

**Income Tax**

## Rates

	%	2016/17	%	2015/16
Basic	20	Up to £32,000	20	Up to £31,785
Higher	40	Between £32,001 and £150,000	40	£31,786 and £150,000
Additional	45	Above £150,000	45	Above £150,000

Non-savings income is taxed as the first slice of income followed by savings income and then dividends.

With effect from 6 April 2016 the 10% notional dividend tax credit is abolished and a Dividend Allowance of £5,000 per year has been introduced.

Starting rate for savings income is £5,000 and may be taxed at 0% for some low income earners.

## Allowances

	2016/17	2015/16
Personal Allowance	£11,000*	
Aged up to 64	-	£10,600*
Aged 65 to 74	-	£10,600*
Aged 75 and over	-	£10,660*

\* The personal allowance is reduced by £1 for every £2 of income above £100,000.

Spouses or civil partners may transfer £1,100 (£1,060) of their unused personal allowances to their partner, provided neither person pays higher rate tax.

A £30,000 levy applies to certain non-UK domiciled individuals wishing to use the remittance basis of taxation where they have been in the UK seven out of the previous nine years. For individuals in the UK for 12 out of the previous 14 years a £60,000 levy applies. Levy of £90,000 for individuals in the UK 17 out of previous 20 years.

**National Insurance Contributions**

## Rates

2016/17	
Class 1 (Earnings related)	
Weekly earnings	
<b>Employees</b>	
First £155	Nil
£155.01 - £827	12%
Over £827	2%
<b>Employers</b>	
Weekly earnings	
First £156	Nil
Over £156	13.8%
Employment Allowance	£3,000
Class 1A (Employer only on benefits in kind)	13.8%
*Class 2 (self-employed flat rate)	£2.80 per week
Small Profits Threshold	£5,965 per year
Class 3 (voluntary)	£14.10 per week
Class 4 (self-employed)	
Lower profits limit (LPL)	£8,060 per year
Upper profits limit (UPL)	£43,000 per year
Rate	
- between LPL - UPL	9%
- above UPL	2%

\*In Budget 2016 announced Class 2 NIC to be abolished from April 2018 with reforms to Class 4 NIC

**Stamp Duty Land Tax**

	Stamp Duty Land Tax (SDLT)		Stamp Duty / SDRT
Rate payable on chargeable consideration	UK land transactions		Transfers of shares
	Residential	Non-residential or mixed use	
2%	£125,001 - £250,000	2%	£150,001 - £250,000
5%	£250,001 - £925,000	5%	£250,001 - over £250,000
10%	£925,001 - £1.5m		
12%	Above £1.5m		

Subject to certain conditions

From 1 April 2016 higher rates of SDLT applies to purchases of additional residential properties in England, Wales and Northern Ireland such as second homes and buy to let properties acquired for more than £40,000.

SEED Enterprise Investment Scheme	2016/17	2015/16
Maximum investment for income tax relief	£100,000	£100,000
Rate of income tax relief	50%	50%

Taxable chargeable gains, limited to half of SEIS investment exempt  
Disposals of SEIS shares exempt from CGT

Enterprise Investment Scheme	2016/17	2015/16
Maximum investment for income tax relief	£1,000,000	£1,000,000
Rate of income tax relief	100%	100%

Income tax relief restricted to 30%. CGT deferral on gains on disposal of other assets also available.

Venture Capital Trust	
Maximum investment	£200,000 per annum
Income tax relief	30% on investment

Dividends received on qualifying VCTs exempt from income tax.

**Capital Gains Tax**

## Rates

Companies pay corporation tax on capital gains after indexation allowance at their normal rate. Gains and losses on sales of shareholdings of 10% or more in trading companies or trading groups are exempt, subject to certain exclusions.

From 6 April 2016 capital gains realised by individuals are taxed at a flat rate of 10% for basic rate taxpayers and 20% for higher or additional rate taxpayers. An 8% surcharge applies on gains on residential property and carried interest from 2016/17.

A rate of 10% applies to eligible gains up to £10m on assets qualifying for Entrepreneurs' Relief.

## Reliefs

	2016/17	2015/16
Annual gains exemption for individuals	£11,100	£11,100
Annual gains exemption for Trusts	£5,550	£5,550
Principal Private Residence*	100%	100%
Entrepreneurs' Relief (cumulative lifetime allowance)	£10,000,000	£10,000,000

\*Subject to conditions

## Individual Savings Accounts (ISA)

### Rates

	2016/17	2015/16
Annual investment limit	£15,240	£15,240
Junior ISA Maximum contribution	£4,080	£4,080

Income and gains on ISA investments are tax free.  
Junior ISA available for under 18s with no child trust fund

## Inheritance Tax

### Rates

	2016/17	2015/16
Nil	Up to £325,000	Up to £325,000
40%	Above £325,000	Above £325,000

Additional nil rate band to be introduced from 2017/18 which applies when a certain property is passed to a direct descendant.

Any unused nil-rate band may be transferred to the deceased's spouse or civil partner.

On death, any gifts made within the previous seven years will become taxable, but the tax payable will be reduced by tapering relief if the donor has survived at least three years.

Certain lifetime gifts are subject to inheritance tax. In these cases tax is charged at 20%.

Various reliefs and exemptions, including annual gifts up to £3,000 are available.

## Car and Car Fuel Benefits

### Cars

The taxable benefit in kind is a percentage of the car's list price according to the car's carbon dioxide emissions measured in grams per km and rounded down to the nearest 5g/km. There is a supplementary charge of 3% for diesel cars (now deferred to April 2021) up to the limit of 37%.

### Car Fuel

The taxable benefit in respect of fuel provided by an employer is the 'appropriate percentage' of £22,200 for 2016/17 (£22,100 2015/16).

### Approved Mileage Allowance Payments

	2016/17	2015/16
Own cars and vans*		
Up to 10,000 miles (per mile)	45p	45p
Over 10,000 miles (per mile)	25p	25p
Motor Cycle	24p	24p
Bicycle	20p	20p

\*Passengers - additional 5p per mile for each passenger employee travelling on business

## Pensions

	2016/17	2015/16
Annual contribution allowance 100% of salary		
Up to	£40,000	*£80,000
Permitted pension contribution (irrespective of salary)	£3,600	£3,600
Lifetime benefit allowance	£1,000,000	£1,250,000

\*Initially annual allowance was £40,000 but increased to £80,000 following announcements in July 2015

## Value Added Tax

	From 1 April 2016
Standard rate	20%
Reduced rate	5%
Registration limit - annual turnover above	£83,000
Deregistration threshold	£81,000
Simplified arrangements - annual turnover below	£1,350,000

## Corporation Tax

	From 1 April 2016	
	2016	2015
Main rate (Large and small companies)	20%	20%
Profit threshold for quarterly instalment payments	£1,500,000	£1,500,000

Rate of Corporation Tax to decrease to 19% 2017/18 and further reduction to 17% 2021.

## Capital Allowances

	2016/17
- Plant and machinery	18%
- Long life assets and integral features within a building)	8%
- energy saving/environmentally beneficial assets	100%
- 100% Annual Investment Allowance on expenditure*	£200,000
<b>Motor cars (CO<sup>2</sup>)</b>	
(if not second hand) low emission less than 76g/km	100%
Emissions exceed 76g/km but not 130g/km	18%*
Emissions exceed 130g/km	8%*
Commercial or industrial building in an enterprise zone*	100%
Research and development	100%
Business Premises Renovation Allowance*	100%

\*Subject to conditions

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