



# Personal tax thresholds freeze – how will they affect you?



## Higher rate tax threshold – frozen at £50,270: the fiscal drag effect

From 2022/23 to 2025/26, both the personal allowance (£12,570) and higher rate threshold will be frozen. In Scotland, the higher rate threshold for non-savings, non-dividend income will rise to £43,662 in 2021/22 as announced in the Scottish Budget. The effect of freezing the higher rate threshold versus indexation is shown below.



Figures based on actual CPI up to 2021/22 and Office for Budget Responsibility inflation projections thereafter.

## Pension lifetime allowance – frozen at £1,073,100 from 2021/22 for five years

The standard pension lifetime allowance (LTA) has been frozen until 2026. Having outpaced inflation indexation for the first few years of its existence, it will now dramatically lag behind its potential value with important consequences for retirement savings.



Figures based on actual CPI up to 2021/22 and Office for Budget Responsibility inflation projections thereafter.