



Sigma House, 9 Southgate, Cross Street, Off Green Lane, Heywood OL10 1ND  
 Tel: 0808 1234 321 Email: info@logic-wp.com Website: www.logic-wp.com

Authorised and regulated by the Financial Conduct Authority



## Tax on residential property purchase

Stamp Duty Land Tax (SDLT) in England and Northern Ireland; Land and Buildings Transaction Tax (LBTT) in Scotland; Land Transaction Tax (LTT) in Wales

Residential property (first property only):

SDLT - England & Northern Ireland	Rate
Up to £250,000	Nil
£250,001 – £925,000	5%
£925,001 – £1,500,000	10%
Over £1,500,000	12%

- The SDLT cut announced on 23 September 2022 is a temporary measure which will remain in place until 31 March 2025
- First time buyers are exempt from SDLT for purchases up to £425,000 with 5% SDLT due on the portion from £425,001 to £625,000, if the property is priced over £625,000, you cannot claim the relief
- A 2% supplement applies where a property is purchased by an overseas non-resident buyer
- A 15% flat rate SDLT applies to 'non-natural persons' purchasing residential properties (enveloped properties) valued above £500,000 unless relief is available
- Higher rates for additional properties - a supplement is payable on top of the SDLT rates if buying a new residential property means you'll own more than one.

## Capital Gains Tax (CGT)

- The annual CGT exemption for 2023-24 is £6,000
- The annual CGT exemption will fall to £3,000 in April 2024
- 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 higher rate threshold: 20%
- £3,000 CGT exemption for trusts, 20% rate applies thereafter
- Additional 8% for residential property (where applicable)
- Lifetime Allowance on gains eligible for Business Asset Disposal Relief is £1m
- 60 days to pay CGT in respect of residential property (buy-to-let) disposals.

## Personal Allowances

	2023-24
Personal Allowance	£12,570
Personal Savings Allowance (basic rate taxpayer)	£1,000
Personal Savings Allowance (higher rate taxpayer)	£500
Rent-a-room tax-free income	£7,500
Dividend Allowance	£1,000

- The Personal Allowance for those with adjusted net income over £100,000 reduces by £1 for every £2 of income
- Interest on savings is tax-free to a threshold of £1,000 for basic rate taxpayers and £500 for those who pay higher rate tax; the Personal Savings Allowance is not available to additional rate taxpayers
- Married Couple's Allowance is given at 10%, claimants must be born before 6 April 1935; the full allowance is £10,375
- Marriage Allowance: spouses or civil partners are able to transfer £1,260 of their unused Personal Allowance to their partner; this is available provided neither partner pays tax at the higher rate and is not available if the couple are in receipt of Married Couple's Allowance.

## Income Tax rates

The following allowances and rates will apply in 2023-24 for the UK (excluding Scotland)

Rate of tax		2023-24
Starting rate (savings income only)	0%	£0-£5,000*
Basic rate	20%	£0-37,700
Higher rate	40%	£37,701-£125,140
Additional rate	45%	£125,140+
Basic rate on dividends	8.75%	Over the £1,000 Dividend Allowance
Higher rate on dividends	33.75%	
Additional rate on dividends	39.35%	

- Income Tax is paid on the amount of taxable income remaining after allowances have been deducted
- \*Not available if non-savings/non dividend income exceeds this limit
- From April 2023, the Dividend Allowance was reduced to £1,000 and then reduces to £500 from April 2024
- The Income Tax additional rate threshold (ART) at which 45p becomes payable was reduced to £125,140 from 6 April 2023
- The ART for non-savings and non-dividend income will apply to taxpayers in England, Wales and Northern Ireland. The ART for savings and dividend income will apply UK-wide.

## National Insurance

- National Insurance contributions (NICs) Upper Earnings Limit (UEL) and Upper Profits Limit (UPL) frozen until April 2028
- The National Insurance Secondary Threshold for employers is frozen at £9,100 until April 2028
- The NICs Primary Threshold (PT) and Lower Profits Limit (LPL) are aligned with the Personal Allowance and will be maintained at this level from April 2023 until April 2028
- The Class 2 Lower Profits Threshold (LPT) will be fixed from April 2023 until April 2028 to align with the LPL
- The Lower Earnings Limit (LEL) will remain at £6,396 per annum (£123 per week) and the Small Profits Threshold (SPT) will remain at £6,725 per annum
- The Upper Secondary Threshold, Apprentices Upper Secondary Threshold, and Veteran Upper Secondary Threshold, will stay fixed at £50,270 per annum until April 2028, to remain aligned with the UEL and UPL.

## Pension Allowances

In the Spring Budget 2023, the Chancellor announced some significant Pension Tax changes from April 2023:

- The Annual Allowance (AA) threshold increased from £40,000 to £60,000
- The Money Purchase Annual Allowance (MPAA) and the minimum Tapered Annual Allowance (TAA) increased from £4,000 to £10,000
- The adjusted income threshold for the TAA increased from £240,000 to £260,000
- The Lifetime Allowance remains at £1,073,100 but from April 2023 the charge is being removed, the abolition of the Lifetime Allowance will be delivered in a Finance Bill
- The maximum Pension Commencement Lump Sum (PCLS) for those without protections will be retained at its current level of £268,275 and will be frozen thereafter.

## Tax-free savings for individuals

- Overall ISA limit £20,000
- Junior ISA allowance £9,000
- Lifetime ISA £4,000.

## Some tax relief options for individuals

### Venture Capital Trusts (VCTs)

- Relief on investments in certain quoted companies up to £200,000 per annum
- Income Tax relief at 30%, provided shares held at least five years
- Capital Gains Tax exemption on disposal (only if Income Tax relief received)
- Dividends received from VCTs may be exempt from Income Tax.

### Enterprise Investment Schemes (EIS)

- Relief on investments in certain unquoted trading companies up to £1m per annum (or £2m as long as at least £1m of this is invested in knowledge intensive companies)
- Income Tax relief at 30%
- Capital Gains Tax exemption on disposal
- Can be left to beneficiaries free of IHT, provided held for at least 2 years at time of death
- Unlimited amounts of capital gains from the disposal of other assets may be able to be deferred by making an EIS investment.

## Corporation Tax

- Corporation Tax for company profits up to £50,000 is 19%  
An effective rate of 26.5% is applied to profits between £50,001 and £250,000
- An increase in the Corporation Tax rate to 25% for companies with over £250,000 in profits commenced from April 2023.

## Inheritance Tax (IHT)

- The nil-rate IHT band is £325,000, with 40% IHT normally payable above this threshold
- A lower rate of IHT (36%) applies if you leave 10% of your net assets to charity
- Main residence nil-rate band of £175,000 where a residence is passed on death to a direct descendant.

The proportion of the threshold 'unused' on the first death of husband or wife (or civil partners) is effectively transferable to the surviving partner and serves to increase his or her threshold by a corresponding percentage.

Chargeable lifetime transfers and potentially exempt transfers attract taper relief on tax payable on the gift, if made up to seven years before death, on the amount of gift over the nil-rate band.

### Certain gifts are IHT-free however soon death occurs, including:

- Gifts between UK domiciled husband and wife or between civil partners
- Total gifts up to £3,000 in a year (can be carried forward one year)
- Small gifts to other recipients (up to £250 per recipient in year)
- Gifts in consideration of marriage or civil partnership ranging from £5,000 from each parent of the couple, to £1,000 from anyone else.

## State Pension entitlement

- A flat rate, single tier State Pension of £203.85 per week is payable from 6 April 2023 (35 qualifying years of National Insurance contributions needed for full rate), available to those reaching state pension age (SPA) on or after 6 April 2016
- For those who reached SPA before 6 April 2016, the basic State Pension of £156.20 applies (30 qualifying years needed for full rate), plus any additional state pension.

## Principal state benefits

Weekly benefits	2023-24
Statutory Sick Pay	£109.40
Statutory Maternity Pay – first 6 weeks	90% of weekly earning
Statutory Maternity Pay – next 33 weeks	£172.48*
Ordinary Statutory Paternity Pay – 2 weeks	£172.48*
Additional Statutory Paternity Pay – variable period	£172.48*

\* or 90% of earnings, if lower

## Self Assessment dates

- 31 Jan 2023** Deadline for filing 2021-22 returns, balancing payment due for 2021-22, first payment due for 2022-23
- 31 Jul 2023** Second payment on account for 2022-23 due to HMRC
- 05 Aug 2023** Deadline to notify chargeability and advise HMRC of need to register for Self Assessment
- 31 Oct 2023** Deadline for submitting paper Self Assessment returns to HMRC
- 30 Dec 2023** Deadline for filing online return with HMRC if tax is to be collected through PAYE
- 31 Jan 2024** Deadline for filing 2022-23 returns, balancing payment due for 2022-23, first payment due for 2023-24

### NOTE:

The information contained in this leaflet is based on our understanding of the Spring Forecast 2022, Growth Plan 2022, Autumn Statement 2022 and the Spring Budget 2023, which are subject to change. No action should be taken without further advice being sought. We can accept no responsibility for any errors or omissions.

**Information is based on our current understanding of taxation legislation and regulations. Any levels and bases of, and reliefs from taxation, are subject to change. Tax treatment is based on individual circumstances and may be subject to change in the future.**