

Tax Facts

Spring Edition 2017



Pocket
Accounts

Accountancy, Anytime, Anywhere

Income Tax Allowances

	2017/18 £	2016/17 £
Personal allowance	11,500	11,000
Income limit	100,000	100,000
Transferable marriage allowance¹	1,150	1,100
Married couple's allowance (relief at 10%)		
Either partner born before 6.4.1935	8,445	8,355
Income limit	28,000	27,700
Minimum where income exceeds limit	3,260	3,220
Blind person's allowance	2,320	2,290
Trading allowance²	1,000	N/A
Property income allowance²	1,000	N/A
Dividend allowance	5,000	5,000
Personal savings allowance		
Basic rate taxpayers	1,000	1,000
Higher rate taxpayers	500	500

Income Tax Rates

Taxable Income £	Rate %
2017/18	
0 - 33,500 ³	20
33,501 - 150,000 ³	40
Over 150,000	45
2016/17	
0 - 32,000	20
32,001 - 150,000	40
Over 150,000	45

A 0% starting rate for savings income only applies to the extent that such income falls within the first £5,000 of taxable income. If taxable non-savings income exceeds the limit, the starting rate does not apply. A 0% rate applies to savings income falling within the personal savings allowance. Income taxable at the starting rate for the savings does not fall within the personal savings allowance.

A 0% rate applies to dividend income within the dividend allowance

The **trust rate** of income tax is 45%. The **dividend trust rate** is 38.1%.

¹Available for civil partners.

²For 2017/18, profits are not charged to income tax where receipts do not exceed allowance.

³For 2017/18 for Scottish taxpayers the basic rate band is £31,500. This applies only to non-savings, non-dividend income.

National Insurance Contributions

2017/18

Class 1 (Earnings related)

Employees

Weekly earnings

First £157	Nil
£157.01 - £866	12%
Over £866	2%

Employers

Weekly earnings

First £157	Nil
Over £157	13.8%

Employees' rates are reduced to 5.85% for married women with valid certificates of election but the 2% rate above £866 still applies. Rates are nil for employees over state pensionable age. Normal employers' contributions are still payable. Employers' rates for employees under 21 and apprentices under 25 are nil on earnings up to £866 per week.

Employment allowance

(per employer) - £3,000 a year.

Class 1A and Class 1B - 13.8%

Class 2 (Self-employed) - Flat rate £2.85 a week.

Small profits threshold £6,025 a year.

Class 3 (Voluntary contributions) - £14.25 a week.

Class 4 (Self-employed) - 9% of profits between £8,164 and £45,000 a year. 2% of profits above £45,000 a year.

Inheritance Tax

	17/18	16/17
Nil-rate band ¹	£325,000	£325,000
Residence nil-rate band ¹	£100,000	N/A
Rate of tax on excess	40% ²	40% ²
Chargeable lifetime transfers	20%	20%

Annual gifts of up to £3,000 per donor are exempt.

¹Unused nil rate band is transferable to spouse or civil partner.

²36% where 10% or more of the net estate is left to charity.

Capital Gains Tax

Annual exempt amounts 2017/18	£
Individuals, disabled trusts, personal representatives for year of death and two years thereafter	11,300
Trusts generally	5,650

Rates 2017/18

<i>Individuals: Standard rate</i>	10%
Higher rate	20%
<i>Trustees and personal representatives</i>	20%
<i>Gains on residential property and carried interest</i>	18%/28%
<i>Gains to which entrepreneurs' relief applies¹</i>	10%

Corporation Tax

Financial Year to	31/3/2018	31/3/2017
Rate	19%	20%

Stamp Taxes

Shares and marketable securities	0.5% ²
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Transfers of land and buildings³

Residential (on band of consideration)^{4, 5}

£0 - £125,000	0%
£125,001 - £250,000	2%
£250,001 - £925,000	5%
£925,001 - £1,500,000	10%
Over £1,500,000	12%

Non-residential (on band of consideration)

£0 - £150,000	0%
£150,001 - £250,000	2%
Over £250,000	5%

Leases (Rent - on band of net present value)³

Residential	Non-residential	Rate
£0 - £125,000	£0 - £150,000	Nil
Over £125,000	£150,001 - £5,000,000	1%
N/A	Over £5,000,000	2%

Premiums³

Duty on premiums is the same as for transfers of land.

¹Subject to lifetime limit on gains of £10 million.

²Rounded up to the nearest multiple of £5. Transactions of £1,000 or less exempt.

³Transfers of land and leases in Scotland are chargeable to land and buildings transactions tax. Different rates of tax may apply.

⁴Where the consideration exceeds £500,000 and the purchase is by - or by a partnership including - a company or collective investment scheme enveloping the property, the rate is 15% of the total consideration.

⁵Rates are increased by 3 percentage points for certain purchases, including purchases of additional residential properties by individuals. Transactions under £40,000 are excluded.

Car Benefit

CO ₂ emissions (2017/18) grams per km	% of list price	
	Petrol	Diesel
0-50	9	12
51-75	13	16
76-94	17	20
95-99	18	21
100-104	19	22
105-109	20	23
110-114	21	24
115-119	22	25
120-124	23	26
125-129	24	27
130-134	25	28
135-139	26	29
140-144	27	30
145-149	28	31
150-154	29	32
155-159	30	33
160-164	31	34
165-169	32	35
170-174	33	36
175-179	34	37
180-184	35	37
185-189	36	37
190 or more	37	37

A 9% charge applies to cars incapable of producing CO₂.

Car Fuel Benefit

For 2017/18, car fuel benefit is calculated by applying the above car benefit percentage to a figure of £22,600.

Tax-Free Mileage Allowances

Employee's own vehicle

<i>Motorcars and vans</i>	2017/18
Up to 10,000 business miles	45p
Over 10,000 business miles	25p
Each passenger making same trip	5p
<i>Motorcycles</i>	24p
<i>Cycles</i>	20p

Advisory fuel rates for company car from 1 March 2017

<i>Cylinder capacity</i>	<i>Petrol</i>	<i>Diesel</i>	<i>LPG</i>
0-1,400 cc	11p	-	7p
0-1,600 cc	-	9p	-
1,401 cc - 2,000 cc	14p	-	9p
1,601 cc - 2,000 cc	-	11p	-
Over 2,000 cc	22p	13p	14p

Fixed Rate Deductions: Unincorporated Businesses

Vehicle expenditure	Amount
<i>Motorcars and goods vehicles</i>	per mile
Up to 10,000 business miles	45p
Over 10,000 business miles	25p
<i>Motorcycles</i>	24p

Business use of home	Amount
Hours worked per month	per month
25 or more	£10
51 or more	£18
101 or more	£26

Private use of business premises	Disallowable
Number of occupants	amount per month
1	£350
2	£500
3 or more	£650

Individual Savings Accounts

Limits	2017/18	2016/17
Annual limit	£20,000	£15,240
Junior ISA annual limit	£4,128	£4,080
Lifetime ISA annual limit	£4,000	N/A
Help to Buy ISA monthly limit	£200	£200

Investment Reliefs

	Investment	Income tax
	limit	relief rate
Enterprise investment scheme	£1,000,000	30%
Venture capital trusts	£200,000	30%
Seed enterprise investment scheme	£100,000	50%
Social investment relief	£1,000,000	30%

Value Added Tax

Standard rate	20%
Lower rate	5%

Registration threshold from 1 April 2017	£85,000 pa
Deregistration limit from 1 April 2017	£83,000 pa
Annual accounting scheme turnover limit	£1,350,000 pa
Cash accounting scheme turnover limit	£1,350,000 pa
Flat rate scheme turnover limit	£150,000 pa

Capital Allowances

	Rate %
Dredging	
(straight-line basis)	
Writing-down allowances	4
Know-how	
(reducing balance basis)	
Writing-down allowance	25
Mineral extraction	
(reducing balance basis)	
<i>Writing-down allowances</i>	
General	25
Acquisition of mineral asset	10
Patent rights	
(reducing balance basis)	
Writing-down allowance	25
Plant and machinery	
(reducing balance basis)	
Annual investment allowance (max £200,000)	100
<i>First-year allowances</i>	
Energy-saving or environmentally beneficial assets	100
New cars with CO ₂ emissions not exceeding 75g/km	100
New zero-emission goods vehicles	100
New assets for use in designated areas of enterprise zones	100
New electric charge-point equipment	100
<i>Writing-down allowances</i>	
General	18
Cars (other than low-emission cars)	8
Special rate expenditure (including integral features and thermal insulation)	8
Long-life assets	8
Research and development	
Allowance	100

Registered Pension Schemes

Individual contributions

Maximum tax-relievable contributions are the higher of:

- 100% of taxable UK earnings; or
- £3,600 (where the scheme applies tax relief at source).

2017/18

Annual allowance	£40,000
Income limit	£150,000
Minimum where income exceeds limit	£10,000

Lifetime allowance £1,000,000

2016/17

Annual allowance	£40,000
Income limit	£150,000
Minimum where income exceeds limit	£10,000

Lifetime allowance £1,000,000

Any unused annual allowance can be carried forward for up to three years.

Tax Credits

Annual amounts 2017/18 £

Child tax credit

Family element	545
Child element (for each child)	2,780
Disabled child element	3,175
Severe disabled child element	1,290

Working tax credit

Basic element	1,960
Lone parent and couple element	2,010
30-hour element	810
Disability element	3,000
Severe disability element	1,290
Childcare element (up to 70% of costs)	Weekly
maximum eligible cost (1 child)	175
maximum eligible cost (2 or more)	300

Income thresholds

Income threshold	6,420
eligible for child tax credit only	16,105
Withdrawal rate	41%
Income rise disregard	2,500
Income fall disregard	2,500