

Taxable Income Bands And Tax Rates

Starting rate limit for savings	2016/17	2015/16
Starting rate limit for savings	£5,000*	£5,000*
Basic rate band	£32,000	£31,785
Higher rate band	£32,001 - £150,000	£31,786-£150,000
Additional rate band	Over £150,000	Over £150,000
Non Savings Income		
Basic rate	20 %	20 %
Higher rate	40 %	40 %
Additional rate	45 %	45 %
Savings Income		
Starting rate for savings	0%**	0%**
Dividend Income		
Dividend ordinary rate	7.5 %	10%**
Dividend upper rate	32.5 %	32.5%**
Dividend additional rate	38.1 %	37.5%**

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

**Effective dividend tax rates for 2015/16 are 0%, 25% and 30.6%.

Allowances that reduce taxable income

	2016/17	2015/16
Personal allowance	£11,000	£10,600
Personal allowance born before 6 April 1938	£11,000	£10,660*
Personal savings allowance Basic rate tax payer	£1,000	n/a
Personal savings allowance Higher rate tax payer	£500	n/a
Dividend allowance	£5,000	n/a
Married couples/civil partners transferrable allowance	£1,100	£1,060
Rent a room	£7,500	£4,250
Blind person's allowance	£2,290	£2,290

The personal allowance is reduced by £1 for each £2 of income from £100,000 to £122,000 (2015/16, £121,200).

*For 2015/16 the higher personal allowance is reduced by £1 for each £2 of income above £27,700 until £10,600 is reached.

Allowances that reduce tax

	2016/17	2015/16
Married couple's allowance tax reduction	£835.50	£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 £27,700 (2015/16, £27,700) until £322 (2015/16, £322) is reached.

High income child benefit charge

	2016/17	2015/16
Threshold	£50,000	£50,000

There is a tax charge of 1% of the benefit per £100 of the adjusted net income over £50,000; 100% of the benefit when adjusted net income is over £60,000.

National Insurance

Class 1 (not contracted out)

Employee		Employer	
Earnings per week			
Up to £155	nil*	Up to £156	0%
From £155.01 to £827	12 %	Over £156	13.8%**
Over £827	2 %		
Over state pension age	0 %	Over state pension age	13.8 %

*Entitlement to contribution based benefits are retained for earnings between £112 and £155 per week. **0% for employees under 21 and apprentices under 25 on earnings up to £827 per week.

Class 1A

On relevant benefits	13.8 %
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Class 2

Self employed	£2.80 per week
Small profits threshold	£5,965 per annum

Class 3

Voluntary	£14.10 per week
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Class 4

Self employed on profits £8,060-£43,000	9 %
Over £43,000	2 %

Employment allowance

Per employer, per year (excluding 1 person companies)	£3,000
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Corporation Tax

Financial year to 31 March	2017	2016
Taxable profits main rate	20%*	20%

Note: rate falls to 19% from 1 April 2017

Main Capital Allowances

Initial allowances

First year allowance: for certain environmentally beneficial equipment, electric and low CO2 emission (up to 75g/km) cars – must be new and unused	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	75g/km or less	100 %
	76g/km – 130g/km	18 %
	Over 130g/km	8 %

Investment Reliefs – SEIS / EIS / VCT

Enterprise investment scheme EIS	Limit	£1,000,000
	Relief rate	30 %
Venture capital Trust VCT	Limit	£200,000
	Relief rate	30 %
Seed Enterprise investment scheme SEIS	Limit	£100,000
	Relief rate	50 %

ISAs and Junior ISAs

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

Capital Gains Tax

		2016/17	2015/16
Main rates	Individual basic rate band	10%	18%
	Individual higher rate band	20%	28%
Gains on residential property not eligible for PPR and carried interest	Individual basic rate band	18%	18%
	Individual higher rate band	28%	28%
Trusts	Main rate	20%	20%
	Residential property	28%	28%
Annual exemption	Individual	£11,100	£11,100
	Trusts	£5,550	£5,550
Entrepreneur's relief	Applicable rate	10%	10%
	Lifetime limit	£10m	£10m

Pension Contributions

Individuals	
Employees	
Minimum age for accessing benefits	55
On cumulative benefits exceeding	£1,000,000

*Plus unutilised allowances from the 3 previous years. Limit may be reduced to £10,000 once money purchase pensions are accessed. For 2016/17 annual allowance reduced by £1 for every £2 income over £150,000 to a minimum of £10,000; and to £10,000 maximum if certain pension drawings made

Stamp Duty

Shares

On transfers of shares and securities of £1,000 and over.	0.5%
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Property

On transfer of residential property *		On transfer of non-residential property	
Up to £125,000	0%	Up to £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%		

* For certain additional residential properties the rates are 3% higher.

Tax-free Mileage Allowances

Private cars and vans	First 10,000 business miles	45p
	Thereafter	25p
Motorcycles	24p	
Bicycles	20p	
Each qualifying passenger	5p	

Fuel only allowance for company cars

From 1 March 2016	Petrol	Diesel	LPG
Up to 1400cc *	10p	8p	7p
1401** - 2000cc	12p	10p	8p
Over 2000cc	19p	11p	13p

These rates are issued quarterly during the tax year. *1600cc for petrol. **1601cc for diesel. Hybrid cars are treated as either petrol or diesel cars.

Vehicle and Fuel Benefits-in-Kind

The taxable BIK is calculated as a percentage of the car's UK list price. The percentage depends on the car's CO2 emissions in grams per kilometre (g/km).

Emissions	Petrol	Diesel
0 - 50g/km	7%	10%
51 - 75g/km	11%	14%
76 - 94g/km	15%	18%
Over 94g/km	Add 1% for every 5g/km	
200g/km* and over	37% maximum	

*Over 184g/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 £22,200 (2015/16, £22,100).

Vans where private use is more than home to work travel; £3,170 (2015/16, £3,150) benefit and £598 (2015/16, £594) for private fuel. Payments by employees for private use may reduce these BIK. Vans with zero emissions have a benefit of £634 (2015/16, £630).

Inheritance Tax

	2016/17	2015/16
Single person's threshold	£325,000	£325,000
Combined threshold limit for married couples and civil partners	£650,000	£650,000

Tax rates

	2016/17	2015/16
Main rate on death	40%	40%
Chargeable lifetime transfers	20%	20%
Transfers 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 follows:

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

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

VAT

From 1 April	2016	2015
Standard rate	7%	10%
VAT fraction	1/6	1/6
Reduced rate	5%	5%
VAT fraction	1/21	1/21

Taxable turnover limits

From 1 April	2016	2015
Registration (last 12 months or next 30 days)	£83,000	£82,000
Deregistration (next year ender)	£81,000	£80,000
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

Important notice

Rates and allowances are based on Budget 2016. For information purposes only. Finovium Limited cannot be held liable for any errors or omissions contained in this document.