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SPRING **BUDGET** *2021*

BUDGET 3 MARCH 2021

This Summary covers the key tax changes announced in the Chancellor's speech and includes tables of the main rates and allowances.

At the back of the Summary you will find a calendar of the tax year with important deadline dates shown.

We recommend that you review your financial plans regularly as some aspects of the Budget will not be implemented until later dates.

We will, of course, be happy to discuss with you any of the points covered in this report and help you adapt and reassess your plans in the light of any legislative changes.

Contents

A delicate balance

The Chancellor had a difficult task in this Budget: to indicate how he might balance the Government's books in the future, while still having to pay out huge sums to support the economy. He said that he would continue to provide 'whatever it takes' to protect businesses and jobs during the present crisis, while being honest about the need to 'fix the public finances' and setting out his plans to build the future economy.

After spending so much, it was inevitable that Mr Sunak would have to raise taxes somewhere – but he was bound by an election promise not to raise the rates of Income Tax, National Insurance Contributions or VAT during the life of the Parliament. There has been speculation that he might reduce relief for pensions or bring Capital Gains Tax rates in line with Income Tax. In the event, neither was mentioned; we are promised consultation documents on 23 March that may raise those possibilities, but they are not an immediate prospect. Instead, Corporation Tax will go up – not until 2023, and after extra tax reliefs have been offered for investment in the meantime. There will also be the less visible effect of freezing personal allowances and other reliefs until 2026, increasing the tax take year by year as inflation pushes more people over the limits.

When the Chancellor sits down, the Government publishes everything on the internet – measures he hasn't mentioned, the detail of things he only touched on and the tables of financial estimates that show what makes a big difference to the public finances and what is marginal. This booklet summarises the most important points and explains how they affect businesses and individuals. We will be happy to discuss the proposals with you and help you understand the implications for your finances.

Significant points

- Further support for individuals and businesses impacted by the pandemic: extensions for job retention scheme and self-employed income support grants, business rates relief, 5% VAT rate on hospitality and leisure; new grants and loans announced
- Small increase in Income Tax thresholds for 2021/22, followed by a freeze until 2025/26
- Freeze in pension scheme Lifetime Allowance, Capital Gains Tax (CGT) annual exempt amount and Inheritance Tax (IHT) nil rate band until 2025/26
- No change to the rates of CGT
- Corporation Tax rate held at 19% until 31 March 2023, after which companies with profits over £250,000 will be taxed at 25%
- 'Super-deduction' introduced for companies investing in plant and machinery between 1 April 2021 and 31 March 2023
- Trading losses up to £2 million in 2020/21 and 2021/22 eligible for carry back against previous 3 years' profits, instead of the usual one year
- Stamp Duty Land Tax 'holiday' for the first £500,000 of residential property cost is extended to 30 June 2021, with a further reduction in charges up to 30 September 2021

Measures to mitigate the impact of Coronavirus

The Chancellor began by setting out further measures to provide support for businesses and individuals suffering from the financial effects of the pandemic. The monetary amount of these items, as set out in the Budget forecasts, is far greater than the impact of most tax announcements. Most of these measures apply across the UK, but the Budget only deals with business rates in England and Stamp Duty Land Tax in England and Northern Ireland. The devolved administrations make their own provisions in those areas.

Measures relating to direct taxes and VAT are described in their own separate sections.

Employers

The Coronavirus Job Retention Scheme will continue to reimburse employers with the salaries of furloughed employees until 30 September 2021. The employee should receive at least 80% of normal pay for hours not worked. Until 30 June, the employer will only be required to contribute employer's National Insurance Contributions and pension contributions (as at present); in July, the employer will have to contribute $^1/_8$ of the remaining cost (i.e. 10% of normal salary), rising to $^1/_4$ (20% of normal salary) in August and September.

For the time being, small and medium-sized employers across the UK will continue to be able to reclaim up to two weeks of eligible Statutory Sick Pay costs per employee, where the absence is coronavirus-related. The Government will set out steps for closing this scheme in due course.

Self-employed

Self-employed people with profits up to £50,000 have been able to claim grants under the Self-Employed Income Support Scheme (SEISS). There have so far been three grants under the SEISS, each covering three months; two amounted to 80% and one amounted to 70% of average monthly profits up to limits of £2,500 and £2,187.50 respectively per month. A fourth grant, covering February to April 2021, will be claimable from late April at 80% of three months' average profits capped at £7,500 in total. Claimants must have filed a 2019/20 tax return to be eligible for this grant. People who began self employment in 2019/20, who did not have a record of earnings, could not claim the first three grants, but may be able to claim the fourth grant if they have filed a 2019/20 return by midnight on 2 March 2021.

A fifth grant, covering the period from May to September 2021, can be claimed from late July. This will be targeted at those who need it most as the economy reopens. Those whose turnover has fallen by 30% or more will be eligible for the full grant, which will be 80% of three months' average profits capped at £7,500. The fact that the grant covers a five-month period appears to allow for the likelihood that the business will be reopening in that time. Those whose turnover has fallen by less than 30% will receive a 30% grant, capped at £2,850. Further details will be published in due course.

The Budget confirms that SEISS grants will be treated as taxable income of the business in the tax year in which they are received.

There have been complaints of unfairness from certain categories of people who fall outside these support schemes, in particular people whose profits were previously just over £50,000 (who are not eligible for any support) and people working through their own company (who can claim the furlough grant, but that will not replace profits previously paid out as dividends). The Budget does not extend any reliefs to people in these categories.

Benefits

The uplift of £20 per week on Universal Credit will be extended to the end of September, and some other easements in the calculation of the benefit will continue for the time being. For those claiming Working Tax Credit, a one-off payment of £500 will be made to provide equivalent support over the next six months.

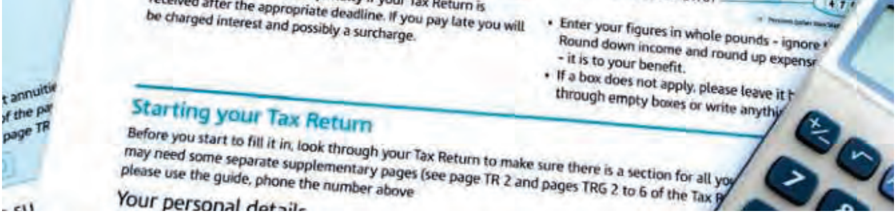
Loans and grants

There have been several Government-backed loan schemes to support businesses through the pandemic. Some of these are coming to an end on 31 March 2021, but the Chancellor announced a new 'Recovery Loan Scheme'. This will provide lenders with a guarantee of 80% on eligible loans between £25,000 and £10 million to give them confidence in continuing to provide finance to UK businesses. This will be open to all businesses from 6 April 2021, including those who have already received support under the existing COVID-19 loan schemes.

The Chancellor also announced 'Restart Grants': as they reopen after the present lockdown, non-essential retail businesses can claim up to £6,000 per premises; hospitality, accommodation, leisure, personal care and gym businesses can claim up to £18,000 per premises. The Government is also providing £425 million to local authorities to use for discretionary grants to businesses.

Business rates

Eligible retail, hospitality, leisure and nursery properties in England have enjoyed 100% business rates relief in 2020/21. This will be extended to 30 June 2021, and there will be a further 66% relief for the period to 31 March 2022, capped at £2 million per business for properties that were required to be closed on 5 January 2021, or £105,000 per business for other eligible properties.



Personal Income Tax

Tax rates and allowances – 2021/22 (Table A)

The main Personal Allowance increases with inflation from £12,500 to £12,570 for 2021/22, and the basic rate band increases from £37,500 to £37,700. That means that the threshold for 40% tax is now £50,270. Income Tax rates are complicated by different rates and allowances applying to different types of income (for example, salary, profits, rent, interest, dividends), so the effect of these increases are not the same for all taxpayers; someone with a salary of £50,270 will pay £68 less tax in 2021/22 than they did in 2020/21 (falling from £7,608 to £7,540). However, they will also pay £19 more in employee's National Insurance Contributions.

Since January 2013, there has been a clawback charge on the higher earner of a couple where one claims Child Benefit and either has an income over £50,000. This has always been called the 'High Income Child Benefit Charge', but now it appears that it can apply to a basic rate taxpayer, because there has been no mention of a change to the £50,000 threshold.

The level of income at which the Personal Allowance is withdrawn has been £100,000 since the rule was introduced in April 2010, and inflation means that far more people are now affected. Every £2 of income over that level reduces the allowance by £1. This results in an effective marginal rate of tax of 60% in the band of income up to £125,140 in 2021/22, above which the taxpayer will have no Personal Allowance.

The Scottish Parliament has set different tax rates and thresholds for Scottish taxpayers for non-savings, non-dividend income (details in Table A). The Welsh Government has similar powers for Welsh taxpayers, but has announced that it will not currently vary the main UK rates.

Tax rates and allowances – freezing

The Chancellor announced that the Personal Allowance and the rate bands will be frozen at their 2021/22 levels until the end of 2025/26, instead of their usual inflationary increases each year. This has enabled him to keep the manifesto pledge of not increasing the tax rates themselves, but so-called 'fiscal drag' will increase the tax due from people whose pay increases during that period. This is one of the ways in which the Chancellor aims to recover some of the huge cost of the pandemic support payments. In 2025/26, the Government expects to collect an extra £8 billion in Income Tax as a result – to put that in context, the fourth and fifth self-employed income support grants are expected to cost £12.75 billion in 2021/22.

Employees

COVID tests and working from home

A number of relaxations of the rules relating to the pandemic, introduced in 2020/21, will continue into 2021/22. These include exemptions from taxable benefit charges on reimbursement of COVID tests by employers and the provision of relevant equipment to enable employees to work from home. The conditions for the Cycle to Work scheme, which require a bicycle to be mainly used for commuting or work journeys to avoid an Income Tax charge, have also been relaxed for employees who were provided with a bicycle by their employer before 20 December 2020.

Company cars and fuel (Table C)

The basis for taxing company cars and fuel provided for private use is set out in the Table. No changes were made to the rates announced for car benefits in previous years, so cars first registered after 5 April 2020 will see their benefit charge rise by one percentage point. Note that fully electric cars gave rise to no tax charge in 2020/21, but there will be a charge on 1% of their list price in 2021/22, increasing to 2% in 2022/23.

There have also been changes to the taxable figures for vans with private use, including removing the taxable benefit on zero-emission vans with effect from 6 April 2021.

'Off payroll' working

HMRC has been concerned about individuals working through personal service companies (PSCs) for two decades: they regard this as a way of avoiding PAYE and Class 1 NIC where 'in reality' (in HMRC's view) the individual is acting as an employee.

The 'IR35' rules require PSCs to pay PAYE and NIC on income from engagements that are effectively employments. From 6 April 2017, where the individual behind the PSC works in the public sector, the responsibility for paying this tax was transferred to the person paying the PSC, and the responsibility for deciding 'what is effectively employment' was imposed on the public sector engager. HMRC is convinced that this has reduced non-compliance and intended to extend the same rules to large and medium-sized engagers in the private sector from April 2020. Because of the pandemic, this was delayed to 6 April 2021. Only technical amendments to the rules were announced in the Budget, so this will be introduced as planned.

This is a very significant and potentially contentious change for all those who work through, and those who contract with, PSCs. It will be important to understand the decisions that have to be made, who has the responsibility for taking them, and what to do if the parties to a contract do not agree about its status.

Enterprise Management Incentives

EMI scheme participants must meet a minimum working time commitment of either 25 hours per week or 75% of total working time, subject to a small list of exceptions. Due to the COVID-19 pandemic, many workers are on reduced hours or furlough and would therefore break the condition.

A time-limited easement of this rule, running from 19 March 2020 until 5 April 2022, applies where employees have not met the working time requirement as a result of coronavirus. It ensures that participants are not forced to exercise their options earlier than planned and also guarantees that participants can be granted qualifying options during the pandemic.

National Insurance Contributions

Thresholds and rates (Table D)

There have been small increases in the thresholds above which employer's and employee's National Insurance Contributions become payable. The upper limits for employee contributions remain aligned with the point at which 40% Income Tax is payable (£50,270 per year, or £967 per week).

The upper limit will be frozen, in common with the personal allowance and basic rate band, until the end of 2025/26. Raising the upper limit increases the amount of NIC payable – salary below that level is charged at 12%, but above that level it is charged at 2%. The Budget documents state that decisions will be taken each year on the lower threshold, which is not being fixed in advance.

Savings and Pensions

ISA limits

The investment limits for 2021/22 remain £20,000 for a standard adult ISA (within which £4,000 may be in a Lifetime ISA), and £9,000 for a Junior ISA or Child Trust Fund.

Pension contributions (Table B)

There has been speculation that the Chancellor might reduce pension tax relief, which costs the Exchequer a great deal. There were no significant announcements of reform in the Budget, although a number of consultations are expected on 23 March that might deal with this. The only measure announced related to the Lifetime Allowance (LA), which is the maximum amount that a person can save in tax-advantaged pension schemes before extra tax charges arise on drawing benefits. The value of benefits is measured against the LA when benefits are first taken from a pension, and on some other occasions, including the individual's 75th birthday. The LA is frozen at its 2020/21 level of £1,073,100 until the end of 2025/26. When LA was first introduced in 2006, it was £1,800,000; fixing it at this level will mean that many more people will have to consider the tax charges when they draw their pensions over the next few years.

Capital Gains Tax

Rates and annual exempt amount

CGT is not subject to the Conservative manifesto pledge not to increase the rates of Income Tax, National Insurance Contributions or VAT, which has contributed to speculation that CGT rates might be increased, possibly aligning them with Income Tax. No such announcement was made in the Budget, but a number of consultations to be issued on 23 March may cover this. Any change is unlikely to be introduced before the end of 2021/22, because the documents issued with the Budget show no changes to CGT rates.

The annual exempt amount will be fixed at its 2020/21 level of £12,300 until the end of 2025/26.

Inheritance Tax

Rates

The IHT nil rate band was increased to £325,000 on 6 April 2009, and previous Budgets had fixed it at that level until the end of 2020/21. This Budget has further fixed it until the end of 2025/26. Holding the threshold at the same amount for 17 years will bring far more people into the scope of the tax. However, the introduction of the 'residential nil rate band enhancement' on death transfers can reduce the impact where it applies. From 6 April 2020, a married couple are able to leave up to £1 million free of IHT to their direct descendants (£325,000 plus £175,000 from each parent), but the rules are complicated, and the prospect of the nil rate band being fixed for the next 5 years increases the importance of proper IHT planning.

Business Tax

Carry back of losses

Companies and unincorporated businesses can normally set their trading losses against profits of the current or the previous 12-month period, or else carry them forward against future profits. Where a business has made a large loss because of the pandemic, or makes losses in two successive periods, the 12-month carry back may not be enough to relieve the whole amount. The Budget has extended the normal 12-month carry-back to three years, for both unincorporated businesses and companies, for trading losses of 2020/21 and 2021/22. For example, a loss of 2020/21 can be carried back against pre-pandemic profits of 2019/20, 2018/19 and 2017/18; without the extension, the claim could only have been made against 2019/20.

There is a limit on the total amount to be carried back to the second and third earlier year of £2 million in each year of loss for unincorporated businesses and companies

that are not part of a corporate group. A group with companies that have capacity to carry back losses in excess of £200,000 will have to apportion the cap between its member companies. The way in which this ‘group cap’ will operate will be announced in due course.

Corporation Tax rates

The Corporation Tax rate will remain 19% until 31 March 2023. It will then increase to 25% for companies with profits over £250,000. Since 1 April 2015, all corporate profits have been taxed at the same rate; the ‘small profits rate’ that was familiar before that will be reintroduced, at 19% for companies with profits up to £50,000, in April 2023. Between £50,000 and £250,000 there will be a tapering calculation that produces an effective marginal rate of 26.5%. The limits will be divided between associated companies under common control.

The two measures described above and below, which allow losses to be carried back for immediate relief rather than carried forward and give enhanced relief for investment in plant up to 31 March 2023, will help with cash flow; however, it should be borne in mind that both of them will give rise to tax relief against liabilities charged at 19%, and will tend to increase later profits that may be taxed at 25%. Such a sharp increase in a tax rate gives rise to planning opportunities and pitfalls to avoid.

‘Super-deduction’ for plant and machinery

For qualifying expenditure on plant and machinery (P&M) contracted for from 3 March 2021 and incurred from 1 April 2021 to 31 March 2023, companies can claim:

- a super-deduction, providing allowances of 130% on new P&M investment that would qualify for 18% writing down allowances (WDAs) in the main Capital Allowance pool;
- a first-year allowance (FYA) of 50% on new plant and machinery investment that would qualify for 6% WDAs in the special rate pool.

The rate of the super-deduction will require apportioning if an accounting period straddles 1 April 2023.

Cars are excluded (with certain exceptions, such as dual-control vehicles used by driving instructors), as are contracts entered into prior to 3 March 2021, even if expenditure is incurred on or after 1 April 2021.

Expenditure incurred under a hire purchase or similar contract must meet additional conditions to qualify for these extra reliefs.

Where the super-deduction has been claimed, there will be a proportionate increase in the proceeds of sale for Capital Allowances purposes. For both the super-deduction and FYA, the proceeds will be treated as balancing charges (i.e. immediately taxable profits) rather than being deducted from pool expenditure.

Annual Investment Allowance

Companies and unincorporated businesses can continue to claim the 100% Annual Investment Allowance on qualifying expenditure up to £1 million until 31 December 2021, subject to transitional rules where accounting periods straddle that date. This may produce more tax relief for companies than the 50% FYA available for special rate expenditure, where it is incurred between 1 April 2021 and 31 December 2021.

Research and Development (R&D)

Small or medium-sized companies conducting qualifying research and development can claim an enhanced deduction of 230% (i.e. £230 for each £100 of qualifying expenditure). Where this produces a loss, it can be surrendered for a payable tax credit of 14.5%.

For accounting periods beginning on or after 1 April 2021, the amount of payable credit that can be claimed is capped at £20,000 plus three times the company's PAYE and NIC liabilities for the period. This definition also includes some PAYE and NIC liabilities of connected persons doing subcontracted R&D for, or providing workers to, the company.

There are no changes to the R&D Expenditure Credit (RDEC) rules for large companies. However, the Government has announced a review of R&D tax reliefs, with a consultation published alongside the Budget. The intentions are that the UK should remain a competitive location for cutting edge research, that the reliefs continue to be fit for purpose and that taxpayer money is effectively targeted.

VAT

Registration threshold

The VAT registration and deregistration thresholds will remain frozen at their present levels of £85,000 and £83,000 until 31 March 2024. This will tend to require more businesses to register for the tax as they grow, and therefore represents a small tax-raising measure.

Reduced rate

To help support businesses heavily impacted by the pandemic, the rate of VAT on most supplies by hospitality, leisure and entertainment businesses was cut from 20% to 5% in July 2020. This was initially intended to expire in January 2021, but that was extended to 31 March, and it has now been further extended to 30 September 2021. An intermediate rate of 12.5% will apply for qualifying supplies from 1 October 2021 to 31 March 2022, after which the standard 20% rate will apply again.

HMRC says that there are no plans to introduce 'anti-forestalling rules' to counter the VAT saving enjoyed by someone who pays a deposit before the rate goes back up –

on present plans, that will lock in the lower rate of VAT to the extent that the supply is paid for before 30 September, even if the actual supply takes place later.

Payment of deferred VAT

Businesses could defer the payment of VAT that fell due between March and June 2020. Initially the deferred amount was to be paid in full by 31 March 2021, but businesses can now apply to pay it by interest-free instalments up to 31 March 2022. Applications must be made online by 21 June 2021, but if the scheme is applied for earlier, the payments can be spread over a longer period.

Default surcharge

HMRC has announced that the long-awaited reform of the system of penalties for late payment of tax will be implemented over the next three years, starting with the replacement of default surcharge for accounting periods starting from 1 April 2022. Many of those who have fallen foul of default surcharge regard it as unfair and arbitrary, so it is to be hoped that what replaces it will be a better system. In the meantime, any warnings that default surcharge might be levied should still be taken very seriously.

Making Tax Digital

The Budget also confirms the intention to bring all VAT-registered businesses, including those currently trading below the registration threshold, within the Making Tax Digital reporting system with effect from 1 April 2022.

Stamp Duty Land Tax

Extension of 'holiday'

The threshold for charging SDLT on residential property in England was temporarily raised to £500,000, with the intention that transactions had to be completed by 31 March 2021. This has now been extended to 30 June 2021, and for transactions between 1 July and 30 September 2021 the threshold will be £250,000. It will revert to the normal level of £125,000 from 1 October, and the normal 2% charge will apply between £125,000 and £250,000.

The Welsh Parliament has also extended the £250,000 nil rate threshold for Land Transaction Tax to 30 June 2021.

Foreign resident buyers

With effect from 1 April 2021, foreign resident purchasers of residential property in England and Northern Ireland will be subject to a 2% surcharge on the Stamp Duty Land Tax they would otherwise pay. This is intended to reduce house price inflation and make property available for first-time buyers.

Other measures

Freeports

The Budget outlines the introduction of 'Freeports', areas in which a number of tax and other incentives will operate to encourage trade. Eight areas in England have been announced, with discussions in progress to extend the concept in the other nations of the United Kingdom. The enhanced tax reliefs will include 10% Structures and Buildings Allowances (instead of 3%), 100% First Year Allowances for plant and machinery, full relief from Stamp Duty Land Tax, full Business Rates relief, and relief from Employer National Insurance Contributions. The reliefs will depend on designation as a 'tax site' within a Freeport and will run until 30 September 2026.

The English Freeports announced so far are East Midlands Airport, Felixstowe & Harwich, Humber, Liverpool City Region, Plymouth and South Devon, Solent, Teesside and Thames. They are expected to start operating in late 2021.

Compliance

The Budget includes several mentions of increased efforts to crack down on avoidance, evasion and non-compliance. The Government intends to invest £180 million in additional resources and new technology for HMRC in order to bring in £1.6 billion of additional tax revenue between now and 2025/26. The benefits are supposed to include 'enabling taxpayers to more easily access tax services and make the collection of tax and payments to taxpayers easier', but the overall effect is clearly intended to raise revenue.

£100 million will also be invested in a Taxpayer Protection Taskforce of 1,265 HMRC staff to combat fraud within COVID-19 support packages. HMRC's ability to distribute money has been one of the success stories of the pandemic, but giving the cash to people who need it has involved taking the risk that the system can be exploited. They are now going to try to find the people who took advantage.

Income Tax Rates and Allowances (Table A)

Main allowances	2021/22	2020/21
Personal Allowance (PA)*†	£12,570	£12,500
Blind Person's Allowance	2,520	2,500
Rent a room relief §	7,500	7,500
Trading income §	1,000	1,000
Property income §	1,000	1,000

* PA will be withdrawn at £1 for every £2 by which 'adjusted income' exceeds £100,000. There will therefore be no allowance given if adjusted income is £125,140 or more.
† £1,260 of the PA can be transferred to a spouse or civil partner who is no more than a basic rate taxpayer, where both spouses were born after 5 April 1935.
§ If gross income exceeds this, the limit may be deducted instead of actual expenses.

Rate Bands	2021/22	2020/21
Basic Rate Band (BRB)	£37,700	£37,500
Higher Rate Band (HRB)	37,701-150,000	37,501-150,000
Additional rate	over 150,000	over 150,000
Personal Savings Allowance (PSA)		
– Basic rate taxpayer	1,000	1,000
– Higher rate taxpayer	500	500
Dividend Allowance (DA)	2,000	2,000

BRB and additional rate threshold are increased by personal pension contributions (up to permitted limit) and Gift Aid donations.

Tax Rates	2021/22 and 2020/21		
Rates differ for General, Savings and Dividend income within each band:			
	G	S	D
Basic	20%	20%	7.5%
Higher	40%	40%	32.5%
Additional	45%	45%	38.1%

General income (salary, pensions, business profits, rent) usually uses personal allowance, basic rate and higher rate bands before savings income (interest). To the extent that savings income falls in the first £5,000 of the basic rate band, it is taxed at nil rather than 20%.

The PSA taxes interest at nil, where it would otherwise be taxable at 20% or 40%.

Dividends are normally taxed as the 'top slice' of income. The DA taxes the first £2,000 of dividend income at nil, rather than the rate that would otherwise apply.

High Income Child Benefit Charge (HICBC)
1% of child benefit for each £100 of adjusted net income between £50,000 and £60,000.

Income Tax – Scotland	Rate	2021/22	2020/21
Starter Rate	19%	£2,097	£2,085
Basic Rate	20%	2,098 – 12,726	2,086 – 12,658
Intermediate Rate	21%	12,727 – 31,092	12,659 – 30,930
Higher Rate	41%	31,093 – 150,000	30,931 – 150,000
Top Rate	46%	over 150,000	over 150,000

The Scottish rates and bands do not apply for savings and dividend income, which are taxed at normal UK rates.

Remittance basis charge	2021/22	2020/21
For non-UK domiciled individuals who have been UK resident in at least:		
7 of the preceding 9 tax years	£30,000	£30,000
12 of the preceding 14 tax years	60,000	60,000
15 of the preceding 20 tax years	Deemed to be UK domiciled for tax purposes	

Registered Pensions (Table B)

	2021/22	2020/21
Lifetime Allowance (LA)	£1,073,100	£1,073,100
Annual Allowance (AA)	40,000	40,000

Annual relievable pension inputs are the higher of earnings (capped at AA) or £3,600.
The AA is usually reduced by £1 for every £2 by which relevant income exceeds £240,000, down to a minimum AA of £4,000.
The AA can also be reduced to £4,000, where certain pension drawings have been made.

Car and Fuel Benefits (Table C)

Cars

Taxable benefit: List price multiplied by chargeable percentage.

		2021/22 percentage for petrol cars first registered	
CO2 emissions g/km	Electric range Miles	Pre 06.04.2020 %	Post 05.04.2020 %
0	N/A	1	1
1-50	>130	2	1
1-50	70 - 129	5	4
1-50	40 - 69	8	7
1-50	30 - 39	12	11
1-50	<30	14	13
51-54	N/A	15	14

Then a further 1% for each 5g/km CO_2 emissions, up to a maximum of 37%.
Diesel cars that are not RDE2 standard suffer a 4% supplement on the above figures but are still capped at 37%.

Car Fuel

Where employer provides fuel for private motoring in an employer-owned car, CO_2-based percentage from above table multiplied by £24,600 (2020/21: £24,500).

National Insurance Contributions (Table D)

Class 1 (Employees)	Employee	Employer
Main NIC rate	12%	13.8%
No NIC on first	£184pw	£170pw
Main rate* charged up to	£967pw	no limit
2% rate on earnings above	£967pw	N/A
Employment allowance per qualifying business	N/A	£4,000

*Nil rate of employer NIC for employees aged under 21 and apprentices aged under 25, up to £967pw.
Employer contributions (at 13.8%) are also due on most taxable benefits (Class 1A) and on tax paid on an employee's behalf under a PAYE settlement agreement (Class 1B).

Class 2 (Self-employed)	
Flat rate per week	£3.05
Small profits threshold	£6,515
Class 3 (Voluntary)	
Flat rate per week	£15.40
Class 4 (Self-employed)	
On profits £9,568 – £50,270	9%
On profits over £50,270	2%

April 2021

M	T	W	T	F	S	S
			1	2	3	4
5	**6**	7	8	9	10	11
12	13	**14**	15	16	17	18
19	20	21	**22**	23	24	25
26	27	28	29	30		

5 End of tax year. Cut-off for income and gains between 2020/21 and 2021/22.
6 IR35 'off-payroll' working rules extended to most private sector clients of PSCs.
6 Recovery Loan Scheme launches.
14 CJRS claim deadline for March 2021.
†19 Employers pay PAYE for quarter or month March 2021, cheque to reach accounts office.
19 Last day for final 2020/21 Employer Payment Summary to reach HMRC.
***22** PAYE electronic payment deadline.

May 2021

M	T	W	T	F	S	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	**14**	15	16
17	18	**19**	20	21	**22**	23
24	25	26	27	28	29	30
31						

1 Commencement of £10 daily penalties for 2019/20 tax returns not filed.
3 Employers submit P46(car) form showing quarter's changes to company cars.
14 CJRS claim deadline for April 2021.
†19 Employers pay PAYE for month April 2021.
***22** PAYE electronic payment deadline.
31 Employers send 2020/21 P60 to employees.

June 2021

M	T	W	T	F	S	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	**19**	20
21	**22**	23	24	25	26	27
28	29	**30**				

14 CJRS claim deadline for May 2021.
†19 Employers pay PAYE for month May 2021.
21 VAT Deferral Payment Scheme closes
***22** PAYE electronic payment deadline.
30 Retail, Hospitality and Leisure 100% Business Rates Reliefs ends

July 2021

M	T	W	T	F	S	S
			1	2	3	4
5	**6**	7	8	9	10	11
12	13	**14**	15	16	17	18
19	20	21	**22**	23	24	25
26	27	28	29	30	**31**	

1 Retail, Hospitality and Leisure 66% Business Rates Relief starts
1 Residential SDLT Nil Rate Band Reduces To £250k
1 CJRS Employer 10% Contribution to unworked hours
6 Agree 2020/21 PAYE Settlement Agreement
6 Employers send P11D and annual share scheme returns to HMRC and P11D to employees.
14 CJRS claim deadline for June 2021.
†19 Employers pay Class 1A NIC for 2020/21.
†19 Employers pay PAYE for quarter or month June 2021.
***22** PAYE and Class 1A NIC electronic payment deadline.
31 Deadline for payment of second instalment of 2020/21 self assessed tax on income.

August 2021

M	T	W	T	F	S	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	**14**	15
16	17	18	**19**	20	21	**22**
23	24	25	26	27	28	29
30	31					

1 If 2019/2020 tax return not filed, further £300 penalty (or 5% of tax due, if higher) .
1 CJRS Employer 20% contribution to unworked hours
2 Employers submit P46(car) form showing quarter's changes to company cars.
14 CJRS claim deadline for July 2021.
†19 Employers pay PAYE for month July 2021.
***22** PAYE electronic payment deadline.

September 2021

M	T	W	T	F	S	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	**14**	15	16	17	18	**19**
20	21	**22**	23	24	25	26
27	28	29	**30**			

14 CJRS claim deadline for August 2021.
†19 Employers pay PAYE for month August 2021.
***22** PAYE electronic payment deadline.
30 CJRS ends

* Electronic payments due on a weekend must be made on the previous working day unless "Faster Payments" is used.
† Cheque payments due on a weekend must reach HMRC on the previous working day.

October 2021

M	T	W	T	F	S	S
				1	2	3
4	**5**	6	7	8	9	10
11	12	13	**14**	15	16	17
18	**19**	20	21	**22**	23	24
25	26	27	28	29	30	**31**

1 Corporation Tax payment deadline for companies with 31 December 2020 year-end.
1 SDLT Nil Rate Band reduces back to £125k
1 Tourism hospitality transition VAT rate Of 12.5% starts
5 Deadline for notifying HMRC if Income Tax or CGT is due for 2020/21 and no tax return received.
14 CJRS claim deadline for September 2021.
†19 Employers pay PAYE for quarter or month September 2021 and 2020/21 PAYE Settlement Agreement liability.
***22** PAYE electronic payment deadline.
31 Last day to file 2020/21 SA return on paper.

November 2021

M	T	W	T	F	S	S
1	**2**	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	**19**	20	21
22	23	24	25	26	27	28
29	30					

2 Employers submit P46(car) form showing quarter's changes to company cars.
†19 Employers pay PAYE for month October 2021.
***22** PAYE electronic payment deadline.

December 2021

M	T	W	T	F	S	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	**19**
20	21	**22**	23	24	25	26
27	28	29	**30**	**31**		

†19 Employers pay PAYE for month November 2021.
***22** PAYE electronic payment deadline.
30 File 2020/21 SA return online to take advantage of coding out of Income Tax underpayments.
31 Corporation Tax filing deadline for companies with 31 December 2020 year-end.
31 Recovery Loan Scheme deadline

January 2022

M	T	W	T	F	S	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	**19**	20	21	**22**	23
24	25	26	27	28	29	30
31						

1 Corporation Tax payment deadline for companies with 31 March 2021 year-end.
†19 Employers pay PAYE for quarter or month Dec 2021.
***22** PAYE electronic payment deadline.
31 File 2020/21 Income Tax and CGT online return. Pay 2020/21 tax to avoid interest and first instalment of 2021/22 self assessed tax on income. Companies within IR35 to file Earlier Year Update for 2020/21.

February 2022

M	T	W	T	F	S	S
	1	**2**	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	**19**	20
21	**22**	23	24	25	26	27
28						

1 If 2019/20 tax return not filed, a further penalty of £300 (or 5% of tax due, if higher). If 2020/21 tax return not filed, a penalty of £100.
2 Employers submit P46(car) form showing quarter's changes to company cars.
†19 Employers pay PAYE for month January 2022.
***22** PAYE electronic payment deadline.

March 2022

M	T	W	T	F	S	S
	1	**2**	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	**19**	20
21	**22**	23	24	25	26	27
28	29	30	**31**			

2 Deadline for payment of balance of 2020/21 tax to avoid a 5% late payment penalty.
†19 Employers pay PAYE for month February 2022.
***22** PAYE electronic payment deadline.
31 Corporation Tax filing deadline for companies with 31 March 2021 year-end.
31 Retail, hospitality and leisure 66% Business Rates relief ends

* Electronic payments due on a weekend must be made on the previous working day unless "Faster Payments" is used.
† Cheque payments due on a weekend must reach HMRC on the previous working day.

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