

PROFESSIONAL LEVEL



SUPPLEMENTARY INFORMATION FOR TAX COMPLIANCE 2023 EXAMS

This information should be used when answering Tax Compliance exam questions in 2023.

Note that this sheet may change during the course of 2023.

The supplementary information will be available online with the exam questions. In the event that the Hardman's tax tables show anything different, you should use the information shown in the supplementary sheet.

CAPITAL ALLOWANCES

Annual investment allowance

£1,000,000 pa of expenditure incurred on certain plant and machinery until 31 March 2023

CAPITAL GAINS TAX

	2022/23
Annual exempt amount	£12,300
Gains falling within the remaining basic rate band	10%
Gains exceeding the basic rate band	20%
Basic rate band	£1 – £37,700

CORPORATION TAX

	FY 2022
Tax rate	19%
Augmented profits limit for corporation tax payment dates:	
– large companies	£1,500,000
– very large companies	£20,000,000

INCOME TAX

INCOME TAX RATES: 2022/23

	Rate	Taxable income band
Main rates		
Basic rate	20%	£1 – £37,700
Higher rate	40%	£37,701 – £150,000
Additional rate	45%	Over £150,000
Savings rates		
Starting rate for savings	0%	£1 - £5,000
Savings income nil rate	0%	First £1,000 or £500
Savings basic rate	20%	Otherwise chargeable at basic rate
Savings higher rate	40%	Otherwise chargeable at higher rate
Savings additional rate	45%	Otherwise chargeable at additional rate
Dividend rates		
Dividend nil rate	0%	First £2,000
Dividend ordinary rate	8.75%	Otherwise chargeable at basic rate
Dividend upper rate	33.75%	Otherwise chargeable at higher rate
Dividend additional rate	39.35%	Otherwise chargeable at additional rate
Default rates		
Default basic rate	20%	
Default higher rate	40%	
Default additional rate	45%	
Income Tax Reliefs		2022/23
Personal allowance		£12,570

INHERITANCE TAX

	2022/23
Annual exemption	£3,000
Nil rate band	£325,000
Residential nil rate band	£175,000

NATIONAL INSURANCE CONTRIBUTIONS

NIC CLASS 1 CONTRIBUTIONS – 2022/23	Annual	Monthly	Weekly
Lower earnings limit (LEL) ⁽¹⁾	£6,396	£533	£123
Primary threshold (PT) – 6 April 2022 to 5 July 2022	£9,880	£823	£190
Primary threshold (PT) – from 6 July 2022	£12,570	£1,048	£242
Primary threshold (PT) – directors only	£11,908	n/a	n/a
Secondary threshold (ST)	£9,100	£758	£175
Upper earnings limit (UEL)	£50,270	£4,189	£967
Apprentice upper secondary threshold (AUST) for under 25s	£50,270	£4,189	£967
Upper secondary threshold (UST) for under 21s	£50,270	£4,189	£967

Employment allowance (per year, per employer)	£5,000
Class 1 Primary contributions on earnings between PT & UEL	13.25%
Class 1 Primary contributions on earnings above UEL	3.25%
Class 1 Secondary contributions on earnings above ST where employee aged 21 or over and not an apprentice under the age of 25	15.05%
Class 1 Secondary contributions on earnings between ST & AUST for apprentices under the age of 25	0%
Class 1 Secondary contributions on earnings above AUST for apprentices under the age of 25	15.05%
Class 1 Secondary contributions on earnings between ST & UST for employees under the age of 21	0%
Class 1 Secondary contributions on earnings above UST for employees under the age of 21	15.05%
Class 1A contributions	15.05%
Class 1B contributions	15.05%

- (1) The LEL is the point at which entitlement to contributory benefits (eg state pension) begins. If an employee is paid at a rate between the LEL and the PT, no actual contribution is payable by the employee, but the employee remains entitled to full benefits as if Class 1 contributions had been paid.

NIC CLASS 2 CONTRIBUTIONS	2022/23
Normal rate	£3.15 pw
Annual small profits threshold (SPT) ⁽¹⁾	£6,725
Annual lower profits limit (LPL)	£11,908

- (1) The threshold for paying Class 2 NICs is equivalent to the LPL, but payment is treated as made for individuals whose profits are between the SPT and LPL. This means they accrue entitlement to contributory benefits even though no actual NIC Class 2 has been paid.

NIC CLASS 4 CONTRIBUTIONS	2022/23
Annual lower profits limit (LPL)	£11,908
Annual upper profits limit (UPL)	£50,270
Percentage rate between LPL & UPL	10.25%
Percentage rate above UPL	3.25%

STAMP DUTY LAND TAX

%	Residential	%	Non-residential
0% ^{1,2}	£Nil–£125,000	0%	£Nil–£150,000
2% ^{1,2}	£125,001–£250,000	2%	£150,001–£250,000
5% ^{1,2}	£250,001 - £925,000	5%	£250,001 and over
10% ¹	£925,001–£1,500,000		
12% ¹	£1,500,001 and over		

- (1) A further 3% is charged in each band on the purchase of additional residential properties. This applies when a purchaser already owns a residential property and is buying another, for example to rent out. The legislation is widely drawn to catch many different scenarios, but these higher rates are not charged for transactions under £40,000. They also do not apply, or in some cases are charged but refunded, if the new property replaces the purchaser's only or main residence.
- (2) There is relief from the standard residential rates for individuals purchasing their first property as their main or only residence for consideration of up to £500,000. The new rates which apply are 0% on consideration up to and including £300,000 with 5% on any remainder (so far as not exceeding £500,000). If the consideration exceeds £500,000 no relief is given and the usual rates apply. The relief will also apply to the first transaction made where an individual purchases a home through a qualifying shared ownership scheme.