



TAX FACTS

2016/2017

Tax is complicated,
so you need the facts

INCOME TAX RATES

2015/16	Band	2016/17	Band
Basic rate: 20%	£0 – £31,785	Basic rate: 20%	£0 – £32,000
Higher rate: 40%	£31,786 – £150,000	Higher rate: 40%	£32,001 – £150,000
Additional rate: 45%	Over £150,000	Additional rate: 45%	Over £150,000

INCOME TAX RATES FOR SAVINGS

	2015/16	2016/17
Savings income for basic rate taxpayers	20%*	20%*
Dividends for basic rate taxpayers	10%	7.5%
Dividends for higher rate taxpayers	32.5%	32.5%
Dividends for additional rate taxpayers	37.5%	38.1%
Higher rate taxpayers other income	40%	40%
Additional rate taxpayers other income	45%	45%

Trusts Standard Rate Band £1,000

* A 0% starting rate applies to savings income up to £5,000 for 2015/16 and 2016/17. The starting rate is not available if non-savings income exceeds these limits.

Scottish Rate of Income Tax applies from 6.4.2016. Effective rates and allowances for 2016/17 are the same as the rest of the UK.

MAIN INCOME TAX RELIEFS

Allowances		2015/16	2016/17
Personal allowance *	Born after 5.4.1938	£10,600	£11,000
Age related #	Born before 6.4.1938	£10,660	£11,000
Married couple's allowance ø	Spouse/civil partner born before 6.4.1935	£8,355	£8,355
Minimum MCA		£3,220	£3,220
Blind person's allowance		£2,290	£2,290
Marriage allowance **		£1,060	£1,100
Personal allowance income limit		£100,000	£100,000
Age allowance / MCA income limit		£27,700	£27,700
Dividend allowance		n/a	£5,000
Personal savings allowance	Basic rate tax taxpayers	n/a	£1,000
	Higher rate taxpayers	n/a	£500
Enterprise investment scheme relief at 30%		£1 million	£1 million
Venture capital trust relief at 30%		£200,000	£200,000

* Personal allowance reduces by £1 for every £2 of adjusted net income in excess of the personal allowance income limit.

Age related personal allowance reduces by £1 for every £2 of adjusted net income in excess of the age allowance income limit, to a minimum of the standard personal allowance, unless adjusted net income exceeds the personal allowance income limit.

ø Married couple's allowance (MCA) available provided at least one spouse/civil partner born before 6.4.1935. MCA reduces by £1 for every £2 of adjusted net income in excess of the age allowance income limit, but not below the minimum MCA. Relief at 10% only.

** Marriage allowance. One spouse/ civil partner can transfer up to 10% of their personal allowance to the other, provided neither pays tax above the basic rate.

COMPANY CAR BENEFIT

The tax charge is calculated as a percentage – ranging from 5% to 37% for 2015/16 and 2016/17 – which is determined by the CO2 emissions figure for the car. For diesel cars, there is an extra charge of up to 3% subject to a maximum of 37%.

CAR FUEL BENEFIT

The tax charge is calculated using the same percentage as the company car charge (as above) applied to a set figure of £22,100 for 2015/16 and £22,200 for 2016/17.

VALUE ADDED TAX

	From 1.4.2015	From 1.4.2016
Standard rate	20%	20%
Registration level	£82,000	£83,000
De-registration level	£80,000	£81,000

CORPORATION TAX

	Year to 31.3.2016	Year to 31.3.2017
All taxable profits	20%	20%

CAPITAL GAINS TAX

Exemptions	2015/16	2016/17
Individuals & LPRs*	£11,100	£11,100
Trusts	£5,550	£5,550

* Legal personal representatives (LPRs) are entitled to the annual exemption in the tax year of death and the next two tax years.

Rates	2015/16	2016/17
Individuals' gains:		
• within available basic rate tax band	18%	10%*
• on the balance	28%	20%*
Trustees' & LPRs' gains	28%	20%*
Entrepreneurs' gains:		
• On first £10m #	10%	10%
• On the balance	18%/28%	10%/20%*

Companies' gains charged at corporation tax rate. Indexation allowance is available.

* 18% & 28% rates apply to residential property (not covered by principal private residence relief) and carried interest.

Additional £10m lifetime limit on gains for external investors - applies with effect from 2016/17.

INHERITANCE TAX

Chargeable transfers	2015/16	2016/17
Nil rate limit	£325,000	£325,000
Tax on excess value for potentially exempt or chargeable transfers on or within 7 years of death	40%	40%
Tax on excess value for chargeable transfers on death where 10% or more of net estate left to charity	36%	36%
Tax on excess value for other chargeable lifetime transfers	20%	20%

Reduced tax charge on gifts within 7 years before death					
Years before death	0-3	3-4	4-5	5-6	6-7
% of death charge	100	80	60	40	20

Main exemptions		
Gifts to charities (EU & specified countries)		Unlimited
Gifts between UK domiciled spouses		Unlimited
Annual		£3,000
Small gifts to any one person		£250
Gifts on marriage / civil partnership from:	Parent	£5,000
	Party to marriage / civil partnership or grandparent	£2,500
	Other	£1,000

STAMP DUTY LAND TAX

Residential Property # (not Scotland)	2015/16	2016/17
The part of the purchase price falling within:		
£0-£125,000	0%	0%*
£125,001-£250,000	2%	2%*
£250,001-£925,000	5%	5%*
£925,001-£1,500,000	10%	10%*
Over £1,500,000	12%	12%*

* From 1.4.2016, a 3% surcharge applies to additional residential properties worth £40,000 or more.

SDLT is charged at 15% on properties worth over £500,000 purchased in corporate envelopes.

LAND & BUILDINGS TRANSACTION TAX

Residential Property (Scotland)	2015/16	2016/17
The part of the purchase price falling within:		
£0-£145,000	0%	0%*
£145,001-£250,000	2%	2%*
£250,001-£325,000	5%	5%*
£325,001-£750,000	10%	10%*
Over £750,000	12%	12%*

* From 1.4.2016, a 3% surcharge applies to additional residential properties worth £40,000 or more.

MAIN DUE DATES FOR TAX PAYMENT

Income Tax

Interim payments: 31 January during the tax year and
31 July following the end of the tax year.

Final payment: 31 January following the end of the tax year.

Capital Gains Tax

Normally, 31 January following the end of the tax year.

Inheritance Tax

Death: Normally 6 months after the end of the month
of death.

Lifetime transfer: 6 months after the end of the month of the transfer.

Corporation Tax

**Taxable profits
up to £1.5 million:** 9 months and 1 day after the end of the
accounting period.

**Taxable profits
of more than
£1.5 million:** 14th day of months 7, 10, 13 and 16 after
the start of a 12 month accounting period.

SOCIAL SECURITY BENEFITS

		2015/16	2016/17
Child Benefit p.w.*	First child	£20.70	£20.70
	Other children	£13.70	£13.70
Pension Credit – Standard Minimum Income Guarantee p.w.	Single person	£151.20	£155.60
	Couple	£230.85	£237.55
Jobseeker's Allowance p.w. age 25 and over		Up to £73.10 for single person	Up to £73.10 for single person
State Pension p.w. (reached SPA by 5.4.2016)		£115.95	£119.30
Addition for spouse or civil partner p.w.		£69.50	£71.50
New State Pension p.w. (reached SPA from 6.4.2016)		n/a	£155.65

* Child benefit is reduced by 1% for every £100 of income over £50,000 where the recipient or their spouse/civil partner/cohabitee has adjusted net income over £50,000.

NATIONAL INSURANCE CONTRIBUTIONS

Class 1 Employees (Primary)

2015/16 Earnings p.w.	Employee	2016/17 Earnings p.w.	Employee
Below £155	Nil	Below £155	Nil
£155 - £815	12%	£155 - £827	12%
Over £815	2%	Over £827	2%

Class 1 Employers (Secondary)

2015/16 Earnings p.w.	Employer	2016/17 Earnings p.w.	Employer
Below £156	Nil	Below £156	Nil
£156 - £815 (under age 21)	Nil	£156 - £827 (U21s / apprentice U25s)	Nil
Over £156 (otherwise)	13.8%	Over £156 (otherwise)	13.8%

Class 1A: Generally the employer rate on all benefits in kind is 13.8% for 2015/16 and 2016/17.

Employment Allowance reduces overall employer class 1 NICs by up to £2,000 (2015/16) and £3,000 (2016/17), subject to conditions.

Contracted out of State Second Pension (S2P)

	2015/16	2016/17
Rate reduction on employee band earnings	£112 - £770	n/a
Employee	1.4%	n/a
Employer	3.4%	n/a

Contracting out for money purchase schemes was abolished with effect from 6.4.2012. It is abolished for defined benefit schemes with effect from 6.4.2016.

Band earnings for S2P

	2015/16			2016/17		
	Weekly	Monthly	Annual	Weekly	Monthly	Annual
Lower Limit	£112	£486	£5,824	n/a	n/a	n/a
Upper Limit	£770	£3,337	£40,040	n/a	n/a	n/a

Voluntary

		2015/16	2016/17
Class 3	Flat rate =	£14.10 p.w. £733.20 p.a.	£14.10 p.w. £733.20 p.a.

Self Employed

		2015/16	2016/17
Class 2	Flat rate = if profits over	£2.80 p.w. £145.60 p.a. £5,965 p.a.	£2.80 p.w. £145.60 p.a. £5,965 p.a.
Class 4	Rate = on profits	9% £8,060 - £42,385 Over £42,385 2%	9% £8,060 - £43,000 Over £43,000 2%

PENSIONS – MAXIMUM CONTRIBUTIONS LIMIT

The maximum amount of contributions on which a member can claim tax relief in any tax year is the greater of:

- the 'basic amount' – currently £3,600 gross, and
- the amount of the individual's relevant UK earnings that are chargeable to income tax for the year.

LIFETIME ALLOWANCE

Tax Year	Amount
2010/11 to 2011/12	£1.8 million
2012/13 to 2013/14	£1.5 million
2014/15 to 2015/16	£1.25 million
2016/17 to 2017/18	£1 million

Lifetime Allowance Charge (on excess): if benefits paid as a lump sum: 55%. If benefits are paid as a taxable pension: 25% with subsequent benefit taxed at individual's marginal rate.

ANNUAL ALLOWANCE

Tax Year	AA Amount	MPAA Amount
2010/11	£255,000	n/a
2011/12 to 2013/14	£50,000	n/a
2014/15	£40,000	n/a
2015/16	£40,000 *	£10,000 *
2016/17	£40,000 #	£10,000

Annual Allowance Charge (on excess): marginal income tax rate (from 2011/12).

Carry forward of up to 3 years unused annual allowance available from 2011/12.

Money Purchase Annual Allowance (MPAA): applies with no carry forward to money purchase pensions once flexible pension income taken (from 2015/16).

* Special provisions apply to 2015/16, in connection with aligning all Pension Input Periods to tax years from 2016/17.

Tapered by £1 for every £2 of 'adjusted income' over £150,000 to a minimum of £10,000 if 'threshold income' is also over £110,000.

S2P LET (Low Earnings Threshold)

2015/16	2016/17
£15,300	n/a

ISA LIMITS

	Overall Limit
ISA 2015/16	£15,240
ISA 2016/17	£15,240
Junior ISA / Child Trust Fund 2015/16	£4,080
Junior ISA / Child Trust Fund 2016/17	£4,080

Since 6.4.2015, the spouse/civil partner of deceased ISA saver (who died on/after 3.12.2014) has an additional ISA allowance equal to the value of the deceased's ISA(s) at the date of death.

This information is based on our understanding of the Chancellor's 16 March 2016 Budget proposals.

It must be remembered that the Chancellor's proposals could change during the passage of the Finance Bill.

Every care has been taken to ensure that this information is correct and in accordance with our understanding of the law and HM Revenue & Customs practice, which may change. However, independent confirmation should be obtained before acting or refraining from acting in reliance upon the information given.

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