

Taxation Reference Material

Taxation Northern Ireland

For use in First and Second Year Taxation
Examinations Summer & Autumn 2021

Version August 2020



We have NUMBERS in our DNA

[AccountingTechniciansIreland.ie](https://www.AccountingTechniciansIreland.ie)

INCOME TAX

	Rate %
First £37,500	20
£37,500- £150,000	40
On income >£150,000	45
Dividends at basic rate	7.5
Dividends higher rate	32.5
Dividends where income > £150,000	38.1
Personal Savings Allowance - £1,000 for basic rate taxpayers & £500 for higher rate taxpayers. Additional rate taxpayers are not entitled to any PSA.	0% rate applies to savings Income falling within the Personal Savings Allowance.
Dividend Allowance - £2,000	0% rate applies to dividend income falling within the Dividend Allowance

There is a starting rate savings band for individuals of £5,000. Where an individual's non-savings income is less than the starting rate limit for savings, the savings income is taxable at the 0% starting rate for savings income up to the limit. Where non-savings income exceeds the limit, the starting rate for savings does not apply. The starting rate savings band (where applicable) is given in addition to the PSA.

ALLOWANCES

£

Personal	
<i>Note: Where income > £100,000 personal allowance will be reduced by 50% of the excess</i>	12,500
Blind persons allowance.....	2,500
Transferable Marriage Allowance	Up to 1,250
Where applicable, the transferable marriage allowance attracts tax relief at 20%	
Married Couples Allowance:	
Elder born before 6 April 1935.....	9,075
Both subject to a minimum allowance of	3,510
Income limit	30,200

Where applicable MCA attracts tax relief at 10%

RATE OF INTEREST

Official rate of interest 2.25%

BUSINESS RELATED TRAVEL EXPENSES

HMRC Approved mileage allowance (for business related travel expenses)

Cars and Vans

0-10,000 miles 45p

10,000 miles + 25p

Bicycles 20p

Motorcycles 24p

Advisory Fuel Rates (for reimbursed business travel in their company cars or where employers require employees to repay the cost of fuel used for private travel)

ENGINE SIZE	PETROL	LPG	DIESEL
1400cc or less	10p	6p	8p*
1401 to 2000 cc	12p	8p	9p**
Over 2000 cc	17p	11p	12p

* For diesel cars, the lower engine size is 1600cc or less

** For diesel cars, this is 1601cc – 2000cc

VALUE ADDED TAX**VAT REGISTRATION LIMITS**

From 01/04/2020 £85,000

From 01/04/2020 £83,000 (deregistration)

Standard Rate 20%. Relevant VAT inclusive fraction 1/6.

VAT ON PRIVATE FUEL**SCALE BENEFITS - MOTOR CARS**

VAT fuel scale charges (inclusive of VAT)		
With Effect From 1 May 2020		
CO₂	3 Month Gross Scale Charge	VAT
120 or less	£144	£24.00
125	£218	£36.33
130	£231	£38.50
135	£246	£41.00
140	£261	£43.50
145	£275	£45.83
150	£290	£48.33
155	£305	£50.83
160	£319	£53.17
165	£334	£55.67
170	£348	£58.00
175	£362	£60.33
180	£377	£62.83
185	£392	£65.33
190	£406	£67.67
195	£421	£70.17
200	£436	£72.67
205	£450	£75.00
210	£464	£77.33
215	£479	£79.83
220	£493	£82.17
225 & above	£508	£84.67

Earnings limits and National Insurance Contribution rates

	Employee's Contribution
Earnings below the Lower Earnings Limit ("LEL"): Below £120 weekly or Below £520 monthly or Below £6,240 yearly	NIL
Earnings at or above the LEL up to and including the Primary Threshold ("PT"): £120 to £183 weekly or £520 to £792 monthly or £6,240 to £9,500 yearly	0%
Earnings above the PT up to and including the Upper Earnings Limit ("UEL"): £183 to £962 weekly or £792 to £4,167 monthly or £9,500 to £50,000 yearly	12%
Earnings above the UEL: Over £962 weekly or Over £4,167 monthly or Over £50,000 yearly	2%

	Employer's Contribution Table Letter A
Earnings below the Secondary Threshold ("ST") *: Below £169 weekly or Below £732 monthly or Below £8,788 yearly	0%
Earnings above the ST* Over £169 weekly or Over £732 monthly or Over £8,788 yearly	13.8%

If the employee is under 21, or is an apprentice and under 25, the ST is replaced with the Upper Secondary Threshold ("UST") / Apprentice Upper Secondary Threshold ("AUST") of £962pw / £4,167pm / £50,000pa. If earnings exceed these limits, Employer's NIC is payable at 13.8% on the excess.

Class 4 NIC – Self-employed pay Class 4 contributions on profits between £9,500 and £50,000 at the rate of 9% and on profits over £50,000 at the rate of 2%.

Class 2 NIC – Self-employed pay Class 2 contributions of £3.05 pw. if profits exceed the Small Profits Threshold of £6,475.

Taxation Reference Material

Advanced Taxation Northern Ireland

For use in Second Year Taxation Examinations
Summer & Autumn 2021



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Income limit	30,200
Where applicable MCA attracts tax relief at 10%	

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BUSINESS RELATED TRAVEL EXPENSES

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Cars and Vans

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SCALE BENEFITS - MOTOR CARS

Percentage of Manufacturer's List Price 2020 – 2021		
CO ₂ emissions in grams per kilometre (g/km)	Electric range (miles)	% of car's price to be taxed*
0	N/A	0
1 - 50	130+	2
1 - 50	70 - 129	5
1 - 50	40 - 69	8
1 - 50	30 - 39	12
1 - 50	< 30	14
51 - 54		15
55 - 59		16
60 – 64		17
65 – 69		18
70 – 74		19
75 – 79		20
80 – 84		21
85 – 89		22
90 – 94		23
95 – 99		24
100 – 104		25
105 – 109		26
110 – 114		27
115 – 119		28
120 – 124		29
125 – 129		30
130 – 134		31
135 – 139		32
140 – 144		33
145 – 149		34
150 – 154		35
155 – 159		36
160+		37

- There is a 4% supplement on diesel cars subject to the maximum charge of 37%.
- A 0% (zero) rate applies to cars that cannot emit CO₂ when driven
- If the car is certified to Real Driving Emission Standard 2 (RDE2) 0% is added
- The list price includes accessories and not subject to an upper limit
- The list price is reduced for capital contributions made by the employee up to £5,000

SCALE BENEFITS - FUEL SUPPLIED FOR PRIVATE USE

The same CO₂ percentage as for car benefit will be applied to the fixed sum of £24,500.

VALUE ADDED TAX**VAT REGISTRATION LIMITS**

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CAPITAL GAINS TAX

Annual Exemption	£
2020/21	12,300
2019/20	12,000
2018/19	11,700

Rate

Taxable gains where there is un-utilised basic rate band are taxed at 10% up to the basic rate band and at 20% on the excess. Taxable gains where there is no unutilised basic rate band are all taxed at the rate of 20%.

Note also that the relevant rate for disposals of residential properties are 18% and 28%.

Business Asset Disposal Relief

Gains qualifying for Business Asset Disposal Relief will be charged at 10%, and a lifetime limit of £1 million applies to disposals on or after 11 March 2020.

CORPORATION TAX

For Financial Year commencing 1 April 2020, the rate of corporation tax is 19%, which applies to all profits (1 April 2019: 19%)

Earnings limits and National Insurance Contribution rates

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* Employers do not have to pay NIC on an employee's earnings where that employee is under 21, or is an apprentice and is under 25, and earns less than £962 per week.

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Class 2 NIC – Self-employed pay Class 2 contributions of £3.05 pw. if profits exceed the Small Profits Threshold of £6,475.