

Guide from

PGD Accountants

Tel: 01271 268082 Email:pgdaccountants@talktalkbusiness.net www.pgdaccountants.com

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **2015/16** | | **2016/17** | |
|  | **£** | | **£** | |
| **Income tax rates - (non-dividend income)** | | | | |
| 10% lower rate tax - savings rate only | Up to 5,000 | | Up to 5,000 | |
| 20% basic rate tax | Up to 31,785 | | Up to 32,000 | |
| 40% higher rate tax | 31,786 - 150,000 | | 32,001 to 150,000 | |
| 45% additional rate tax | Above £150,000 | | Above £150,000 | |
| *From 2008-09 10% starting rate applies to savings income only and will not apply if non-savings income exceeds threshold.* | | | | |
| **Income tax rates - (dividend income)** | | | | |
| 10% rate | Up to 31,785 | | n/a | |
| 32.5% higher dividend rate | 31,786 - 150,000 | | n/a | |
| 37.5% additional dividend rate | Above £150,000 | | n/a | |
| **Income tax rates – (dividend income new rules from 5/4/2016)** | | | | |
| Up to £ 5000 | n/a | | 0% | |
| £ 5000 - £ 32,000 | n/a | | 7.5% | |
| £32,001 – £150,000 | n/a | | 32.5% | |
| Above £ 150,000 | n/a | | 38.1% | |
| *From April 2016, notional 10% tax credit on dividends will be abolished* | | | | |
| **Child benefit/Guardian's allowance rates** | | | | |
| Higher rate (eldest child only) (per week) | | 20.70 | | 20.70 |
| Other children | | 13.70 | | 13.70 |
| Guardian's allowance | | 16.55 | | 16.55 |
| |  | | --- | | *An income tax charge will apply to taxpayers with income exceeding £50,000 in a tax year, when child benefit is also received by them or their partner. The charge will reduce the financial benefit of receiving child benefit for those with income between £50,000 and £60,000 and remove it completely for taxpayers with income above £60,000.* | | | | | |
| **Personal allowances** | | | | |
| Personal allowance those born after 5 April 1948 | 10,600 | | 11,000 | |
| Personal allowance those born between 6 April 1938 and 5 April 1948 – note 2 | 10,600 | | n/a | |
| Personal allowance those born before 6 April 1938 – note 2 | 10,660 | | n/a | |
| Married couple’s allowance those born before 6 April 1935 – note 3 | 8,355 | | 8,355 | |
| Married couple’s allowance – minimum amount – note 3 | 3,220 | | 3,220 | |
| Transferable married allowance | 1,060 | | 1,100 | |
| Micro entrepreneurs allowance |  | |  | |
| Individuals making property or trading incomes below the level of the allowance would no longer need to declare or pay tax, while those who exceeded the level from their online activity can benefit by simply deducting the allowance instead of calculating their exact expenses. | n/a | | Allowance - £ 1,000 | |
| Income limit – note 2 | 100,000 | | 100,000 | |
| Income limit for personal allowances (born before 6 April 1948) | 27,700 | | n/a | |
| Blind person's allowance | 2,290 | | 2,290 | |
| Rent-a-room relief | 4,250 | | 7,500 | |
| Transferable tax allowance for married couples and civil partners | 1,060 | | 1,100 | |
| Personal savings allowance for basic rate tax payers – note 4 | n/a | | 1,000 | |
| Personal savings allowance for higher rate tax payers – note 4 | n/a | | 500 | |
| *1 Abatement of personal allowance will apply of £1 for every £2 of taxable income in excess of income limit.*  *2 From 2016-17 onwards, all individuals will be entitled to the same personal allowance, regardless of the individuals’ date of birth. This allowance is subject to the £100,000 income limit which applies regardless of the individual’s date of birth*  *3 This allowance is subject to the £27,700 income limit. The individual’s married couple’s allowance is reduced by £1 for every £2 above the limit. That reduction only applies after any reduction to their personal allowance. The relief for this allowance is given at 10%*  *4 Basic rate tax will no longer be deducted from personal savings interest.* | | | | |

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **National insurance** | | | | | | | | | | | | |
| Lower earnings limit, primary Class 1 (per week) | | | 112 | | | | | | | 112 | | |
| Upper earnings limit, primary Class 1 (per week) | | | 815 | | | | | | | 827 | | |
| Apprentice upper secondary threshold (AUST) for under 21s/ 25s | | | 815 | | | | | | | 827 | | |
| Primary threshold (per week) | | | 155 | | | | | | | 155 | | |
| Secondary threshold (per week) | | | 156 | | | | | | | 156 | | |
| Employment allowance (per year per employer) – note 2 | | | 2,000 | | | | | | | 3,000 | | |
| Employee's primary Class 1 rate between primary threshold and upper earnings limit | | | 12% | | | | | | | 12% | | |
| Employee's primary Class 1 rate above upper earnings limit | | | 2% | | | | | | | 2% | | |
| Married woman's reduced rate between primary threshold and upper earnings limit | | | 5.85% | | | | | | | 5.85% | | |
| Married woman's rate above upper earnings limit | | | 2.00% | | | | | | | 2.00% | | |
| Employer's secondary Class 1 rate above secondary threshold | | | 13.80% | | | | | | | 13.80% | | |
| Employer's secondary Class 1 rate above secondary threshold (contracted out) | | | 10.40% | | | | | | | n/a | | |
| Class 2 rate (per week where profits are above small profits threshold) | | | 2.80 | | | | | | | 2.80 | | |
| Class 2 small profits threshold (per year) | | | 5,965 | | | | | | | 5,965 | | |
| Special Class 2 rate for share fishermen (per week) | | | 3.45 | | | | | | | 3.45 | | |
| Special Class 2 rate for volunteer development workers | | | 5.60 | | | | | | | 5.60 | | |
| Class 3 rate (per week) | | | 14.10 | | | | | | | 14.10 | | |
| Class 4 lower profits limit | | | 8,060 | | | | | | | 8,060 | | |
| Class 4 upper profits limit | | | 42,385 | | | | | | | 43,000 | | |
| Class 4 rate between lower profits limit and upper profits limit | | | 9.00% | | | | | | | 9.00% | | |
| Class 4 rate above upper profits limit | | | 2.00% | | | | | | | 2.00% | | |
| *1 From April 2016 employers of apprentices under the age of 25 will no longer be required to*  *pay secondary Class 1 (employer) National Insurance contributions (NICs) on earnings up to*  *the Upper Earnings Limit (UEL), for those employees.*  *2 From April 2016,companies where the director is the sole employee will no longer be able to claim the Employment Allowance* | | | | | | | | | | | | |
| **Pensions** | | | | | | | | | | | | |
| Annual allowance | | | 40,000 | | | | | | | 40,000 | | |
| Lifetime allowance | | | 1,250,000 | | | | | | | 1,000,000 | | |
| *The Finance Bill 2015 provides that from tax year 2016/17 the annual allowance for those earning above £150,000 is to be reduced on a tapering basis so that it reduces to £10,000 for those earning above £210,000. For every £2 of income above £150,000, an individual’s annual allowance will reduce by £1.* | | | | | | | | | | | | |
| **Relief's and incentives** | | | | | | | | | | | | |
| Enterprise Investment Scheme (EIS) - maximum | | | 1,000,000 | | | | | | | 1,000,000 | | |
| Venture Capital Trust (VCT) - maximum | | | 200,000 | | | | | | | 200,000 | | |
| Enterprise Management Incentive Scheme (EMI) - employee limit | | | 250,000 | | | | | | | 250,000 | | |
| Seed Enterprise Investment Scheme (SEIS) - maximum | | | 100,000 | | | | | | | 100,000 | | |
| Income tax relief on EIS schemes | | | 30% | | | | | | | 30% | | |
| Income tax relief on VCT schemes | | | 30% | | | | | | | 30% | | |
| Income tax relief on SEIS schemes | | | 50% | | | | | | | 50% | | |
| **Individual Savings Account (ISA):** | | | | | | | | | | | | | |
| New ISA (NISA) limits | | | | | | | | | | | | | |
| New ISA (NISA) annual limit | | | | | | | 15,240 | | | | | 15,240 | |
| New Junior ISA investment annual limit | | | | | | | 4,080 | | | | | 4,080 | |
| New child value of Child Trust Fund annual limit | | | | | | | 4,080 | | | | | 4,080 | |
| **Capital gains tax** | | | | | | | | | | | | | |
| Rate | | - basic rate tax payer – note 1 | | | | 18% | | | | | 10% | | |
|  | | - higher rate tax payer – note 1 | | | | 28% | | | | | 20% | | |
| Annual exemptions – individuals (per year) | | | | | | 11,100 | | | | | 11,100 | | |
| Certain trusts for disabled persons (per year) | | | | | | 11,100 | | | | | 11,100 | | |
| Other trusts (per year) | | | | | | 5,550 | | | | | 5,550 | | |
| Entrepreneurs Relief lifetime limit | | | | | | 10,000,000 | | | | | 10,000,000 | | |
| Entrepreneurs Rate | | | | | | 10% | | | | | 10% | | |
| Chattels exemption - up to | | | | | | 6,000 | | | | | 6,000 | | |
| *1 The 2016/17 reduction does not apply to residential property (where not covered by PPR relief)* | | | | | | | | | | | | | |
| **Inheritance tax** | | | | | | | | | | | | | |
| Single persons nil rate band | | | | | 1 - 325,000 | | | | 1 - 325,000 | | | | |
| Single persons 40% band | | | | | over 325,000 | | | | over 325,000 | | | | |
| Married couples or civil partnerships allowance nil rate band | | | | | 650,000 | | | | 650,000 | | | | |
| Gifts to charities | | | | | Exempt | | | | Exempt | | | | |
| Small gifts to same person | | | | | 250 | | | | 250 | | | | |
| General gifts | | | | | 3,000 | | | | 3,000 | | | | |
| Wedding gifts: | | | | | | | | | | | | | |
| From: | Parent | | | | 5,000 | | | | 5,000 | | | | |
|  | Grandparent/party | | | | 2,500 | | | | 2,500 | | | | |
|  | Other person | | | | 1,000 | | | | 1,000 | | | | |
| *From 6 April 2012 a reduced rate of IHT of 36% will be introduced where 10% or more of the net estate is left to charity.* | | | | | | | | | | | | | |
| Business Property Relief | | | | | | | | | | | | | |
| Business or interest in a business and transfer if unquoted shareholdings | | | | | 100% | | | | 100% | | | | |
| Transfers out of a controlling shareholding in quoted companies, land and buildings, plant and machinery used in a qualifying company or partnership | | | | | 50% | | | | 50% | | | | |
| **Taxation of trusts** | | | | | | | | | | | | | |
| Accumulation or discretionary trusts: | | | | |  | | | |  | | | | |
| Trust income up to £1,000 – dividend type income | | | | | 10% | | | | Not confirmed | | | | |
| Trust income up to £1,000 – all other income | | | | | 20% | | | | 20% | | | | |
| Trust income over £1,000 – dividend type income | | | | | 37.5% | | | | Not confirmed | | | | |
| Trust income over £1,000 – all other income | | | | | 45% | | | | 45% | | | | |
| Bare trusts: | | | | |  | | | |  | | | | |
| Dividend type income | | | | | 10% | | | | Not confirmed | | | | |
| All other income | | | | | 20% | | | | 20% | | | | |
| **Corporation tax** | | | | | | | | | | | | | |
| All profits and gains (excluding determination agreements and diverted profits) | | | | | 20% | | | | 20% | | | | |
| **Capital Allowances** | | | | | | | | | | | | | |
| Main writing down allowance (reducing balance) | | | | | 18% | | | | 18% | | | | |
| Special rate writing down allowance (reducing balance) | | | | | 8% | | | | 8% | | | | |
| First year allowances for certain energy-saving/water efficient products | | | | | 100% | | | | 100% | | | | |
| Annual investment allowance | | | | | 100% | | | | 100% | | | | |
| *AIA level set permanently from 1 January 2016 at £200,000 pa* | | | | |  | | | |  | | | | |
| **Research and Development Tax Credit Rates** | | | | | | | | | | | | | |
| SME Rate | | | | | 230% | | | | 230% | | | | |
| Large company rate | | | | | 130% | | | | 130% | | | | |
| Large companies expenditure credit scheme (LCEC) scheme | | | | | 10% | | | | n/a | | | | |
| Research and development expenditure credit (RDEC) scheme | | | | | n/a | | | | 11% | | | | |
| *The RDEC scheme replaces the LCEC scheme from April 2016* | | | | |  | | | |  | | | | |
| **Patent Box** | | | | | | | | | | | | | |
| Patent box | | | | | 10% | | | | 10% | | | | |
| |  | | --- | | *The Patent box regime will phased in from April 2013 with companies able to claim the benefit of* | | *60% for 2013/14, 70% for 2014/15, 80% for 2015/16, 90% for 2016/17 and 100% from 2017/18 onwards* | | | | | | | | | | | | | | |
| **VAT** | | | | | | | | | | | | | |
| Standard rate | | | | | 20% | | | | 20% | | | | |
| Reduced rate | | | | | 5% | | | | 5% | | | | |
| Zero rate | | | | | 0% | | | | 0% | | | | |
| Normal scheme registration threshold | | | | | 82,000 | | | | 83,000 | | | | |
| Deregistration threshold | | | | | 80,000 | | | | 81,000 | | | | |
| Cash accounting scheme -maximum to join | | | | | 1,350,000 | | | | 1,350,000 | | | | |
| Cash accounting scheme - exit threshold | | | | | 1,600,000 | | | | 1,600,000 | | | | |
| Annual accounting scheme – maximum to join | | | | | 1,350,000 | | | | 1,350,000 | | | | |
| Annual accounting scheme – exit threshold | | | | | 1,600,000 | | | | 1,600,000 | | | | |
| Flat rate scheme – maximum allowed to join | | | | | 150,000 | | | | 150,000 | | | | |
| Flat rate scheme exit threshold | | | | | 230,000 | | | | 230,000 | | | | |
| **Annual Tax on Enveloped Dwellings (ATED)** | | | | | | | | | | | | |
| More than £0.5m but not more than £1m | | | | n/a | | | | £3,500 | | | | |
| More than £1m but not more than £2m | | | | £7,000 | | | | £7,000 | | | | |
| More than £2m but not more than £5m | | | | £23,350 | | | | £23,350 | | | | |
| More than £5m but not more than £10m | | | | £54,450 | | | | £54,450 | | | | |
| More than £10m but not more than £20m | | | | £109,050 | | | | £109,050 | | | | |
| More than £20m | | | | £218,200 | | | | £218,200 | | | | |

**ACCA LEGAL NOTICE**

This is a basic guide prepared by ACCA UK's Technical Advisory Service for members and their clients. It should not be used as a definitive guide, since individual circumstances may vary. Specific advice should be obtained, where necessary.