

2017-2018 TAX RATES



Collards

Chartered Accountants

Income Tax

Main allowances

	2017/18	2016/17
Personal Allowance (PA)*†	£11,500	£11,000
Blind Person's Allowance	2,320	2,290
Rent a room relief**	7,500	7,500
Trading Income**	1,000	N/A
Property Income**	1,000	N/A

*PA will be withdrawn at £1 for every £2 by which 'adjusted income' exceeds £100,000. There will therefore be no allowance given if adjusted income is £123,000 or more (2016/17: £122,000).

†10% of the PA (2017/18: £1,150; 2016/17: £1,100) can be transferred to a spouse or civil partner who is no more than a basic rate taxpayer.

**If gross income exceeds it, the limit may be deducted instead of actual expenses.

Rate bands

	2017/18	2016/17
Basic Rate Band (BRB)	£33,500	£32,000
Higher Rate Band (HRB)	33,501 – 150,000	32,001 – 150,000
Additional rate	over 150,000	over 150,000
Scottish taxpayers		
– BRB	31,500	32,000
– HRB	31,501 – 150,000	32,001 – 150,000

Personal Savings Allowance (PSA)

– Basic rate taxpayer	1,000	1,000
– Higher rate taxpayer	500	500

Dividend Nil Rate Band (DNRB)	5,000	5,000
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BRB and additional rate threshold are increased by personal pension contributions (up to permitted limit) and Gift Aid donations.

Tax rates

Rates differ for General/Savings/Dividend income

	2017/18 & 2016/17		
	G	S	D
Basic rate	20%	20%	7.5%
Higher rate	40%	40%	32.5%
Additional rate	45%	45%	38.1%

General income (salary, pensions, business profits, rent) usually uses personal allowance, basic rate and higher rate bands before savings income (interest).

To the extent that savings income falls in the first £5,000 of the basic rate band, it is taxed at nil rather than 20%.

The PSA taxes interest at nil, where it would otherwise be taxable at 20% or 40%.

Dividends are normally taxed as the 'top slice' of income. The DNRB taxes the first £5,000 of dividend income at nil, rather than the rate that would otherwise apply.

High Income Child Benefit Charge (HICBC)

1% of child benefit for each £100 of adjusted net income between £50,000 and £60,000.

Income Tax (continued)

Remittance basis charge

For non-UK domiciled individuals who have been UK resident in at least:

	2017/18	2016/17
7 of the preceding 9 tax years	£30,000	£30,000
12 of the preceding 14 tax years	60,000	60,000
17 of the preceding 20 tax years	N/A	90,000

Pensions

Registered Pensions

	2017/18	2016/17
Lifetime allowance (LA)	£1m	£1m
Annual allowance (AA) *	40,000	40,000

Annual relievable pension inputs are the higher of earnings (capped at AA) or £3,600.

*The AA is usually reduced by £1 for every £2 by which relevant income exceeds £150,000, down to a minimum AA of £10,000. The AA can be reduced to £4,000, where certain pension drawings have been made.

State pension (per week)

	2017/18	2016/17
Old state pension – Single person	£122.30	£119.30
– Married couple	195.60	190.80
New state pension†	159.55	155.65

†applies to those reaching state retirement age after 5 April 2016.

Annual investment limits

	2017/18	2016/17
Individual Savings Account (ISA)		
– Overall limit	£20,000	£15,240
– Lifetime ISA	4,000	N/A
Junior ISA	4,128	4,080
EIS – 30% relief	1,000,000	1,000,000
EIS eligible for CGT deferral relief	Unlimited	Unlimited
Seed EIS (SEIS) – 50% relief	100,000	100,000
SEIS – 50% exemption for reinvested gains	100,000	100,000
Venture Capital Trust (VCT) – 30% relief	200,000	200,000

National Insurance Contributions

Class 1 (Employees)

	Employee	Employer
Main NIC rate	12%	13.8%
No NIC on first	£157pw	£157pw
Main rate* charged up to	£866pw	no limit
2% rate on earnings above	£866pw	N/A
Employment allowance per business**	N/A	£3,000

*Nil rate of employer NIC for employees under the age of 21 and apprentices under 25, up to £866pw.

Employer contributions (at 13.8%) are also due on most taxable benefits (Class 1A) and on tax paid on an employee's behalf under a PAYE settlement agreement (Class 1B).

**Some businesses do not qualify, including certain sole director companies.

National Insurance Contributions (continued)

Class 2 (Self employed)

Flat rate per week	£2.85
Small profits threshold	£6,025

Class 3 (Voluntary)

Class 3: Flat rate per week	£14.25
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Class 4 (Self employed)

On profits £8,164 – £45,000	9.0%
On profits over £45,000	2.0%

Vehicle Benefits

Cars

Taxable benefit: Chargeable value multiplied by chargeable %.

Chargeable value: Initial list price of car (including most accessories), reduced by any capital contribution (maximum £5,000) by employee when the car is first made available.

Chargeable percentage:

CO ₂ emissions g/km	Petrol	Diesel
0-50	9%	12%
51-75	13%	16%
76-94	17%	20%
Above 94	Add 1% for every 5g/km	
Above 189 (petrol)/174 (diesel)	37% maximum	

Vans

Chargeable value of £3,230 (2016/17 £3,170) if private use is more than home-to-work.

Fuel

Employer provides fuel for private motoring in an employer-owned:

Car: CO₂-based percentage from above table multiplied by £22,600 (2016/17 £22,200).

Van: £610 (2016/17 £598).

Employee contributions do not reduce taxable figure unless all private fuel is paid for by the employee (in which case there is no benefit charge).

Tax-free mileage allowances

Employee's own transport

	per business mile
Cars first 10,000 miles	45p
Cars over 10,000 miles	25p
Business passengers	5p
Motorcycles	24p
Bicycles	20p

Capital Gains Tax

Annual exemption

Individuals, estates	2017/18	2016/17
Most trusts	£11,300	£11,100
	5,650	5,550

Tax rate

Individual (to basic rate limit)*	10%	10%
Individual (above basic rate limit)*	20%	20%
Entrepreneurs' Relief (ER)**	10%	10%
Trusts, estates*	20%	20%

*Individuals are taxed at 18%/28% on gains on residential property and receipts of carried interest. Trusts are taxed at 28% in these circumstances.

**ER is available for lifetime gains of up to £10m. Qualifying disposals include a trading business and shares in a trading company (from a minimum 5% holding) by an officer/employee. Various conditions apply.

Corporation Tax

Year to

	31.3.2018	31.3.2017
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Corporation Tax rate	19%	20%
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Research and development relief

SME enhanced expenditure deduction scheme*	130%	130%
Large company R&D Expenditure Credit (RDEC) scheme**	11%	11%

*Additional deduction for qualifying R&D.

**Taxable expenditure credit for qualifying R&D.

SMEs that make losses can surrender the deduction to HMRC in exchange for a payment of 14.5% of the loss.

Main capital allowances

Plant and machinery

100% Annual Investment Allowance (AIA)	£200,000
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Other rates

– energy and water-efficient equipment	100%
– writing down allowance: general pool (reducing balance)	18%
– writing down allowance: special rate pool (reducing balance)	8%

The special rate pool includes long life assets, integral plant in buildings, thermal insulation.

Motor cars (expenditure post 31.3.15)

CO ₂ emissions (g/km)	Allowance
75 or less (new cars only)	100%
Up to 130 (in general pool)	18% pa
Above 130 (in special rate pool)	8% pa

Property Taxes

Annual Tax on Enveloped Dwellings (ATED)

ATED applies to 'high value' residential properties owned via a corporate structure, unless the property is used for a qualifying purpose. It applies to properties valued at more than £500,000.

Property value	Annual charge to	
	31.3.2018	31.3.2017
£0.5m – £1m	£3,500	£3,500
£1m – £2m	7,050	7,000
£2m – £5m	23,550	23,350
£5m – £10m	54,950	54,450
£10m – £20m	110,100	109,050
£20m +	220,350	218,200

Stamp Duty Land Tax (SDLT) and Land and Buildings Transaction Tax (LBTT)

Residential property (1st property only)

SDLT* £,000's	Rate on band	LBTT £,000's	Rate on band
Up to 125	Nil	Up to 145	Nil
125 – 250	2%	145 – 250	2%
250 – 925	5%	250 – 325	5%
925 – 1,500	10%	325 – 750	10%
Over 1,500	12%	Over 750	12%

A supplement of 3% of the total purchase price applies for both SDLT and LBTT where a second home is purchased for more than £40,000 from 1 April 2016.

*A rate of 15% applies to the total purchase price where the property is valued above £500,000 and purchased by a 'non-natural person' (e.g. a company).

Non-residential or mixed use property

SDLT £,000's	Rate on band	LBTT £,000's	Rate on band
Up to 150	Nil	Up to 150	Nil
150 – 250	2%	150 – 350	3%
Over 250	5%	Over 350	4.5%

Value Added Tax

Standard rate (1/6 of VAT-inclusive price)	20%
Registration level from 1.4.2017	£85,000 per annum
Deregistration level from 1.4.2017	83,000 per annum

Flat rate scheme (FRS)

Annual taxable turnover to enter scheme	Up to £150,000
Must leave scheme if annual taxable turnover	Exceeds £230,000

Inheritance Tax

	2017/18	2016/17
Nil rate band (NRB)*	£325,000	£325,000
NRB Residential enhancement (RNRB)†*	100,000	N/A
Rate of tax above nil rate band**	40%	40%
Lifetime transfers to most trusts	20%	20%

†RNRB is available for transfers of a main residence to direct descendants. It tapers away at the rate of £1 for every £2 of estate value above £2m.

*Up to 100% of the proportion of a deceased spouse's/civil partner's unused NRB and RNRB band may be claimed to increment the current NRB and RNRB when the survivor dies.

**Rate reduced to 36% if at least 10% of the relevant estate is left to charity. Unlimited exemption for transfers between spouses/civil partners, except if UK domiciled transferor and foreign domiciled transferee, where maximum exemption £325,000.

100% Business Property Relief (BPR) for all shareholdings in qualifying unquoted trading companies, qualifying unincorporated trading businesses and certain farmland/buildings.

Reduced tax charge on gifts within 7 years before death

Years before death	0-3	3-4	4-5	5-6	6-7
% of full death tax charge payable	100	80	60	40	20

Annual exemptions for lifetime gifts include £3,000 per donor and £250 per recipient.

Key dates and deadlines

Self Assessment payment dates	2017/18	2016/17
1st payment on account	31 January 2018	2017
2nd payment on account	31 July 2018	2017
Balancing payment	31 January 2019	2018
Capital Gains Tax*	31 January 2019	2018

*Non-residents with gains on UK residential property must pay CGT within 30 days of disposal unless already filing a self assessment tax return.

Other payment dates

Class 1A NIC	19 July	2018	2017
Class 1B NIC	19 October	2018	2017

Corporation tax is due 9 months and 1 day from the end of the accounting period, unless a 'large' company paying by quarterly instalments.

2016/17 Filing deadlines

Issue P60s to employees	31 May 2017
P11D, P11D(b)	6 July 2017
Self assessment tax return (SATR) paper version	31 October 2017
Online SATR if outstanding tax to be included in 2018/19 PAYE code	30 December 2017
Online SATR	31 January 2018

You are advised to consult us before acting on any information contained herein.

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