



Tax Rates & Bands Card for 2020-21 A Discussion!

Chartered Certified Accountants
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THE INCOME TAX ALLOWANCE BETWEEN THE 2019-20 & 2020-21 ARE AS FOLLOWS

Personal allowance: £12,500 (for 2020-21) similar to 2019-20.

But this allowance was reduced by £1 for every £2 income from £100,000 to £125,000.

- *Personal allowance income limit; £100,000 (consistent with 2019-20)*
- *Basic rate tax payer- £1000 (for 2020-21 & 2019-20)*
- *Higher rate tax payer -£500 (for 2020-21 & 2019-20)*
- *Additional-rate tax payer - £0 (for both)*
- *Dividend allowance- £2000 (for 2020/21 & 2019-20)*
- *Trading property allowance- £1000 (for both).*

However, an important note here is that traders/landlords having gross income from all these sources in a sum amount exceeding £1000 have the right to deduct their allowance from their gross income mainly as one alternative to claim their expenses.

- *Marriage partner transfer allowance-£1250 (for both years).*

If there are unused personal allowances, they may be transferred to the civil partner or spouse. The person receiving the sum will not be entitled to any higher or extra rate tax.

- *Married couple allowance- £9,075 (2020-21) in comparison to £8,915 (2019-20)*

Minimum amount allowance for (2020-21) is £3,510 in contrast to £3,450 (in 2019-20). Also, the income limit saw a slight increase in (2020-21) with £30,200 as opposed to £29,600 (in 2019-20)

- *Blind individual's allowance- £2500 (for 2020-21) in comparison to £2450 (2019-20)*
- *Renting a room allowance-£7500 (for both years)*



INCOME TAX BANDS & RATES] **(Comparison between 2019-20 & 2020-21)**

- The starting rate of savings is up to £5000 for 2020-21 (similar to last year).

Note- the starting rate doesn't hold if the taxable sum surpasses the starting rate limit.

- Basic rate band- £37,500 (for both years)
- Higher-rate band-£37,501 to £150,000 (both years)
- Additional-rate band- Exceeding £150,000 (both years)
- Basic rate-20% (no changes to last year)
- Higher-rate- 40% (similar to 2019-20)
- Additional-rate- 45% (consistent with 2019-20)
- Dividend basic rate- 7.5% (both years)
- Dividend higher-rate-32.5% (both years)
- Dividend additional rate-38.1% (both years)

LIMIT FOR INDIVIDUAL SAVINGS ACCOUNTS

- The entire investment limit offers an allowance of £20,000 (for 2020-21) which is consistent with last year's overall limit.
- As for junior account investment limit, the allowance is £9,000 (for 2020-21) in comparison to last year which was £4,368

CAPITAL GAINS TAX SHEET **(COMPARING 2020-21 WITH 2019-20)**

Starting with Main Taxes which include:

- Individual Basic-rates- 10% for both years
- Individual Over basic-rate- 20% for both years
- Estates and Trust- 20% for both years
- Surcharge for profits on chargeable housing property is 8% for 2020-21(similar to last year).
- Annual Exemption for Individuals (£12,300 for 2020-21 in comparison to £12,000 for 2019-20) and Trusts (£6,150 for 2020-21 showing a slight increase to £6,000 in 2019-20)
- Entrepreneur's relief- lifetime limit (starting from 11.3.20) is (£1m for 2020-21 as opposed to £10m in 2019-20) and applicable rate (10% for 2020-21 is consistent with last year)
- Investor's relief - lifetime limit is (£10m for 2020-21 consistent with 2019-20) and applicable rate (10% for 2020-21 also consistent with last year)

SELECTED RATES **(Comparing 2020-21 with 2019-20)**

- Basic State Pension Allowance - £134.25 (for 2020-21) as to £129.20 (for 2019-20)
- New State Pension Allowance - £175.20 (for 2020-21) in comparison to £168.60 for (2019-20)

Statutory Pay Standard Rate Allowance - Entailing the Average Weekly Yield [£120 (£118) or Over]

- Sick Pay- £ 95.85 (for 2020-21) as to £ 94.25 (for 2019-20)
- Shared Parental Pay - £ 151.20 (for 2020-21) in comparison to £148.68 (for 2019-20)
- Paternity Pay-£ 151.20 (for 2020-21) in comparison to £148.68 (for 2019-20)
- Adoption Allowance -£ 151.20 (for 2020-21) in comparison to £148.68 (for 2019-20)
- Basic State Pension Allowance - £134.25 (for 2020-21) as to £129.20 (for 2019-20)

PENSION ALLOWANCE (2020-21)

The lifetime allowance limit has increased slightly this year £1,073,100 in comparison to 2019-20 figures which was £1,055,000.

However, the annual allowance limit (£40,000) and the money purchase annual allowance limit (£4,000) for 2020-21 remains consistent with last year.

(DISCLAIMER)

These aforementioned rates are to be used for guidance only. Some figures are subjected to change due to different situations and individuals.

The wise choice would always be to consult with a professional and experienced **tax advisor** working in **Wokingham** before making any taxation decision.

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