

Tax Facts

RATES AND ALLOWANCES GUIDE

2018 / 2019

BRINGING TAX INTO FOCUS



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DRIVING LIFELONG PROSPERITY

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PERSONAL TAX

INCOME TAX RATES AND ALLOWANCES

Personal allowances [#]	2018/19	2017/18
Personal allowance*	£11,850	£11,500
Transferable marriage allowance**	£1,185	£1,150
10% married couple's allowance***	£8,695	£8,445
Dividend allowance	£2,000	£5,000
Blind person's allowance	£2,390	£2,320

£1,000 allowance each for property and trading income available subject to various restrictions.

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

** Only available where the recipient spouse is a basic rate taxpayer.

*** Married couple's allowance is available where either partner was born before 6/4/1953 and is reduced by £1 for every £2 of income over £28,900 (£28,000 for 2017/18) to a minimum of £3,360 (£3,260 for 2017/18).

Non-savings and savings income	2018/19 Taxable Income	2017/18 Taxable Income
0% starting rate for savings*	£5,000	£5,000
20% basic rate	up to £34,500	up to £33,500
40% higher rate	£34,501 - £150,000	£33,501 - £150,000
45% additional rate [#]	over £150,000	over £150,000
Personal savings allowance for basic rate taxpayers	£1,000	£1,000
Personal savings allowance for higher rate taxpayers	£500	£500

Dividend income**	2018/19	2017/18
Basic rate	7.5%	7.5%
Higher rate	32.5%	32.5%
Additional rate [#]	38.1%	38.1%

* The starting savings rate is restricted by non-savings taxable income. No allowance will be available if the non-savings income exceeds the personal allowance plus the £5,000 starting rate.

** A £2,000 (£5,000 for 2017/18) dividend allowance is available, above which the rates shown are payable.

Rate applicable for trusts.

INCOME TAX RATES AND ALLOWANCES

High Income Child Benefit Charge (HICBC)	2018/19	2017/18
HICBC paid by spouse/partner with higher income* if income exceeds	£50,000	£50,000
Income above which HICBC is full amount of child benefit received**	£60,000	£60,000

Every £100 of income above £50,000 adds one percentage point to rate of HICBC. HICBC is charged on amount of child benefit received.

* Taxable income net of gift aid and allowable pension contributions, but not personal reliefs.

** No HICBC if person entitled to child benefit elects not to receive child benefit.

Rent a room relief

Income threshold – gross receipts £7,500

Individual Savings Account (ISA) Limit	2018/19	2017/18
Maximum contribution	£20,000	£20,000
Junior ISA - maximum contribution*	£4,260	£4,128

* Available for children under age 18 who live in the UK and do not have a child trust fund.

Lifetime ISA	2018/19	2017/18
Upper age limit	40	40
Annual contribution limit	£4,000	£4,000
Government contribution	25%	25%

Withdrawals can be made after 12 months to buy a home or for any reason after the age of 60. Other withdrawals are subject to a 25% penalty.

TIMETABLE FOR SELF-ASSESSMENT

Date	Event
31 July 2018	Second payment on account 2017/18
5 October 2018	Deadline for notification of chargeability 2017/18
31 October 2018	File paper return for 2017/18 for HMRC
30 December 2018	File return for 2017/18 for a tax underpayment of less than £3,000 to be collected via PAYE during 2019/20
31 January 2019	File electronic return for 2017/18 Balancing payment for 2017/18 First payment on account for 2018/19

PENSIONS

	2018/19	2017/18
Maximum tax allowable contributions*	£40,000**	£40,000**
Maximum tax allowable contributions not restricted to earnings	£3,600	£3,600
Lifetime allowance – maximum pension fund	£1,030,000	£1,000,000

Special rules attribute value to defined benefit (final salary) and other pension arrangements.

* Contributions also limited to taxable earnings/trading income if higher than the minimum contribution. Annual allowance will still be increased by unused relief for three previous tax years.

** The standard annual allowance will be reduced by £1 for every £2 of income above £150,000 to a minimum of £10,000

A charge is applied to any excess pension contributions over and above the total allowance. The charge is linked to the individual's marginal rate.

A tax charge arises if the value of the pension at retirement exceeds the lifetime allowance of £1,030,000. 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.

The annual allowance is reduced to £4,000 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.

CAPITAL GAINS TAX

Annual exempt amounts	2018/19	2017/18
Individuals and personal representatives	£11,700	£11,300
Trusts generally	£5,850	£5,650

Rates of tax	2018/19	2017/18
Individuals - basic rate*	10%	10%
Individuals - higher or additional rate*	20%	20%
Entrepreneurs' Relief	10%	10%
Entrepreneurs' Relief lifetime limit on gains	£10m	£10m
Investors' Relief	10%	10%
Investors' Relief lifetime limit on gains	£10m	£10m
Companies (corporation tax rates)	19%	19%
Trusts and personal representatives*	20%	20%

* 8% surcharge applies for gains on residential property and carried interest.

Qualifying criteria for Entrepreneurs' Relief and Investors' Relief

Description	Entrepreneurs' Relief	Investors' Relief
Acquisition of shares	At any point from anyone	Subscription for new shares after 16 March 2016
Type of shares	Any	Ordinary
Holding period	12 months to date of disposal	36 months to date of disposal, (commencing from 6 April 2016 at the earliest)
Minimum shareholding	5% of ordinary share capital and voting rights unless through EMI	N/A
Company requirement	Trading company or holding company of a trading group	Unlisted trading company or unlisted holding company of a trading group
Employment condition	Employees or officer for at least 12 months prior to disposal	Investor and its associates must not be an employee or officer (some exceptions apply)

INHERITANCE TAX

Rates	2018/19	2017/18
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
Residence nil rate band**	Up to £125,000	Up to £100,000

Any unused percentage of the nil rate band from the estate of a previously deceased spouse can be used on the death of the second spouse.

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

** The residence nil rate band applies for a home passed to a direct descendant, but is restricted where the estate is worth > £2million.

Major exemptions

Gifts to UK domiciled spouse	Unlimited
Gifts to non-UK domiciled spouse	£325,000
Gifts to charities	Unlimited
Annual gifts*	£3,000
Small gifts to different individuals	£250
Gift on marriage	
- by parent	£5,000
- by remoter ancestor	£2,500
- by other person	£1,000
Regular gifts out of surplus income	Unlimited
Most transfers between individuals, if donor survives for 7 years	

* Unused annual allowance can be carried forward for one year only.

Taper Relief

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

Years between gift and death	Tax rate
Less than 3	40%
3 to 4	32%
4 to 5	24%
5 to 6	16%
6 to 7	8%
7 or more	0%

INHERITANCE TAX

Agricultural Property Relief

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

Business Property Relief

Unincorporated business	100%
Unquoted shares in a trading company	100%
Assets used in controlled business	50%

INVESTMENTS

Enterprise Investment Scheme (EIS)*	2018/19	2017/18
Maximum investment for income tax relief in qualifying 'knowledge intensive companies'	£2m	£1m
Maximum investment for income tax relief in non-qualifying 'knowledge intensive companies'	£1m	£1m
Rate of income tax relief	30%	30%

Seed Enterprise Investment Scheme (SEIS)*	2018/19	2017/18
Maximum investment for income tax relief	£100,000	£100,000
Rate of income tax relief	50%	50%

Venture Capital Trusts (VCT)*	2018/19	2017/18
Maximum investment for income tax relief	£200,000	£200,000
Rate of income tax relief	30%	30%

Social Investment Tax Relief (SITR)	2018/19	2017/18
Maximum investment for income tax relief	£1m	£1m
Rate of income tax relief	30%	30%

* A new 'risk-to-capital' condition applies to investments made on, or after, 15 March 2018 to exclude those with limited risk to the investor's capital.

BUSINESS TAX

CORPORATION TAX

	Year Ending 31 March 2019	Year Ending 31 March 2018
Main rate	19%	19%
Loans to participants*	32.5%	32.5%

* Where not repaid within 9 months of the year end.

CAPITAL ALLOWANCES

	2018/19	2017/18
Annual investment allowance (AIA)	100% on first £200,000	100% on first £200,000
Writing down allowance (WDA)		
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 ₂ emissions ≤ 50g/km - FYA	100%	
CO ₂ emissions ≤ 75g/km - FYA		100%
CO ₂ emissions 51g/km – 110g/km - WDA	18%	
CO ₂ emissions 76g/km – 130g/km - WDA		18%
CO ₂ emissions > 110g/km - WDA	8%	
CO ₂ emissions > 130g/km - WDA		8%
Research and Development (R&D) allowances	100%	100%

R&D AND PATENT BOX

	Expenditure incurred on or after 1 January 2018	Expenditure incurred 1 Jan 2017 to 31 Dec 2017
SME tax credit*	230%	230%
SME payable credit	14.5%	14.5%
R&D expenditure credit	12%	11%
Patent box	10%	10%

* Relief capped at €7.5m per project.

CORPORATION TAX SELF ASSESSMENT AND QUARTERLY PAYMENTS

Quarterly instalment payments apply to large companies (taxable profits of at least £1,500,000 p.a. reduced pro rata by the number of associated companies).

Timetable for corporation tax self-assessment and quarterly payments

Due date	Event
From start of accounting period:	
6 months and 13 days	First quarterly payment date
9 months and 13 days	Second quarterly payment date
12 months and 13 days	Third quarterly payment date
15 months and 13 days	Fourth quarterly payment date
9 months and 1 day after the end of the accounting period	Payment date for companies not in quarterly instalments regime
Within 12 months of the end of the accounting period	Filing date for tax return

EMPLOYEE BENEFITS

Beneficial loans

Threshold from 2014/15	£10,000
Official rate of interest from 2016/17	2.5%

Company vans and fuel	2018/19	2017/18
Van benefit	£3,350	£3,230
Fuel benefit	£633	£610

Fuel benefit – cars

For 2018/19 the benefit is £23,400 (£22,600 2017/18) multiplied by the relevant percentage as shown over page (plus 4% diesel supplement where applicable but capped at 37%).

EMPLOYEE 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 CO₂ emissions of the car.

CO ₂ emissions in g/km	% of car's list price to be taxed 2018/19	% of car's list price to be taxed 2017/18	CO ₂ emissions in g/km	% of car's list price to be taxed 2018/19	% of car's list price to be taxed 2017/18
0-50	13	9	140-144	29	27
51-75	16	13	145-149	30	28
76-94	19	17	150-154	31	29
95-99	20	18	155-159	32	30
100-104	21	19	160-164	33	31
105-109	22	20	165-169	34	32
110-114	23	21	170-174	35	33
115-119	24	22	175-179	36	34
120-124	25	23	180-184	37	35
125-129	26	24	185-189	37	36
130-134	27	25	190+	37	37
135-139	28	26			

This percentage is increased by 4% for diesel cars which do not meet the Real Driving Emissions Step 2 (RDE2) standards but subject to an overall cap at 37%.

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

NATIONAL INSURANCE CONTRIBUTIONS

Class 1 - Employers and Employees	2018/19	2017/18
Lower earnings limit (LEL) per week	£116	£113
Primary threshold per week	£162	£157
Secondary threshold per week	£162	£157
Upper earnings limit (UEL) per week	£892	£866

Earnings over the LEL qualify an individual for certain state benefits and must be reported under PAYE, but no employer's or employee's NICs are payable until earnings exceed the threshold of £162 per week.

Class 1 – Employer's	- Rate above threshold (no upper limit)	13.8%	13.8%
Class 1 – Employee's	- Rate between primary threshold and UEL	12%	12%
	- Rate above UEL	2%	2%
	- Married women and widows rate above threshold, below UEL	5.85%	5.85%
Class 1A (Taxable benefits)		13.8%	13.8%
Class 1B (PAYE Settlement Agreement)		13.8%	13.8%
Class 2 (Self-employed)	- Small profits threshold	£6,205	£6,025
	- Flat rate per week	£2.95	£2.85
Class 3 (Voluntary)	- Flat rate per week	£14.65	£14.25
Class 4 (Self-employed)	- Lower limit	£8,424	£8,164
	- Upper limit	£46,350	£45,000
	- Rate between limits	9%	9%
	- Rate above upper limit	2%	2%
Employment Allowance (Per employer)		£3,000	£3,000

INDIRECT TAX

VAT

	2018/19	2017/18
Standard rate	20%	20%
Reduced rate	5%	5%
Registration threshold	£85,000	£85,000
Deregistration threshold	£83,000	£83,000
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

STAMP DUTIES

Residential property	SDLT rate [#]	Rate for additional residential properties
Up to £125,000	Zero	3%
Over £125,000 to £250,000	2%	5%
Over £250,000 to 925,000	5%	8%
Over £925,000 to £1,500,000	10%	13%
Over £1,500,000	12%	15%
Over £500,000 if bought by a non-natural person (e.g. a company)*	15%	N/A

* 15% rate applies to the entire consideration, subject to certain exemptions.

First time buyers purchasing a residential property worth less than £300,000 are exempt from SDLT. First time purchases with a value of between £300,000 and £500,000 will pay SDLT at a rate of 5% on the amount in excess of £300,000. Purchases above this amount will pay SDLT at the normal rates.

STAMP DUTIES

Non-residential or mixed use property	SDLT rate
Up to £150,000	Zero
Over £150,000 to £250,000	2%
Over £250,000	5%

Residential leases*	SDLT rate	Non-residential/ mixed use leases*	SDLT rate
Up to £125,000	zero	Up to £150,000	zero
Over £125,000	1%	Over £150,000 to £5,000,000	1%
		Over £5,000,000	2%

* Based on net present value of rents.

Share purchases over £1,000 0.5% (rounded up to the nearest £5)

ANNUAL TAX ON ENVELOPED DWELLINGS

The filing date for ATED returns and payment is 30 April 2018 for properties in the charge to tax on 1 April 2018.

Property Value (£)	1 April 2018 – 31 March 2019 ATED charge	1 April 2017 – 31 March 2018 ATED charge
500,001 – 1,000,000	£3,600	£3,500
1,000,001 – 2,000,000	£7,250	£7,050
2,000,001 – 5,000,000	£24,250	£23,550
5,000,001 – 10,000,000	£56,550	£54,950
10,000,001 – 20,000,000	£113,400	£110,100
20,000,001 +	£226,950	£220,350

Gain on a disposal of a residence within ATED is liable to Capital Gains Tax, with no indexation allowance, at a rate of 28%.

PROPOSED CHANGES 2019/20

CORPORATION TAX

Companies with annual taxable profits of over £20 million will be subject to accelerated quarterly instalment payments for accounting periods beginning on or after 1 April 2019.

EMPLOYEE BENEFITS

Car benefit percentages to increase further for 2019/20.

NATIONAL INSURANCE CONTRIBUTIONS

Class 2 (Self-employed) is to be abolished from April 2019.

For further information please contact:

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