

# Tax Facts

Rates and Allowances Guide

2015/16



**HAZLEWOODS**

DRIVING LIFELONG PROSPERITY

The data in this card is based on releases from HM Treasury and HMRC.

## Income tax

### Personal allowances

|  | 2015/16 | 2014/15 |
|--|---------|---------|
| those born after 5 April 1948*                     | £10,600 | £10,000 |
| those born between 6 April 1938 and 5 April 1948** | £10,600 | £10,500 |
| those born before 6 April 1938**                   | £10,660 | £10,660 |
| Married couple's allowance#                        | £8,355  | £8,165  |
| Blind person's allowance                           | £2,290  | £2,230  |

From 2015/16 spouses or civil partners who are both basic rate taxpayers can elect to transfer 10% of their personal allowance between them.

\* Personal allowance is restricted by £1 for every £2 of income over £100,000, to a minimum of nil.

\*\* Age related allowances are restricted by £1 for every £2 of income over £27,700 (£27,000 for 2014/15). Age related personal allowances can be reduced below the basic personal allowance where income is above £100,000. Personal allowance is reduced before married couple's allowance.

# Married couple's allowance is given at the rate of 10%.

Married couple's allowance is reduced to a minimum of £3,220 (£3,140 for 2014/15).

### Rates

|         | Taxable income         | Income tax rate    | Dividend rate |
|---------|------------------------|--------------------|---------------|
| 2015/16 | Starting savings rate* | £0 - £5,000        | 0%            |
|         | Basic rate             | £0 - £31,785       | 20%           |
|         | Higher rate            | £31,786 - £150,000 | 40%           |
|         | Additional rate        | > £150,000         | 45%           |
| 2014/15 | Starting savings rate* | £0 - £2,880        | 10%           |
|         | Basic rate             | £0 - £31,865       | 20%           |
|         | Higher rate            | £31,866 - £150,000 | 40%           |
|         | Additional rate        | > £150,000         | 45%           |

\* The starting savings rate only applies to non-dividend savings income. If an individual's taxable non-savings income is above the starting rate limit, the starting rate will not apply.

From April 2016, a personal saving allowance of £1,000 will be available to basic rate tax payers and £500 to higher rate tax payers.

## Pensions

Tax relief is available on contributions subject to the annual allowance of £40,000. Unused allowance from the three previous tax years can be carried forward and added to the annual allowance. A charge is applied to any excess pension savings over and above the total allowance. The charge is linked to the individual's marginal rate.

A tax charge also arises if the value of the pension at retirement exceeds the lifetime allowance of £1,250,000. The tax charge is 55% if the amount over the lifetime allowance is paid as a lump sum and 25% if it is not taken as a lump sum.

From 2015/16 the annual allowance is reduced to £10,000 if more than 25% pension commencement lump sum has been drawn from a defined contribution pot, flexible drawdown has commenced or the income limit for capped drawdown has been exceeded.

The Lifetime allowance is set to reduce to £1,000,000 from 6 April 2016.

## Company car and fuel benefits

### Company cars

The car benefit is calculated by multiplying the list price of the car when new (not the purchase price) by a percentage that is dependent on the level of approved CO<sub>2</sub> emissions of the car.

| CO <sub>2</sub> emissions<br>in g/km | % of car's list<br>price to be taxed<br>2015/16 | % of car's list<br>price to be taxed<br>2014/15 |   |   |  |              |    |               |    |             |    |
|--------------------------------------|---|---|---|---|--|--------------|----|---------------|----|-------------|----|
| 0                                    | 5   | 0   | <ul style="list-style-type: none"> <li>For cars registered before 1 January 1998;           <table border="0" style="margin-left: 20px;"> <tr><td style="text-align: right;">%</td><td></td></tr> <tr><td>Up to 1400cc</td><td>15</td></tr> <tr><td>1401 – 2000cc</td><td>22</td></tr> <tr><td>Over 2000cc</td><td>32</td></tr> </table> </li> <li>For diesel cars add a 3% surcharge subject to the 37% (35% 2014/15) maximum. This addition will be abolished from April 2016.</li> </ul> | % |  | Up to 1400cc | 15 | 1401 – 2000cc | 22 | Over 2000cc | 32 |
| %                                    |   |   |   |   |  |              |    |               |    |             |    |
| Up to 1400cc                         | 15  |   |   |   |  |              |    |               |    |             |    |
| 1401 – 2000cc                        | 22  |   |   |   |  |              |    |               |    |             |    |
| Over 2000cc                          | 32  |   |   |   |  |              |    |               |    |             |    |
| 1-50                                 | 5   | 5   |   |   |  |              |    |               |    |             |    |
| 51-75                                | 9   | 5   |   |   |  |              |    |               |    |             |    |
| 76-94                                | 13  | 11  |   |   |  |              |    |               |    |             |    |
| 95-99                                | 14  | 12  |   |   |  |              |    |               |    |             |    |
| 100-104                              | 15  | 13  |   |   |  |              |    |               |    |             |    |
| 105-109                              | 16  | 14  |   |   |  |              |    |               |    |             |    |
| 110-114                              | 17  | 15  |   |   |  |              |    |               |    |             |    |
| 115-119                              | 18  | 16  |   |   |  |              |    |               |    |             |    |
| 120-124                              | 19  | 17  |   |   |  |              |    |               |    |             |    |
| 125-129                              | 20  | 18  |   |   |  |              |    |               |    |             |    |
| 130-134                              | 21  | 19  |   |   |  |              |    |               |    |             |    |
| 135-139                              | 22  | 20  |   |   |  |              |    |               |    |             |    |
| 140-144                              | 23  | 21  |   |   |  |              |    |               |    |             |    |
| 145-149                              | 24  | 22  |   |   |  |              |    |               |    |             |    |
| 150-154                              | 25  | 23  |   |   |  |              |    |               |    |             |    |
| 155-159                              | 26  | 24  |   |   |  |              |    |               |    |             |    |
| 160-164                              | 27  | 25  |   |   |  |              |    |               |    |             |    |
| 165-169                              | 28  | 26  |   |   |  |              |    |               |    |             |    |
| 170-174                              | 29  | 27  |   |   |  |              |    |               |    |             |    |
| 175-179                              | 30  | 28  |   |   |  |              |    |               |    |             |    |
| 180-184                              | 31  | 29  |   |   |  |              |    |               |    |             |    |
| 185-189                              | 32  | 30  |   |   |  |              |    |               |    |             |    |
| 190-194                              | 33  | 31  |   |   |  |              |    |               |    |             |    |
| 195-199                              | 34  | 32  |   |   |  |              |    |               |    |             |    |
| 200-204                              | 35  | 33  |   |   |  |              |    |               |    |             |    |
| 205-209                              | 36  | 34  |   |   |  |              |    |               |    |             |    |
| 210 and above                        | 37  | 35  |   |   |  |              |    |               |    |             |    |

### Fuel benefit

For 2015/16 the benefit is £22,100 (£21,700 2014/15) multiplied by the relevant percentage as shown above (plus 3% diesel supplement where applicable).

## Approved mileage rates

45p per mile for the first 10,000 miles and 25p for additional mileage above that limit. Employers can also pay up to 5p per mile for each employee who travels as a passenger on a business journey.

HMRC's approved 'tax-free' business mileage rates for employees using company cars are reviewed quarterly, with any changes taking effect from 1 March, 1 June, 1 September and 1 December. The rates are the maximum amount that can be paid without a charge to tax and NIC for business miles. If an employee receives less than these rates then they can claim tax relief on the difference.

The current rates can be found at: [www.hmrc.gov.uk/cars/advisory\\_fuel\\_current.htm](http://www.hmrc.gov.uk/cars/advisory_fuel_current.htm)

## National Insurance Contributions

|   | 2015/16  | 2014/15 |         |
|---|--|---------|---------|
| <b>Class 1 - Employers and Employees</b>  |  |         |         |
| Lower earnings limit (LEL) per week   | £112   | £111    |         |
| Primary threshold per week  | £155   | £153    |         |
| Secondary threshold per week  | £156   | £153    |         |
| Upper accrual point (UAP) per week  | £770   | £770    |         |
| Upper earnings limit (UEL) per week   | £815   | £805    |         |
| Earnings over the LEL qualify an individual for certain state benefits and must be reported under PAYE, but no employers or employees NICs are payable until earnings exceed the threshold of £155 per week (£153 for 2014/15). |  |         |         |
| Contributions above the UAP do not qualify for the second state pension or for contracting out.   |  |         |         |
| <b>Class 1 - Employers</b>  | - Rate above threshold (no upper limit)                    | 13.8%   | 13.8%   |
| <b>Class 1 - Employees</b>  | - Rate between primary threshold and UEL                   | 12%     | 12%     |
|   | - Rate above UEL   | 2%      | 2%      |
|   | - Contracted out   | 10.6%   | 10.6%   |
|   | - Married women and widows rate above threshold, below UEL | 5.85%   | 5.85%   |
| <b>Class 1A (Taxable benefits)</b>  |  | 13.8%   | 13.8%   |
| <b>Class 1B (PAYE Settlement Agreement)</b>   |  | 13.8%   | 13.8%   |
| <b>Class 2 (Self-employed)</b>  | - Small profits threshold                                  | £5,965  | £5,885  |
|   | - Flat rate per week                                       | £2.80   | £2.75   |
| <b>Class 3 (Voluntary)</b>  | - Flat rate per week                                       | £14.10  | £13.90  |
| <b>Class 4 (Self-employed)</b>  | - Lower limit  | £8,060  | £7,956  |
|   | - Upper limit  | £42,385 | £41,865 |
|   | - Rate between limits                                      | 9%      | 9%      |
|   | - Rate above upper limit                                   | 2%      | 2%      |
| <b>Employment Allowance (Per employer)</b>  |  | £2,000  | £2,000  |

## Stamp Duty Land Tax

| Residential property   | SDLT rate |
|--|-----------|
| Up to £125,000   | Zero      |
| Over £125,000 to £250,000  | 2%        |
| Over £250,000 to £925,000  | 5%        |
| Over £925,000 to £1,500,000                                      | 10%       |
| Over £1,500,000  | 12%       |
| Over £500,000 if bought by a non-natural person (e.g. a company) | 15%       |

From 4 December 2014 SDLT rates for residential property only apply to the proceeds that fall within that band to eliminate the 'cliff-edge' effect.

### Non residential or mixed use property

|  |      |
|--|------|
| Up to £150,000 – annual rent under £1,000      | Zero |
| Up to £150,000 – annual rent of £1,000 or more | 1%   |
| Over £150,000 to £250,000                      | 1%   |
| Over £250,000 to £500,000                      | 3%   |
| Over £500,000                                  | 4%   |

### Leases

Based on the net present value of the rent received under the terms of the lease. Duty payable is 1% of the net present value in excess of the nil rate bands as above.

### Other transfers

|                       |      |
|-----------------------|------|
| Intellectual property | Zero |
| Gifts                 | Zero |
| Shares and securities | 0.5% |

## Capital Allowances

|  | 2015/16                   | 2014/15                   |
|--|---------------------------|---------------------------|
| Plant and machinery - excluding cars                 |                           |                           |
| Annual investment allowance (AIA)*                   | 100% on first<br>£500,000 | 100% on first<br>£500,000 |
| Writing down allowance (WDA)-<br>plant and machinery | 18%                       | 18%                       |
| WDA - special rate pool                              | 8%                        | 8%                        |
| WDA - long life assets                               | 8%                        | 8%                        |
| Energy saving plant or machinery                     | 100%                      | 100%                      |
| Environmentally beneficial plant or machinery        | 100%                      | 100%                      |
| Motor cars   |                           |                           |
| CO <sub>2</sub> emissions ≤ 95g/km - FYA             |                           | 100%                      |
| CO <sub>2</sub> emissions 95g/km - 130g/km - WDA     |                           | 18%                       |
| CO <sub>2</sub> emissions > 130g/km - WDA            |                           | 8%                        |
| CO <sub>2</sub> emissions ≤ 75g/km - FYA             | 100%                      |                           |
| CO <sub>2</sub> emissions 75g/km - 130g/km - WDA     | 18%                       |                           |
| CO <sub>2</sub> emissions > 130g/km - WDA            | 8%                        |                           |
| Research and Development (R&D) allowances            | 100%                      | 100%                      |

\* To reduce to £25,000 from 1st January 2016.

## Inheritance Tax

| Rates               | 2015/16        | 2014/15        |
|---------------------|----------------|----------------|
| 0%                  | Up to £325,000 | Up to £325,000 |
| 40% (death rate)*   | Over £325,000  | Over £325,000  |
| 20% (lifetime rate) | Over £325,000  | Over £325,000  |

The unused nil rate band from the estate of a previously deceased spouse can be used on the death of the second spouse. The nil rate band is to be frozen until 2017/18.

\* A reduced rate of 36% applies where the deceased leaves at least 10% of their net estate to charity.

### Major exemptions

|                                      |           |           |
|--------------------------------------|-----------|-----------|
| Gifts to UK domiciled spouse         | Unlimited | Unlimited |
| Gifts to non-UK domiciled spouse     | £325,000  | £325,000  |
| Gifts to charities                   | Unlimited | Unlimited |
| Annual gifts                         | £3,000    | £3,000    |
| Small gifts to different individuals | £250      | £250      |
| Gift on marriage                     |           |           |
| - By parent                          | £5,000    | £5,000    |
| - By remoter ancestor                | £2,500    | £2,500    |
| - By other person                    | £1,000    | £1,000    |

### Taper Relief

Taper relief is given in respect of chargeable gifts made between 3 and 7 years before death.

### Agricultural Property Relief

|  |      |      |
|--|------|------|
| Vacant possession available within 24 months | 100% | 100% |
| Landlords' interest in let farmland          | 50%  | 50%  |
| - for new tenancies let after 31.08.95       | 100% | 100% |

### Business Property Relief

|                                      |      |      |
|--------------------------------------|------|------|
| Unincorporated business              | 100% | 100% |
| Unquoted shares in a trading company | 100% | 100% |

## Corporation Tax

|                       | Year Ending 31 March 2016 | Year Ending 31 March 2015 |
|-----------------------|---------------------------|---------------------------|
| Main rate             | 20%                       | 21%                       |
| Small profits rate    | 20%                       | 20%                       |
| Charged up to         | £300,000                  | £300,000                  |
| Marginal relief up to | £1,500,000                | £1,500,000                |
| Marginal rate         | 20%                       | 21.25%                    |

## Research and Development

|                          | 2015/16 | 2014/15 |
|--------------------------|---------|---------|
| SME tax credit           | 230%    | 225%    |
| SME payable credit       | 14.5%   | 14.5%   |
| Large company tax credit | 130%    | 130%    |
| R&D expenditure credit   | 11%     | 10%     |
| Patent box               | 10%     | 10%     |

## Capital Gains Tax

| Annual exempt amounts                         | 2015/16 | 2014/15 |
|---|---------|---------|
| Individuals and personal representatives      | £11,100 | £11,000 |
| Trusts generally                              | £5,550  | £5,500  |
| Rates of tax                                  |         |         |
| Individuals - basic rate                      | 18%     | 18%     |
| Individuals - higher or additional rate       | 28%     | 28%     |
| Entrepreneurs' Relief                         | 10%     | 10%     |
| Entrepreneurs' Relief lifetime limit on gains | £10m    | £10m    |
| Companies (corporation tax rates)             | 20%     | 20/21%  |
| Trusts and personal representatives           | 28%     | 28%     |

## VAT

|   | 2015/16    | 2014/15    |
|---|------------|------------|
| Standard rate                                     | 20%        | 20%        |
| Reduced rate                                      | 5%         | 5%         |
| Registration threshold                            | £82,000    | £81,000    |
| Deregistration threshold                          | £80,000    | £79,000    |
| Cash accounting entry limit                       | £1,350,000 | £1,350,000 |
| Cash accounting exit limit                        | £1,600,000 | £1,600,000 |
| Annual VAT returns entry limit                    | £1,350,000 | £1,350,000 |
| Annual VAT returns exit limit                     | £1,600,000 | £1,600,000 |
| Flat rate scheme taxable turnover entry limit     | £150,000   | £150,000   |
| Flat rate scheme total business income exit limit | £230,000   | £230,000   |

### For further information please contact

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