



# TAX CARD 2017/18



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## TAXABLE INCOME BANDS AND TAX RATES

|   | 2017/18                              | 2016/17                              |
|---|--------------------------------------|--------------------------------------|
| Starting rate of 0% on savings up to          | £5,000*                              | £5,000*                              |
| Basic rate band<br>Scottish basic rate band   | £33,500<br>£31,500                   | £32,000<br>£32,000                   |
| Higher rate band<br>Scottish higher rate band | £33,501-£150,000<br>£31,501-£150,000 | £32,001-£150,000<br>£32,001-£150,000 |
| Basic rate                                    | 20%                                  | 20%                                  |
| Higher rate                                   | 40%                                  | 40%                                  |
| Additional rate                               | 45%                                  | 45%                                  |
| Additional rate band                          | Over £150,000                        | Over £150,000                        |
| Dividend ordinary rate                        | 7.5%                                 | 7.5%                                 |
| Dividend upper rate                           | 32.5%                                | 32.5%                                |
| Dividend additional rate                      | 38.1%                                | 38.1%                                |

\* The starting rate does not apply if taxable non-saving income exceeds the starting rate limit.

### ■ Allowances that reduce taxable income or are not taxable

|                            | 2017/18              | 2016/17 |
|----------------------------|----------------------|---------|
| Personal allowance*        | £11,500              | £11,000 |
| Personal savings allowance | Basic rate taxpayer  | £1,000  |
|                            | Higher rate taxpayer | £500    |
| Dividend allowance         | £5,000               | £5,000  |
| Marriage allowance**       | £1,150               | £1,100  |
| Trading allowance***       | £1,000               | N/A     |
| Property allowance***      | £1,000               | N/A     |
| Rent a room allowance      | £7,500               | £7,500  |
| Blind person's allowance   | £2,320               | £2,290  |

\* The personal allowance is reduced by £1 for each £2 of income from £100,000 to £123,000 (2016/17, £122,000).

\*\* Available for basic rate taxpayers.

\*\*\* Note that landlords and traders with gross income from this source in excess of £1,000 can deduct the allowance from their gross income as an alternative to claiming expenses.

## ■ Allowances that reduce tax

|  | 2017/18 | 2016/17 |
|--|---------|---------|
| Married couple's allowance (MCA) tax reduction | £844.50 | £835.50 |

Available to people born before 6 April 1935. The age for MCA is that of the elder spouse or civil partner. The loss of tax reduction is 10p for each £2 of income above £28,000 (2016/17, £27,700) until £326 (2016/17, £322) is reached.

## ■ High income child benefit charge

|           | 2017/18 | 2016/17 |
|-----------|---------|---------|
| Threshold | £50,000 | £50,000 |

There is a tax charge of 1% of the child benefit received for each £100 that the threshold is exceeded up to a maximum of 100%.

## VEHICLE AND FUEL BENEFITS IN KIND (BIK)

The taxable BIK is calculated as a percentage of the car's UK list price. The percentage depends on the car's CO<sub>2</sub> emissions in grams per kilometre (g/km).

| Emissions         | Petrol                                 | Diesel |
|-------------------|--|--------|
| 0 – 50g/km        | 9%                                     | 12%    |
| 51 – 75g/km       | 13%                                    | 16%    |
| 76 – 94g/km       | 17%                                    | 20%    |
| Over 94g/km       | add 1% for every 5g/km or part thereof |        |
| 190g/km* and over | 37% maximum                            |        |

\* Over 174g/km for diesel.

The list price is on the day before first registration, including most accessories and is reduced by any employee's capital contribution (max £5,000) when the car is first made available.

Where the cost of all fuel for private use is borne by the employee, the fuel benefit is nil. Otherwise, the fuel benefit is calculated by applying the car benefit percentage (above) to £22,600 (2016/17, £22,200).

Vans where private use is more than home to work travel; £3,230 (2016/17, £3,170) benefit and £610 (2016/17, £598) for private fuel. Payments by employees for private use may reduce these BIK. Vans with zero emissions have a benefit of £646 (2016/17, £634).

## TAX-FREE MILEAGE ALLOWANCES

|                    |                             |     |
|--------------------|-----------------------------|-----|
| Cars and vans      | First 10,000 business miles | 45p |
|                    | Thereafter                  | 25p |
| Motorcycles        | 24p                         |     |
| Bicycles           | 20p                         |     |
| Business passenger | 5p                          |     |

For national insurance purposes: 45p for all business miles for cars and vans.

## CAPITAL GAINS TAX

|  |                        | 2017/18 | 2016/17 |
|--|------------------------|---------|---------|
| Main rates   | Individual basic rate  | 10%     | 10%     |
|  | Individual higher rate | 20%     | 20%     |
|  | Trusts and estates     | 20%     | 20%     |
| Gains on residential property not eligible for PPR relief and carried interest | Individual basic rate  | 18%     | 18%     |
|  | Individual higher rate | 28%     | 28%     |
|  | Trusts and estates     | 28%     | 28%     |
| Annual exemption   | Individuals            | £11,300 | £11,100 |
|  | Trusts                 | £5,650  | £5,550  |
| Entrepreneurs' relief  | Applicable rate        | 10%     | 10%     |
|  | Lifetime limit         | £10m    | £10m    |
| Investors' relief  | Applicable rate        | 10%     | 10%     |
|  | Lifetime limit         | £10m    | £10m    |

## INHERITANCE TAX

|   | 2017/18  | 2016/17  |
|---|----------|----------|
| Nil-rate band threshold*  | £325,000 | £325,000 |
| Main residence nil-rate band**  | £100,000 | N/A      |
| Combined threshold limit for married couples and civil partners, including main residence nil-rate band | £850,000 | £650,000 |

\* Up to 100% of any unused part of a deceased person's nil-rate band can be claimed by the surviving spouse/civil partner on their death.

\*\* For estates worth in excess of £2m, the additional main residence nil-rate band will be tapered at a withdrawal rate of £1 for every £2 over the threshold.

### ■ Tax rates

|  | 2017/18 | 2016/17 |
|--|---------|---------|
| Main rate                                | 40%     | 40%     |
| Chargeable on lifetime transfers         | 20%     | 20%     |
| Transfers on or within 7 years of death* | 40%     | 40%     |
| Reduced rate**                           | 36%     | 36%     |

\* All lifetime transfers not covered by exemptions and made within 7 years of death will be added back into the estate for the purposes of calculating the tax payable. This may then be reduced as shown in next the table.

\*\* Applies if 10% or more of net estate given to charity.

| Years before death | 0-3 | 3-4 | 4-5 | 5-6 | 6-7 |
|--------------------|-----|-----|-----|-----|-----|
| Tax reduced by     | 0%  | 20% | 40% | 60% | 80% |

Contact us about exemptions.

## COMPANY TAXATION

| Financial year from 1 April | 2017  | 2016  |
|-----------------------------|-------|-------|
| Corporation tax rate        | 19%   | 20%   |
| Loan to participators       | 32.5% | 32.5% |
| Diverted profits tax        | 25%   | 25%   |

## MAIN CAPITAL ALLOWANCES

### ■ Initial allowances

|  |      |
|--|------|
| First year allowance: for certain environmentally beneficial equipment, new and unused electric and low CO <sub>2</sub> emission cars (up to 75g/km) | 100% |
| Annual investment allowance: on first £200,000 (excludes cars)   | 100% |

### ■ Writing down allowances

|  |                  |     |
|--|------------------|-----|
| Other plant and machinery  | 18%              |     |
| Long-life assets, integral features of buildings, thermal insulation | 8%               |     |
| Cars   | 76g/km – 130g/km | 18% |
|  | Over 130g/km     | 8%  |
| Patent rights and know how – annual reducing balance                 | 25%              |     |

## VALUE ADDED TAX

| From 1 April  | 2017 | 2016 |
|---------------|------|------|
| Standard rate | 20%  | 20%  |
| VAT fraction  | 1/6  | 1/6  |
| Reduced rate  | 5%   | 5%   |
| VAT fraction  | 1/21 | 1/21 |

### ■ Taxable turnover limits

| From 1 April  | 2017       | 2016       |
|---|------------|------------|
| Registration (last 12 months or next 30 days) over                                  | £85,000    | £83,000    |
| Deregistration (next year) under  | £83,000    | £81,000    |
| Registration for distance selling into the UK (last 12 months or next 30 days) over | £70,000    | £70,000    |
| Annual accounting scheme  | £1,350,000 | £1,350,000 |
| Cash accounting scheme  | £1,350,000 | £1,350,000 |
| Flat rate scheme  | £150,000   | £150,000   |

# NATIONAL INSURANCE

| Class 1                |      |                        |         |
|------------------------|------|------------------------|---------|
| Employee               |      | Employer               |         |
| Earnings per week      |      |                        |         |
| Up to £157             | nil* | Up to £157             | 0%      |
| From £157.01 to £866   | 12%  | Over £157              | 13.8%** |
| Over £866              | 2%   |                        |         |
| Over state pension age | 0%   | Over state pension age | 13.8%   |

\* Entitlement to contribution based benefits are retained for earnings between £113 and £157 per week.

\*\* 0% for employees under 21 and apprentices under 25 on earnings up to £866 per week.

| Class 1A             |       |
|----------------------|-------|
| On relevant benefits | 13.8% |

| Class 2                                     |                  |
|---|------------------|
| Self-employed above small profits threshold | £2.85 per week   |
| Small profits threshold                     | £6,025 per annum |

| Class 3   |                 |
|-----------|-----------------|
| Voluntary | £14.25 per week |

| Class 4*                                |    |
|---|----|
| Self-employed on profits £8,164-£45,000 | 9% |
| Over £45,000                            | 2% |

\* Exemption applies if the state retirement age is reached by 6 April 2017.

## ■ Employment allowance

|   |         |
|---|---------|
| Per employer, per year (excluding 1 person companies) | £3,000* |
|---|---------|

\* 1 claim only for companies in a group or under common control. Not available where the director is the only employee paid earnings above the secondary threshold for class 1 national insurance contributions.

## ■ Apprenticeship levy

A levy of 0.5% applies where the payroll exceeds £3 million. There is an allowance of £15,000. Further conditions apply so please consult with us.

## IMPORTANT NOTICE

These rates and allowances are based on Budget 2017 and are for information only. They are subject to confirmation by the Finance Act 2017. Rates apply to the UK unless where indicated otherwise. Contact us to discuss your planning.

## RESEARCH AND DEVELOPMENT COSTS

| Research and development (R&D)               |      |
|--|------|
| Revenue expenditure - SMEs                   | 230% |
| Large company R&D taxable expenditure credit | 11%  |
| Capital expenditure - all companies          | 100% |

## TAX INCENTIVISED INVESTMENT

| Annual investment limit                   | 2017/18    | 2016/17    |
|---|------------|------------|
| ISA                                       | £20,000    | £15,240    |
| Lifetime ISA                              | £4,000     | N/A        |
| Junior ISA and Child Trust Fund           | £4,128     | £4,080     |
| Venture Capital Trust at 30%              | £200,000   | £200,000   |
| Enterprise Investment Scheme (EIS) at 30% | £1,000,000 | £1,000,000 |
| Seed EIS (SEIS) at 50%                    | £100,000   | £100,000   |
| SEIS capital gains tax investment relief  | 50%        | 50%        |
| Social investment tax relief at 30%       | £1,000,000 | £1,000,000 |

## REGISTERED PENSIONS

|                                    |   |
|------------------------------------|---|
| Lifetime allowance limit           | £1,000,000  |
| Annual allowance limit             | £40,000*  |
| Money purchase annual allowance    | £4,000 (2016/17, £10,000)                           |
| Individuals                        | £3,600 or 100% of net relevant earnings to £40,000* |
| Employers                          | £40,000* less employee contributions                |
| Minimum age for accessing benefits | 55  |
| On cumulative benefits exceeding   | £1,000,000  |

\* Tapered at a rate of 50% of income > £150,000 where income plus employer contributions exceeds £150,000 and income exceeds £110,000.

The unused amount of the annual allowance can be carried forward up to 3 years and used once the current year annual allowance has been fully utilised.

## STAMP TAXES

Stamp duty is payable at a rate of 0.5% on certain transfers of shares and securities of £1,000 and over.

The incremental rate of stamp duty land tax is only payable on the part of the property price within each land tax band.

### ■ Stamp duty land tax

| On the transfer of residential* property |       | On the transfer of non-residential property |    |
|--|-------|---|----|
| Less than £125,000                       | 0%    | Less than £150,000                          | 0% |
| From £125,001 to £250,000                | 2%    | From £150,001 to £250,000                   | 2% |
| From £250,001 to £925,000                | 5%    | Over £250,000                               | 5% |
| From £925,001 to £1,500,000              | 10%   |   |    |
| Over £1,500,000                          | 12%   |   |    |
| Over £500,000                            | 15%** |   |    |

\* Additional 3% rate applies to second properties over £40,000.

\*\* For purchases by companies and other certain non-natural persons, subject to certain exclusions.

### ■ Land and buildings transaction tax in Scotland

| On the transfer of residential* property |     | On the transfer of non-residential property |      |
|--|-----|---|------|
| £0 - £145,000                            | 0%  | £0 - £150,000                               | 0%   |
| £145,001 - £250,000                      | 2%  | £150,001 - £350,000                         | 3%   |
| £250,001 - £325,000                      | 5%  | Over £350,000                               | 4.5% |
| £325,001 - £750,000                      | 10% |   |      |
| Over £750,000                            | 12% |   |      |

\* Additional 3% rate applies to second properties over £40,000.

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