

EDMONDS & Co

CHARTERED ACCOUNTANTS
AND CHARTERED TAX ADVISERS



**TAX RATES
2016 • 2017**

Income Tax

Main allowances

	2016/17	2015/16
Personal Allowance (PA)*†	£11,000	£10,600
Blind Person's Allowance	2,290	2,290
Dividend Tax Allowance (DTA) §	5,000	N/A
Personal Savings Allowance (PSA) §		
– Basic rate taxpayer	1,000	N/A
– Higher rate taxpayer	500	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*PA will be withdrawn at £1 for every £2 by which 'adjusted income' exceeds £100,000.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 £122,000 or more (2015/16: £121,200).

†Up to 10% of the PA (2016/17: £1,100; 2015/16: £1,060) can be transferred to a spouse or civil partner who is no more than a basic rate taxpayer.

§The DTA taxes the first £5,000 of dividend income at nil rather than the rate that would otherwise apply – see rates below. PSA operates as a nil rate band for interest income.

Rate bands

	2016/17	2015/16
Basic rate band (BRB)	£32,000	£31,785
Higher rate band (HRB)	32,001 – 150,000	31,786 – 150,000
Additional rate	over 150,000	over 150,000

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

	2016/17			2015/16		
	G	S	D	G	S	D
Basic rate	20%	20%	7.5%	20%	20%	10%
Higher rate	40%	40%	32.5%	40%	40%	32.5%
Additional rate	45%	45%	38.1%	45%	45%	37.5%

General income (salary, pensions, business profits, rent) uses PA, BRB and HRB before savings income (interest). To the extent that savings income falls in the first £5,000 of the BRB, it is taxed at nil rather than 20%. The PSA (see allowances above) will tax interest at nil, where it would otherwise be taxable at 20% or 40%. Dividends are taxed as the 'top slice' of income. For 2016/17, the dividend received is taxable. In 2015/16, the dividend received was grossed up by 100/90 to determine the taxable dividend. A non-repayable tax credit equal to 10% of the taxable amount was then deductible against the income tax liability on the taxable dividend.

High Income Child Benefit Charge (HICBC)

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

Remittance basis charge

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

	2016/17	2015/16
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	90,000	90,000

Pensions

Registered Pensions

	2016/17	2015/16
Lifetime allowance (LA)	£1.00m	£1.25m
Annual allowance (AA) *	40,000	40,000
LA charge if excess drawn as	Cash 55%/income 25%	
AA charge on excess inputs	20%-45%	

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

*For 2016/17 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.

State pension

	2016/17	2015/16
Single person	£119.30	£115.95
Married couple	190.80	185.45
New state pension §	155.65	N/A

§ applies to those reaching state retirement age after 5 April 2016

Annual investment limits

	2016/17	2015/16
Individual Savings Account	£15,240	£15,240
Junior ISA	4,080	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	£155pw	£156pw
Main rate* charged up to	£827pw	no limit
2% rate on earnings above	£827pw	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 £827pw.

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

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

Class 2 (Self employed)

Flat rate per week	£2.80
Small profits threshold	£5,965

Class 3 (Voluntary)

Class 3: Flat rate per week	£14.10
Class 3A: Contributions vary with age	

Class 4 (Self employed)

On profits £8,061 – £43,000	9.0%
On profits over £43,000	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:

CO₂ emissions g/km	Petrol	Diesel
0-50	7%	10%
51-75	11%	14%
76-94	15%	18%
Above 94	Add 1% for every 5g/km	
Above 200 (petrol)/185(diesel)	37% maximum	

Vans

Chargeable value of £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 £22,200.

Van: £598

Employee contributions do not reduce taxable figure unless all private fuel is paid for by the employee.

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

	2016/17	2015/16
Individuals, estates	£11,100	£11,100
Most trusts	5,550	5,550

Tax rate

Individual (to basic rate limit)*	10%	18%
Individual (above basic rate limit)*	20%	28%
Entrepreneurs' Relief (ER)**	10%	10%
Trusts, estates*	20%	28%

*In 2016/17, individuals are taxed at 18%/28% on gains on residential property and receipt 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, shares in a trading company (from a minimum 5% holding) by an officer/employee or certain holdings by external investors. Various conditions apply.

Corporation Tax

Year to	31.3.2017	31.3.2016
Corporation Tax rate	20%	20%
Research and development relief	From 1.4.2016	From 1.4.2015
SME enhanced expenditure deduction scheme*	130%	130%
Large company enhanced expenditure deduction scheme*	N/A	30%
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.

From 1 April 2016, RDEC is the only scheme available for large companies.

Main capital allowances

Plant and machinery	Limit
100% Annual Investment Allowance (AIA)	
– expenditure 1.4.14* – 31.12.15	£500,000
– expenditure post 31.12.15**	200,000

* 6.4.14 for unincorporated businesses and LLPs.

** Transitional rules apply for accounting periods straddling a change in AIA limit.

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. From 1 April 2016 the tax applies to properties valued at more than £500,000 (£1m from 1 April 2015 - 31 March 2016; £2m from 1 April 2013 - 31 March 2015).

Property value	Annual charge to	
	31.3.2017	31.3.2016
£0.5m – £1m	£3,500	N/A
£1m – £2m	7,000	£7,000
£2m – £5m	23,350	23,350
£5m – £10m	54,450	54,450
£10m – £20m	109,050	109,050
£20m +	218,200	218,200

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

From 1 April 2015, SDLT was replaced in **Scotland** by LBTT. Like SDLT, it is payable by the purchaser.

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).

Commercial 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 1.4.2016	£83,000 per annum
Deregistration level from 1.4.2016	81,000 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

	2016/17	2015/16
Nil rate band*	£325,000	£325,000
Rate of tax above nil rate band**	40%	40%
Lifetime transfers to certain trusts	20%	20%

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

100% Agricultural Property Relief (APR) available on agricultural value of qualifying farmland/buildings.

BPR or APR available at 50% on certain property.

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

**Rate reduced to 36% if at least 10% of the relevant estate is left to charity.

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	2016/17	2015/16
1st payment on account	31 January 2017	2016
2nd payment on account	31 July 2017	2016
Balancing payment	31 January 2018	2017
Capital Gains Tax	31 January 2018	2017

Other payment dates

Class 1A NIC	19 July 2017	2016
Class 1B NIC	19 October 2017	2016

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

2015/16 Filing deadlines

Issue P60s to employees	31 May 2016
P9D, P11D, P11D(b)	6 July 2016
Self assessment tax return (SATR) paper version	31 October 2016
Online SATR if outstanding tax to be included in 2017/18 PAYE code	30 December 2016
Online SATR	31 January 2017

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

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