From 1st April 2022	20.00%
VAT fraction	
From 1st April 2022	1/6
Turnover registration limit	£85,000
Turnover deregistration limit	£83,000
Cash/annual accounting registration limit	£1.35m excl. VAT
Cash/annual accounting deregistration limit	£1.6m excl. VAT
Flat rate scheme income registration limit	£150,000 excl. VAT
Flat rate scheme income deregistration limit	£230,000 incl. VAT
VAT Scale Charge:	Now based upon the CO2 Emissions of the vehicle concerned

[Should you be VAT registered?](#)

Mileage Allowances

The maximum tax-free mileage allowances for employees using their own cars for business are as follows:

2023/24	First 10,000 Miles	10,000+ miles
Car & Van	45p	25p
Motorcycle	24p	24p
Bicycle	20p	20p

Notes:
1 Payments in excess of approved rates are taxable
2 Where payments are made at rates less than the approved rates, employees can claim tax relief on shortfall

Vehicle Benefits

Chargeable on all directors and employees

Car benefit*: This is now calculated as a percentage of the original list price of the vehicle

Car fuel benefit*: This is now calculated as a percentage of a fixed sum of £27,800

* Percentage used will be dependent on the level of CO₂ vehicle emissions, electric cars may be at 0%

Van benefit: £3,960 if there is any private use. Travel between home and work is not considered private use

Van fuel benefit: £757

Main Capital Allowances

Motor Cars (based on CO₂ emissions)
 0g/km CO₂: 100% FYA only if purchased new

Less than 50g/km CO₂ - 18%;

51g/km CO₂ or more- 6% rb;

Plant & Machinery * - 18% rb ~

Computer Equipment * - 18% of rb

Integral features - 6% rb

Goodwill - 4% on certain unconnected party transactions only

Structures and Buildings Allowance (SBA) - 3% sl

* Annual Investment Allowance- 100% allowance on certain capital expenditure up to £1mill from 1st January 2019 onwards

rb = reducing balance sl=straight line basis

-Full Expensing rate on P&M - 100% FYA. Full Expensing special rate 50% FYA

New zero emission goods vehicles, new electric charge point equipment - 100%

[Is buying a company car worth it?](#)

Research & Development Tax Credits

Research and Development (R&D) tax credits have reduced this year; but they are still at very competitive rates and worth exploring.

Did you know, we have never had an R&D claim refused by HMRC? We pride ourselves in only accepting valid claims and producing a report that clearly proves the validity of the claim to HMRC.

If you think you may have a claim, book a free discovery call with us by contacting your Client Manager or emailing enquiries@a4g-llp.co.uk

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