



## 2023/24 Tax rates at a glance

This guide provides details of the 2023/24 tax rates and bands, with a helpful commentary from our Technical Support Unit.

## Income tax

Rate of tax (%)	2023/24	2022/23
Starting rate (note 1) 0%	£0 - £5,000	£0 - £5,000
Basic rate 20%	£0 - £37,700	£0 - £37,700
Higher rate 40%	£37,701 - £125,140	£37,701 - £150,000
Additional rate 45%	Over £125,140	Over £150,000
Basic rate on dividends 8.75%	Over the £1,000 dividend allowance	Over the £2,000 dividend allowance
Higher rate on dividends 33.75%	Over the £1,000 dividend allowance	Over the £2,000 dividend allowance
Additional rate on dividends 39.35%	Over the £1,000 dividend allowance	Over the £2,000 dividend allowance
Trust standard rate (note 2) 20%	£0 - £1,000	£0 - £1,000
Trust rate (note 2) 45%	Over £1,000	Over £1,000

### Note 1

The 0% starting rate applies for savings income only. If an individual's non-savings taxable income exceeds the starting rate limit, the 0% starting rate for savings will not be available for savings income.

Non-savings income represents the first slice of income for the purposes of the above bands. Although not specifically defined in the legislation, non-savings income broadly covers earnings, pensions, income from property, trading profits and taxable social security benefits.

### Note 2

Trusts do not benefit from the £1,000 dividend allowance and dividend income falling within the standard rate will be taxed at 8.75% and any dividend income above that will be taxed at 39.35%.





## Scottish income tax on earned income

Rate of tax (%)	2023/24	2022/23
Starter rate 19%	£0 - £2,162	£0 - £2,162
Basic rate 20%	£2,163 - £13,118	£2,163 - £13,118
Intermediate rate 21%	£13,119 - £31,092	£13,119 - £31,092
Higher rate 42% (41%)	£31,093 - £125,140	£31,093 - £150,000
Top rate 47% (46%)	Over £125,140	Over £150,000

### Note

The Scottish Government has no power over the rates and bands for savings income, dividend income and capital gains tax. Scotland adopts the UK wide rates and bands.



## Personal allowances

	2023/24	2022/23
Personal allowance (note 1)	£12,570	£12,570
Personal savings allowance - basic taxpayer rate (note 2)	£1,000	£1,000
Personal savings allowance - higher rate taxpayer (note 2)	£500	£500
Dividend allowance (note 2)	£1,000	£2,000
Married couples/civil partners allowance (note 3)	£10,375	£9,415
Income limit for married couples/civil partners allowances (born before 6 April 1935) (note 4)	£34,600	£31,400
Married couples/civil partners allowance - minimum amount	£4,010	£3,640
Blind persons allowance	£2,870	£2,600
Transferable personal allowance for spouses and civil partners (note 5)	£1,260	£1,260
Trading income allowance (note 6)	£1,000	£1,000
Property income allowance (note 6)	£1,000	£1,000

### Note 1

Where an individual's 'adjusted net income' exceeds £100,000, the level of the personal allowance will be reduced by £1 for each £2 over £100,000 until it reaches zero. In 2023/24 this means that where an individual (resident outside Scotland) would normally have a full personal allowance, they'll be taxed at the marginal rate of 60% of income in excess of £100,000 up to £125,140.

### Note 2

The personal savings allowance and dividend allowance are technically not allowances but additional 0% tax bands. Income within these allowances will still count towards an individual's basic or higher rate limits.

### Note 3

Tax relief for married couples/civil partners allowance is given at 10%. Claimants must be born before 6 April 1935.

### Note 4

The reduction in married couples/civil partners allowance is £1 for every £2 above the income limit.

### Note 5

It's possible to transfer 10% of the personal allowance between spouses/civil partners. To be eligible to do so, neither spouse/civil partner should pay tax at anything higher than basic rate tax and should not be in receipt of married couples allowance.

### Note 6

If gross income is in excess of £1,000, a deduction of £1,000 instead of actual expenses is allowed.





## Inheritance tax (IHT)

The nil rate band remains at £325,000 as does the rate at 40%. A lower rate of IHT of 36% applies where 10% or more of the deceased person's net estate is left to charity.

The residence nil rate band also remains at £175,000 and is available where there is or has been a qualifying main residence. There is also provision to benefit even if property is downsized, gifted or sold. The residence or assets to the value must pass to a direct descendant to qualify.

Any nil rate band or residence nil rate band which was unused by a deceased spouse or registered civil partner can be transferred to a surviving spouse/civil partner.

There is a reduction in the residence nil rate band of £1 for every £2 additional estate above £2,000,000.

## Capital gains tax (CGT)

The annual exemption for 2023/24 is £6,000. The annual exemption for trustees is therefore £3,000.

For individuals the flat rate of CGT that applies to gains in excess of the annual exemption is 10% up to the higher rate tax threshold.

Chargeable gains in excess of the basic rate tax threshold is 20%.

An 8% surcharge will apply to gains on residential property. CGT does not apply to an individual's main home, only to additional residential properties they own.

The rate applicable to trusts is 20%.

Gains eligible for business asset disposal relief (BADR) and investors' relief are taxed at an effective rate of 10%. The lifetime limit is £1 million for BADR and £10 million for investors' relief.





## Pension schemes allowances

The annual allowance for 2023/24 has increased to £60,000. Pension funding that exceeds the annual allowance in a tax year can be offset against any unused annual allowance from the previous three tax years. Access to unused annual allowance from a previous tax year depends on the individual being a member of a registered pension scheme at some point during the tax year.

Where an individual flexibly accesses benefits under a money purchase arrangement, the money purchase annual allowance is triggered and applies from that date onwards. Where the individual's future money purchase pension funding exceeds the money purchase annual allowance in a tax year, they'll be subject to an annual allowance charge for that tax year. The money purchase annual allowance for 2023/24 is increased to £10,000.

Individuals with threshold income in excess of £200,000 and adjusted income of more than £260,000 in a tax year will be subject to a tapered annual allowance in that tax year. £1 of annual allowance is lost for every £2 of adjusted income above £260,000. Individuals with adjusted income of £360,000 or more will be subject to an annual allowance of £10,000 in the tax year.

The lifetime allowance charge has been removed for 2023/24, with the intention to abolish the lifetime allowance from 6 April 2024.

The maximum pension commencement lump sum for those without relevant protection will remain at £268,275.

## National insurance contribution (NIC) rates

	2023/24	2022/23
<b>Class 1</b>		
Lower earnings limit (primary) per week	£123	£123
Upper earnings limit (primary) per week	£967	£967
Primary threshold per week (see note 5)	£242	£242
Secondary threshold per week	£175	£175
Employees primary class 1 rate between £242 and £967 per week (see notes 4 and 5)	12%	13.25%
Employees primary class 1 on excess above £967 per week (see note 4)	2%	3.25%
Employers secondary class 1 rate above £175 per week (see notes 1, 2 and 4)	13.8%	15.05%
<b>Class 2</b>		
Class 2 per week	£3.45	£3.15
Class 2 small profits threshold per year	£6,725	£6,725
<b>Class 3</b>		
Class 3 per week	£17.45	£15.85
<b>Class 4</b>		
Class 4 lower profits limit	£12,570	£11,908
Class 4 upper profits limit	£50,270	£50,270
Class 4 rate on profits between £12,570 (£11,908) and £50,270 per year (see note 4)	9%	10.25%
Class 4 rate on profits in excess of £50,270 per year (see note 4)	2%	3.25%

### Note 1

The first £5,000 of employer's liability is relieved by the employment allowance. Access to employment allowance will only apply to employers with an employer NIC bill below £100,000 in their previous tax year. It will not apply if a director is the sole employee.

### Note 2

No employers NIC for employees aged under 21 (apprentices up to age 25) on earnings up to £967 per week. This relief also applies to employers who employ armed forces veterans for the first 12 months of employment.

### Note 3

From 6 April 2022 self-employed individuals with profits between the small profits threshold and lower profits limit will continue to build up NI credits but will not pay any Class 2 NICs.

### Note 4

The mini-Budget on 23 September 2022 reversed the National Insurance increases of 1.25% which took effect from April 2022. This meant the rates from November 2022 are 12%/9% between the lower earnings/profits limit and upper earnings/profits limit and 2% on anything above that. The rate for employers reduced back to 13.8%.

### Note 5

The primary class 1 threshold was aligned with the personal allowance from 6 July 2022 increasing from £175 per week to £242 per week.

## Corporation tax

	2023/24	2022/23
Small profits rate (profits under £50,000)	19%	n/a
Marginal rate (profits over £50,000 up to £250,000)	26.5%	n/a
Main rate (profits over £250,000 for 2023/24)	25%	19%

## Stamp duty taxes

### Stamp duty land tax (SDLT) in England and Northern Ireland - residential properties

Bands	Tax rate charged on part of property price within each tax band
£0 - £250,000	0%
£250,001 - £925,000	5%
£925,001 - £1,500,000	10%
£1,500,001 +	12%
Certain non-natural persons enveloping a residential property with a value over £500,000 in sole or joint names (unless relief is available for general commercial business transactions):	15%
<ul style="list-style-type: none"> <li>• all such purchases by bodies corporate</li> <li>• all collective investment schemes; and</li> <li>• all partnerships where one or more members are one of the above.</li> </ul>	

**A SDLT supplement of 3% is charged on the purchase of additional residential properties above £40,000, such as buy to let and second homes. The supplement will be applied to the whole purchase price not just the proportion above £40,000.**

First-time buyers purchasing their first home for £625,000 or less will pay no SDLT on up to the first £425,000. Where the purchase price is over £425,000, but does not exceed £625,000, they will pay 5% on the amount above £425,000.

A 2% SDLT surcharge will apply on residential property acquired by non-UK residents if the value exceeds £40,000.



## Non-residential properties

Bands	Tax rate charged on part of property price within each tax band
£0 - £150,000	0%
£150,001 - £250,000	2%
£250,001 +	5%

## Land and buildings transaction tax (LBTT) in Scotland – residential properties

Bands	Tax rate charged on part of property price within each tax band
£0 - £145,000	0%
£145,001 - £250,000	2%
£250,001 - £325,000	5%
£325,001 - £750,000	10%
£750,001 +	12%

**A LBTT supplement of 6% is charged on the purchase of additional residential properties above £40,000, such as buy to let and second homes. The supplement will be applied to the whole purchase price not just the proportion above £40,000. For first time buyers the 0% band is £175,000.**



## Non-residential properties

Bands	Tax rate charged on part of property price within each tax band
£0 - £150,000	0%
£150,001 - £250,000	1%
£250,001 +	5%

## Land transaction tax (LTT) in Wales from residential properties

Bands	Tax rate charged on part of property price within each tax band
£0 - £225,000	0%
£225,001 - £400,000	6%
£400,001 - £750,000	7.5%
£750,001 - £1,500,000	10%
£1,500,001 +	12%

**A LTT supplement of 4% is charged on the purchase of additional residential properties above £40,000, such as buy to let and second homes. The supplement will be applied to the whole purchase price not just the proportion above £40,000.**



## Non-residential properties

Bands	Tax rate charged on part of property price within each tax band
£0 - £225,000	0%
£225,001 - £250,000	1%
£250,001 - £1,000,000	5%
£1,000,001 +	6%

## Stamp duty/stamp duty reserve tax

Consideration on shares over £1,000 remains at 0.5%.

## Value added tax (VAT)

The standard rate of VAT remains at 20%.

## Individual savings accounts (ISAs)

The ISA limit will be £20,000. The junior ISA and child trust fund subscription limit is £9,000.

The lifetime ISA limit remains at £4,000.





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