

PRACTICE NOTE

PN 218/22

Date: 15 February 2022

BUDGET 2022 - INCOME TAX AND NATIONAL INSURANCE PROPOSALS

In his Budget speech today, the Minister for the Treasury, the Hon. David Ashford MBE MHK, announced various taxation and National Insurance measures.

This Practice Note contains further information regarding the changes.

Index	Page
1. Income Tax Allowances and Rates of Tax	1
2. National Insurance Contributions	2
3. War Pensioners Mobility Supplement	3
4. TT Homestay	3

1. INCOME TAX ALLOWANCES AND RATES OF TAX

The following rates and allowances will apply for the 2022/23 tax year commencing on 6 April 2022:-

Personal allowances	2022/23	2021/22
	£	£
Single person	14,500	14,250
Married couple / civil partners (combined)	29,000	28,500
Additional Personal Allowance	6,400	6,400
Blind person	2,900	2,900
Disabled person	2,900	2,900
Co-habiting couple's maximum addition	6,400	6,400

Income tax rates	2022/23	2021/22
	%	%
Individuals		
Resident:		
Single:		
Lower rate on first £6,500	10	10
Married couple / civil partners – jointly assessed:		
Lower rate on first £13,000	10	10
Higher rate on balance	20	20
Non-resident:		
Non-resident rate on all income	20	20
Companies		
Banking business	10	10
Land & property in the Isle of Man	20	20
Retail business – profits above £500,000	10	10
All other income	0	0
Other non-corporates	20	20

2. NATIONAL INSURANCE CONTRIBUTIONS

The following rates and thresholds will apply for the 2022/23 tax year commencing on 6 April 2022:-

Item (per week unless stated otherwise)	2022/23	2021/22
Lower Earnings Limit (LEL)	£123	£120
Upper Earnings Limit (UEL)	£823	£823
Primary Threshold	£138	£138
Secondary Threshold	£138	£138
Prescribed annual equivalent of primary threshold	£7,176	£7,176
Prescribed annual equivalent of secondary threshold	£7,176	£7,176
Class 1 employees' primary rate of NI (between primary threshold and UEL)	11%	11%
Class 1 employees' additional rate of NI (above the UEL)	1%	1%
Class 1 employers' rate of NI (on all earnings above secondary threshold)	12.8%	12.8%

Class 2 rate self-employed	£5.40	£5.40
Class 2 small earnings exception level (annual)	£7,176	£7,176
Class 2 rate for volunteer development workers	£6.15	£6.00
Class 2 rate for share fishermen	£6.70	£6.70
Class 3 voluntary contributions	£15.85	£15.40
Class 4 lower profits limit (annual)	£7,176	£7,176
Class 4 upper profits limit (annual)	£42,796	£42,796
Class 4 rate between the lower & upper limits	8%	8%
Class 4 rate above the upper limit	1%	1%

3. WAR PENSIONERS MOBILITY SUPPLEMENT

From the tax year commencing 6 April 2022, persons in receipt of War Pensioners Mobility Supplement will be entitled to a deduction of £2,900 from their total income, thus reducing their tax liability.

4. TT HOMESTAY

Since 1999, an extra statutory income tax concession in respect of Homestay for the TT fortnight has been available.

From 6 April 2022 there will no longer be an extra statutory concession in respect of TT Homestay. This will be replaced by a "TT Homestay Allowance" of £2,350 which will be deducted from an individual's gross rental income received under the Homestay Scheme during the TT period and therefore not be liable to income tax. Please see PN 219/22 for more information including qualifying conditions.

Nicola Guffogg
Assessor of Income Tax

This Practice Note is intended only as a general guide and must be read in conjunction with the appropriate legislation. It does not have any binding force and does not affect a person's right of appeal on points concerning their own liability to income tax.

Comments and suggestions for improvements of issued Practice Notes and suggestions for future Practice Notes are always welcome.