



**ka farr&co**  
CHARTERED ACCOUNTANTS

# Income Tax Rates

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Allowances	2022/23	2021/22
Personal Allowance (PA)*	£12,570	£12,570
Marriage Allowance†	£1,260	£1,260
Blind Person's Allowance	£2,600	£2,520
Rent a room relief**	£7,500	£7,500
Trading income**	£1,000	£1,000
Property income**	£1,000	£1,000

\*PA is withdrawn at £1 for every £2 by which 'adjusted income' exceeds £100,000. There is no allowance given above £125,140.

†The part of the PA that is transferable to a spouse or civil partner who is not a higher or additional rate taxpayer.

\*\*If gross income exceeds it, the limit may be deducted instead of actual expenses.

Rate bands	2022/23	2021/22
Basic Rate Band (BRB)	£37,700	£37,700
Higher Rate Band (HRB)	£37,701 – £150,000	£37,701 – £150,000
Additional rate	over £150,000	over £150,000
Personal Savings Allowance (PSA)		
– Basic rate taxpayer	£1,000	£1,000
– Higher rate taxpayer	£500	£500
Dividend Allowance (DA)	£2,000	£2,000

BRB and additional rate threshold are increased by personal pension contributions (up to permitted limit) and Gift Aid donations.

Tax rates	2022/23			2021/22		
Rates differ for General, Savings and Dividend income within each band:	<b>G</b>	<b>S</b>	<b>D</b>	<b>G</b>	<b>S</b>	<b>D</b>
Basic	20%	20%	8.75%	20%	20%	7.5%
Higher	40%	40%	33.75%	40%	40%	32.5%
Additional	45%	45%	39.35%	45%	45%	38.1%

General income (salary, pensions, business profits, rent) usually uses personal allowance, basic rate and higher rate bands before savings income (interest). Scottish taxpayers are taxed at different rates on general income (see below).

To the extent that savings income falls in the first £5,000 of the basic rate band, it is taxed at nil rather than 20%.

The PSA taxes interest at nil, where it would otherwise be taxable at 20% or 40%.

Dividends are normally taxed as the 'top slice' of income. The DA taxes the first £2,000 of dividend income at nil, rather than the rate that would otherwise apply.

Income tax Scotland		2022/23	2021/22
Starter rate	19%	£2,097	£2,097
Basic rate	20%	£2,098 – £12,726	£2,098 – £12,726
Intermediate rate	21%	£12,727 – £31,092	£12,727 – £31,092
Higher rate	41%	£31,093 – £150,000	£31,093 – £150,000
Top rate	46%	over £150,000	over £150,000