

Tax Facts

RATES AND ALLOWANCES GUIDE

2016 / 2017

STRAIGHT TO
THE POINT



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HAZLEWOODS

DRIVING LIFELONG PROSPERITY

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

INCOME TAX

Personal allowances	2016/17	2015/16
those born after 5 April 1938*	£11,000	£10,600
those born before 6 April 1938**	£11,000	£10,660
Married couple's allowance#	£8,355	£8,355
Blind person's allowance	£2,290	£2,290
Personal saving allowance - Basic rate taxpayers	£1,000	
- Higher rate taxpayers	£500	

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 in 2015/16.

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 (£3,220 for 2015/16).

Rates		Taxable income	Income tax rate	Effective dividend rate**
2016/17	Starting savings rate*	£0 - £5,000	0%	
	Basic rate	£0 - £32,000	20%	7.5%
	Higher rate	£32,001 - £150,000	40%	32.5%
	Additional rate	> £150,000	45%	38.1%
2015/16	Starting savings rate*	£0 - £5,000	0%	
	Basic rate	£0 - £31,785	20%	0%
	Higher rate	£31,786 - £150,000	40%	25%
	Additional rate	> £150,000	45%	30.6%

* 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.

** In 2016/17 a £5,000 dividend allowance is available, above which the rates shown are payable.

PENSIONS

Tax relief is available on contributions subject to the annual allowance of £40,000. For 2016/17 the allowance is reduced by £1 for every £2 the individual earns over £150,000 subject to a minimum limit of £10,000 remaining. 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 £1,000,000 (2015/16 £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.

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 2016/17	% of car's list price to be taxed 2015/16
0	7	5
1-50	7	5
51-75	11	9
76-94	15	13
95-99	16	14
100-104	17	15
105-109	18	16
110-114	19	17
115-119	20	18
120-124	21	19
125-129	22	20
130-134	23	21
135-139	24	22
140-144	25	23
145-149	26	24
150-154	27	25
155-159	28	26
160-164	29	27
165-169	30	28
170-174	31	29
175-179	32	30
180-184	33	31
185-189	34	32
190-194	35	33
195-199	36	34
200-204	37	35
205-209	37	36
210 and above	37	37

- For cars registered before 1 January 1998;

	%
Up to 1400cc	15
1401 – 2000cc	22
Over 2000cc	32
- For diesel cars add a 3% surcharge subject to the 37% maximum. This addition will be abolished from April 2021.

Fuel benefit

For 2016/17 the benefit is £22,200 (£22,100 2015/16) multiplied by the relevant percentage as shown above (plus 3% diesel supplement where applicable).

Beneficial loans

Threshold from 2014/15	£10,000
Official rate of interest from 2015/16	3%

Company vans and fuel

	2016/17	2015/16
Van benefit	£3,170	£3,150
Fuel benefit	£598	£594

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	2016/17	2015/16
Lower earnings limit (LEL) per week	£112	£112
Primary threshold per week	£155	£155
Secondary threshold per week	£156	£156
Upper accrual point (UAP) per week	N/A	£770
Upper earnings limit (UEL) per week	£827	£815
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 £156 per week. Contributions above the UAP do not qualify for the second state pension or for contracting out.		
Class 1 - Employers	- Rate above threshold (no upper limit)	13.8% 13.8%
Class 1 - Employees	- Rate between primary threshold and UEL	12% 12%
	- Rate above UEL	2% 2%
	- Contracted out	N/A 10.6%
	- 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	£5,965 £5,965
	- Flat rate per week	£2.80 £2.80
Class 3 (Voluntary)	- Flat rate per week	£14.10 £14.10
Class 4 (Self-employed)	- Lower limit	£8,060 £8,060
	- Upper limit	£43,000 £42,385
	- Rate between limits	9% 9%
	- Rate above upper limit	2% 2%
Employment Allowance (Per employer)		£3,000 £2,000

* To be abolished from April 2018.

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%	
3% surcharge for additional residential property or purchases by a company.		
Non residential or mixed use property	On/after 17 March 2016	Pre 17 March 2016
Up to £150,000 – annual rent under £1,000	Zero	Zero
Up to £150,000 – annual rent of £1,000 or more	Zero	1%
Over £150,000 to £250,000	2%	1%
Over £250,000 to £500,000	5%	3%
Over £500,000	5%	4%
Pre 17 March 2016 transactions taxed in full at the appropriate rate. From 17 March 2016 SDLT is paid in 'slices'.		

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.

Stamp Duty on other transfers

Intellectual property	Zero
Gifts	Zero
Shares and securities	0.5%

CAPITAL ALLOWANCES

	2016/17	2015/16
Plant and machinery - excluding cars		
Annual investment allowance (AIA)*	100% on first £200,000	100% on first £500,000/ £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%

* AIA reduced to £200,000 from 1st January 2016.

INHERITANCE TAX

Rates	2016/17	2015/16
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, when the new residence nil rate band comes into effect.

* 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 2017 Year Ending 31 March 2016

Tax rate	20%	20%
Loans to participators	32.5%	25%

RESEARCH AND DEVELOPMENT

	2016/17	2015/16
SME tax credit	230%	230%
SME payable credit	14.5%	14.5%
Large company tax credit	130%	130%
R&D expenditure credit	11%	11%
Patent box	10%	10%

CAPITAL GAINS TAX

Annual exempt amounts	2016/17	2015/16
Individuals and personal representatives	£11,100	£11,100
Trusts generally	£5,550	£5,550

Rates of tax

Individuals - basic rate*	10%	18%
Individuals - higher or additional rate*	20%	28%
Entrepreneurs' Relief	10%	10%
Entrepreneurs' Relief lifetime limit on gains**	£10m	£10m
Companies (corporation tax rates)	20%	20%
Trusts and personal representatives	20%	28%

* 8% extra charge applies for gains on residential property and carried interest for 2016/17.

** New £10m lifetime limit for investors introduced for newly issued shares purchased on or after 17 March 2016 and held for at least 3 years from 6 April 2016.

VAT

	2016/17	2015/16
Standard rate	20%	20%
Reduced rate	5%	5%
Registration threshold	£83,000	£82,000
Deregistration threshold	£81,000	£80,000
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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