

# 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 in g/km	% of car's list price to be taxed 2015/16	% of car's list price to be taxed 2014/15									
0	5	0	<ul style="list-style-type: none"> <li>For cars registered before 1 January 1998;               <table border="0"> <tr><td></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 I - 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 I - Employers</b>	- Rate above threshold (no upper limit)	13.8%	13.8%
<b>Class I - 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 IA (Taxable benefits)</b>		13.8%	13.8%
<b>Class IB (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 £500,000	100% on first £500,000
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 <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

Cheltenham: 01242 237661

Gloucester: 01452 634800

Staverton: 01242 680000

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