TAX CARD 2017/18

porter garland

Nurturing Client Growth

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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 Scottish basic rate band	£33,500 £31,500	£32,000 £32,000
Higher rate band Scottish higher rate band	£33,501-£150,000 £31,501-£150,000	£32,001-£150,000 £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	£1,000
	Higher rate taxpayer	£500	£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_2 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_2 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.