

Tax Facts

RATES AND ALLOWANCES GUIDE

2017 / 2018

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PERSONAL TAX

INCOME TAX RATES AND ALLOWANCES

Personal allowances*	2017/18	2016/17
Personal allowance**	£11,500	£11,000
Dividend allowance	£5,000	£5,000
Blind person's allowance	£2,320	£2,290
Personal saving allowance - Basic rate taxpayers	£1,000	£1,000
- Higher rate taxpayers	£500	£500
10% Married couple's allowance***	£8,445	£8,355
Transferable marriage allowance#	£1,150	£1,100

* £1,000 allowance each for property and trading income available subject to various restrictions from 6 April 2017.

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

*** Married couple's allowance is available where either partner was born before 6/4/1935 and is reduced by £1 for every £2 of income over £28,000 (£27,700 for 2016/17) to a minimum of £3,260 (£3,220 for 2016/17).

Only available when the recipient spouse is a basic rate tax payer.

Non-savings and savings income	2017/18 Taxable Income	2016/17 Taxable Income
0% starting rate for savings*	£5,000	£5,000
20% basic rate	up to £33,500	up to £32,000
40% higher rate	£33,501 - £150,000	£32,001 - £150,000
45% additional rate#	over £150,000	over £150,000

Dividend income**	2017/18	2016/17
Basic rate	7.5%	7.5%
Higher rate	32.5%	32.5%
Additional rate#	38.1%	38.1%

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

** A £5,000 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)	2017/18	2016/17
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	2017/18	2016/17
Maximum contribution	£20,000	£15,240
Junior ISA - maximum contribution*	£4,128	£4,080

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

Lifetime ISA	2017/18	2016/17
Upper age limit	40	n/a
Annual contribution limit	£4,000	n/a
Government contribution	25%	n/a

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 2017	Second payment on account 2016/17
5 October 2017	Deadline for notification of chargeability 2016/17
31 October 2017	File paper return for 2016/17 for HMRC to calculate tax by 31 January 2018
30 December 2017	File return for 2016/17 for a tax underpayment of less than £3,000 to be collected via PAYE during 2018/19
31 January 2018	File electronic return for 2016/17 Balancing payment for 2016/17 First payment on account for 2017/18

PENSIONS

	2017/18	2016/17
Maximum tax allowable contributions*	£40,000**	£40,000**
Minimum tax allowable contributions	£3,600	£3,600
Lifetime allowance – maximum pension fund	£1,000,000	£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 £1,000,000. 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 (£10,000 for 2016/17) 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	2017/18	2016/17
Individuals and personal representatives	£11,300	£11,100
Trusts generally	£5,650	£5,550

Rates of tax	2017/18	2016/17
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)	20%	20%
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	2017/18	2016/17
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 £100,000	N/A

The unused 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)	2017/18	2016/17
Maximum investment for income tax relief	£1m	£1m
Rate of income tax relief	30%	30%

Seed Enterprise Investment Scheme (SEIS)	2017/18	2016/17
Maximum investment for income tax relief	£100,000	£100,000
Rate of income tax relief	50%	50%

Venture Capital Trusts (VCT)	2017/18	2016/17
Maximum investment for income tax relief	£200,000	£200,000
Rate of income tax relief	30%	30%

Social Investment Tax Relief	2017/18	2016/17
Maximum investment for income tax relief	£1m	£1m
Rate of income tax relief	30%	30%

BUSINESS TAX

CORPORATION TAX

	Year Ending 31 March 2018	Year Ending 31 March 2017
Main rate	19%	20%
Loans to participators	32.5%	32.5%

CAPITAL ALLOWANCES

	2017/18	2016/17
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 ≤ 75g/km - FYA	100%	100%
CO ₂ emissions 75g/km - 130g/km - WDA	18%	18%
CO ₂ emissions > 130g/km - WDA	8%	8%
Research and Development (R&D) allowances	100%	100%

R&D AND PATENT BOX

	2017/18	2016/17
SME tax credit*	230%	230%
SME payable credit	14.5%	14.5%
R&D expenditure credit	11%	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 2015/16	3%

Company vans and fuel	2017/18	2016/17
Van benefit	£3,230	£3,170
Fuel benefit	£610	£598

Fuel benefit

For 2017/18 the benefit is £22,600 (£22,200 2016/17) multiplied by the relevant percentage as shown over page (plus 3% 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 2017/18	% of car's list price to be taxed 2016/17	CO ₂ emissions in g/km	% of car's list price to be taxed 2017/18	% of car's list price to be taxed 2016/17
0-50	9	7	145-149	28	26
51-75	13	11	150-154	29	27
76-94	17	15	155-159	30	28
95-99	18	16	160-164	31	29
100-104	19	17	165-169	32	30
105-109	20	18	170-174	33	31
110-114	21	19	175-179	34	32
115-119	22	20	180-184	35	33
120-124	23	21	185-189	36	34
125-129	24	22	190-194	37	35
130-134	25	23	195-199	37	36
135-139	26	24	200 and above	37	37
140-144	27	25			

The percentage is increased by 3% for diesel cars 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	2017/18	2016/17
Lower earnings limit (LEL) per week	£113	£112
Primary threshold per week	£157	£155
Secondary threshold per week	£157	£156
Upper earnings limit (UEL) per week	£866	£827

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 £157 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	£6,025	£5,965
	- Flat rate per week	£2.85	£2.80
Class 3 (Voluntary)	- Flat rate per week	£14.25	£14.10
Class 4 (Self-employed)	- Lower limit	£8,164	£8,060
	- Upper limit	£45,000	£43,000
	- Rate between limits	9%	9%
	- Rate above upper limit	2%	2%
	Employment Allowance (Per employer)	£3,000	£3,000

INDIRECT TAX

VAT

	2017/18	2016/17
Standard rate	20%	20%
Reduced rate	5%	5%
Registration threshold	£85,000	£83,000
Deregistration threshold	£83,000	£81,000
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 [#]
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%

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

3% surcharge applies for additional residential property purchased by an individual or any purchases by a company, trust or partnership, where chargeable consideration exceeds £40,000.

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%

Leases

Duty payable is 1% of the net present value in excess of the nil rate bands as above, with a 2% rate for net present value over £5 million.

Intellectual property	Zero
Gifts	Zero
Shares and securities	0.5%

ANNUAL TAX ON ENVELOPED DWELLINGS (ATED)

The filing date for ATED returns and payment is 30 April 2017 for properties in the change to tax on 1 April 2017.

Property Value (£)	1 April 2017 - 31 March 2018 ATED charge	1 April 2016 - 31 March 2017 ATED charge
500,001 - 1,000,000	£3,500	£3,500
1,000,001 - 2,000,000	£7,050	£7,000
2,000,001 - 5,000,000	£23,550	£23,350
5,000,001 - 10,000,000	£54,950	£54,450
10,000,001 - 20,000,000	£110,100	£109,050
20,000,001 +	£220,350	£218,200

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 2018/19

INCOME TAX RATES AND ALLOWANCES

The dividend allowance is to reduce from £5,000 to £2,000 from April 2018.

CAPITAL ALLOWANCES

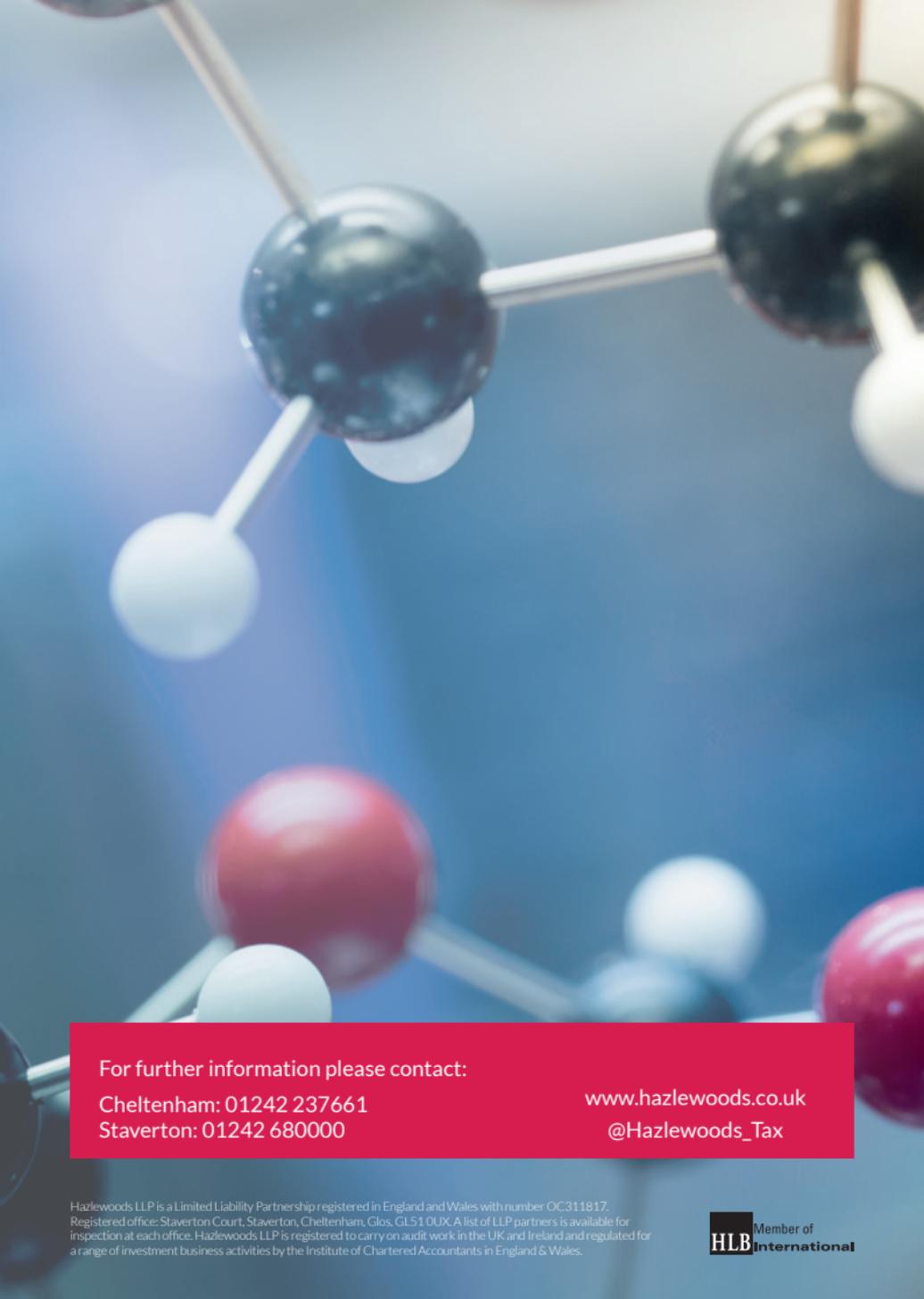
The CO₂ emissions thresholds for capital allowances on cars are due to change from 75g/km and 130g/km to 50g/km and 110g/km respectively from 2018/19.

EMPLOYEE BENEFITS

Car benefit percentages to increase further for 2018/19 and 2019/20.

NATIONAL INSURANCE CONTRIBUTIONS

Class 2 (Self-employed) is to be abolished from April 2018.



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