

TAX RATES AND ALLOWANCES

The following tax rates and allowances are to be used in answering the questions.

		Income tax	Normal rates	Dividend rates
Basic rate	£1 – £37,700	20%	8.75%	
Higher rate	£37,701 – £125,140	40%	33.75%	
Additional rate	£125,141 and over	45%	39.35%	
Savings income nil rate band	– Basic rate taxpayers		£1,000	
	– Higher rate taxpayers		£500	
Dividend nil rate band			£500	

A starting rate of 0% applies to savings income where it falls within the first £5,000 of taxable income.

Personal allowance

	£
Personal allowance	12,570
Income limit	100,000

Where adjusted net income is £125,140 or more, the personal allowance is reduced to zero.

Car benefit percentage

The relevant base level of CO₂ emissions is 55 grams per kilometre.

The percentage rates applying to petrol cars (and diesel cars meeting the RDE2 standard) with CO₂ emissions up to this level are:

51 grams to 54 grams per kilometre	16%
55 grams per kilometre	17%

The percentage for electric cars with zero CO₂ emissions is 3%.

For hybrid-electric cars with CO₂ emissions between 1 and 50 grams per kilometre, the electric range of the car is relevant:

Electric range

Electric range	Percentage
130 miles or more	3%
70 to 129 miles	6%
40 to 69 miles	9%
30 to 39 miles	13%
Less than 30 miles	15%

Car fuel benefit

The base figure for calculating the car fuel benefit is £28,200.

Company van benefits

The company van benefit scale charge is £4,020, and the van fuel benefit is £769.

Rent-a-room relief

The rent-a-room relief limit is £7,500.

Pension scheme limits

Annual allowance	£60,000
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The maximum contribution that can qualify for tax relief without any earnings is £3,600.

Approved mileage allowances: cars

Up to 10,000 miles	45p
Over 10,000 miles	25p

Capital allowances: rates of allowance

Plant and machinery

Main pool	18%
Special rate pool	6%

Cars

New cars with zero CO ₂ emissions	100%
Second-hand cars with zero CO ₂ emissions	18%
CO ₂ emissions between 1 and 50 grams per kilometre	18%
CO ₂ emissions over 50 grams per kilometre	6%

Annual investment allowance

Rate of allowance	100%
Expenditure limit	£1,000,000

Enhanced capital allowances for companies

Main pool first year allowance	100%
Special rate pool first year allowance	50%

Structures and buildings allowance

Straight-line allowance	3%
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Corporation tax

Financial year	2023	2024	2025
Small profits rate	19%	19%	19%
Main rate	25%	25%	25%
Lower limit	£50,000	£50,000	£50,000
Upper limit	£250,000	£250,000	£250,000
Standard fraction	3/200	3/200	3/200

Marginal relief

$$(\text{Upper limit} - \text{augmented profits}) \times \text{standard fraction} \times \frac{\text{taxable total profits}}{\text{augmented profits}}$$

Quarterly instalments

Profit threshold	£1,500,000
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Value added tax (VAT)

Standard rate	20%
Registration limit	£90,000
Deregistration limit	£88,000

Capital gains tax: tax rates

Lower rate	18%
Higher rate	24%
Annual exempt amount	£3,000

Business asset disposal relief

Lifetime limit	£1,000,000
Rate of tax	14%

National insurance contributions

Class 1	Employee	£1 – £12,570 per year £12,571 – £50,270 per year £50,271 and above per year	Nil 8% 2%
Class 1	Employer	£1 – £5,000 per year £5,001 and above per year Employment allowance	Nil 15% £10,500
Class 1A			15%
Class 4		£1 – £12,570 per year £12,571 – £50,270 per year £50,271 and above per year	Nil 6% 2%

Where weekly or monthly calculations are required, the Class 1 limits shown above should be divided by 52 (weekly) or 12 (monthly) as applicable.

Official rate of interest (assumed)

3.75%

Standard penalties for errors

Taxpayer behaviour	Maximum penalty	Minimum penalty – unprompted disclosure	Minimum penalty – prompted disclosure
Deliberate and concealed	100%	30%	50%
Deliberate but not concealed	70%	20%	35%
Careless	30%	0%	15%