

Increasing dividends tax rates

From 2022/23, all dividend tax rates will rise by 1.25%. This move is designed to discourage private company owners from drawing remuneration as NIC-free dividends, but in practice it is likely to have the opposite effect. Including dividends also has the political benefit of raising some revenue (albeit a small amount) from the wealthy retired, who pay no NICs.

Dividend tax: 2021/22 and 2022/23

Tax Year	Basic rate %	Higher rate %	Additional rate %
2021/22	7.50	32.50	38.10
2022/23 onwards	8.75	33.75	39.35