



TAX RATES 2016-17

## Income Tax

### Main allowances

|                                    | 2016/17 | 2015/16 |
|------------------------------------|---------|---------|
| Personal Allowance (PA)*†          | £11,000 | £10,600 |
| Blind Person's Allowance           | 2,290   | 2,290   |
| Dividend Tax Allowance (DTA) §     | 5,000   | N/A     |
| Personal Savings Allowance (PSA) § |         |         |
| – Basic rate taxpayer              | 1,000   | N/A     |
| – Higher rate taxpayer             | 500     | N/A     |

\*PA will be withdrawn at £1 for every £2 by which 'adjusted income' exceeds £100,000. There will therefore be no allowance given if adjusted income is £122,000 or more (2015/16: £121,200).

†Up to 10% of the PA (2016/17: £1,100; 2015/16: £1,060) can be transferred to a spouse or civil partner who is no more than a basic rate taxpayer.

§The DTA taxes the first £5,000 of dividend income at nil rather than the rate that would otherwise apply – see rates below. PSA operates as a nil rate band for interest income.

### Rate bands

|                        | 2016/17          | 2015/16          |
|------------------------|------------------|------------------|
| Basic rate band (BRB)  | £32,000          | £31,785          |
| Higher rate band (HRB) | 32,001 – 150,000 | 31,786 – 150,000 |
| Additional rate        | over 150,000     | over 150,000     |

BRB and additional rate threshold are increased by personal pension contributions (up to permitted limit) and Gift Aid donations.

### Tax rates

*Rates differ for General/Savings/Dividend income*

|                 | 2016/17 |     |       | 2015/16 |     |       |
|-----------------|---------|-----|-------|---------|-----|-------|
|                 | G       | S   | D     | G       | S   | D     |
| Basic rate      | 20%     | 20% | 7.5%  | 20%     | 20% | 10%   |
| Higher rate     | 40%     | 40% | 32.5% | 40%     | 40% | 32.5% |
| Additional rate | 45%     | 45% | 38.1% | 45%     | 45% | 37.5% |

General income (salary, pensions, business profits, rent) uses PA, BRB and HRB before savings income (interest). To the extent that savings income falls in the first £5,000 of the BRB, it is taxed at nil rather than 20%. The PSA (see allowances above) will tax interest at nil, where it would otherwise be taxable at 20% or 40%. Dividends are taxed as the 'top slice' of income. For 2016/17, the dividend received is taxable. In 2015/16, the dividend received was grossed up by 100/90 to determine the taxable dividend. A non-repayable tax credit equal to 10% of the taxable amount was then deductible against the income tax liability on the taxable dividend.

### High Income Child Benefit Charge (HICBC)

1% of child benefit for each £100 of adjusted net income between £50,000 and £60,000.

### Remittance basis charge

For non-UK domiciled individuals who have been UK resident in at least

|                                  | 2016/17 | 2015/16 |
|----------------------------------|---------|---------|
| 7 of the preceding 9 tax years   | £30,000 | £30,000 |
| 12 of the preceding 14 tax years | 60,000  | 60,000  |
| 17 of the preceding 20 tax years | 90,000  | 90,000  |

## Pensions

### Registered Pensions

|                              | 2016/17             | 2015/16 |
|------------------------------|---------------------|---------|
| Lifetime allowance (LA)      | £1.00m              | £1.25m  |
| Annual allowance (AA) *      | 40,000              | 40,000  |
| LA charge if excess drawn as | Cash 55%/income 25% |         |
| AA charge on excess inputs   | 20%-45%             |         |

Annual relievable pension inputs are the higher of earnings (capped at AA) or £3,600.

\*For 2016/17 the AA is usually reduced by £1 for every £2 by which relevant income exceeds £150,000, down to a minimum AA of £10,000.

### State pension

|                     | 2016/17 | 2015/16 |
|---------------------|---------|---------|
| Single person       | £119.30 | £115.95 |
| Married couple      | 190.80  | 185.45  |
| New state pension § | 155.65  | N/A     |

§ applies to those reaching state retirement age after 5 April 2016

## Annual investment limits

|   | 2016/17   | 2015/16   |
|---|-----------|-----------|
| Individual Savings Account                | £15,240   | £15,240   |
| Junior ISA                                | 4,080     | 4,080     |
| EIS – 30% relief                          | 1,000,000 | 1,000,000 |
| EIS eligible for CGT deferral relief      | Unlimited | Unlimited |
| Seed EIS (SEIS) – 50% relief              | 100,000   | 100,000   |
| SEIS – 50% exemption for reinvested gains | 100,000   | 100,000   |
| Venture Capital Trust (VCT) – 30% relief  | 200,000   | 200,000   |

## National Insurance Contributions

### Class 1 (Employees)

|                                     | Employee | Employer |
|-------------------------------------|----------|----------|
| Main NIC rate                       | 12%      | 13.8%    |
| No NIC on first                     | £155pw   | £156pw   |
| Main rate* charged up to            | £827pw   | no limit |
| 2% rate on earnings above           | £827pw   | N/A      |
| Employment allowance per business** | N/A      | £3,000   |

\*Nil rate of employer NIC for employees under the age of 21 and apprentices under 25, up to £827pw.

Employer contributions (at 13.8%) are also due on most taxable benefits and on tax paid on an employee's behalf under a PAYE settlement agreement.

\*\*Some businesses do not qualify, including certain sole director companies.

### Class 2 (Self employed)

|                         |        |
|-------------------------|--------|
| Flat rate per week      | £2.80  |
| Small profits threshold | £5,965 |

### Class 3 (Voluntary)

|                                       |        |
|---------------------------------------|--------|
| Class 3: Flat rate per week           | £14.10 |
| Class 3A: Contributions vary with age |        |

### Class 4 (Self employed)

|                             |      |
|-----------------------------|------|
| On profits £8,061 – £43,000 | 9.0% |
| On profits over £43,000     | 2.0% |

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## Vehicle Benefits

### Cars

Taxable benefit: Chargeable value multiplied by chargeable %.

*Chargeable value:* Initial list price of car (including most accessories), reduced by any capital contribution (maximum £5,000) by employee when the car is first made available.

*Chargeable percentage:*

| <b>CO<sub>2</sub> emissions g/km</b> | <b>Petrol</b>          | <b>Diesel</b> |
|--------------------------------------|------------------------|---------------|
| 0-50                                 | 7%                     | 10%           |
| 51-75                                | 11%                    | 14%           |
| 76-94                                | 15%                    | 18%           |
| Above 94                             | Add 1% for every 5g/km |               |
| Above 200 (petrol)/185(diesel)       | 37% maximum            |               |

### Vans

Chargeable value of £3,170 if private use is more than home-to-work.

### Fuel

Employer provides fuel for private motoring in an employer-owned:

**Car:** CO<sub>2</sub>-based percentage from above table multiplied by £22,200.

**Van:** £598

Employee contributions do not reduce taxable figure unless all private fuel is paid for by the employee.

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## Tax-free mileage allowances

### Employee's own transport

|                         | <b>per business mile</b> |
|-------------------------|--------------------------|
| Cars first 10,000 miles | 45p                      |
| Cars over 10,000 miles  | 25p                      |
| Business passengers     | 5p                       |
| Motorcycles             | 24p                      |
| Bicycles                | 20p                      |

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## Capital Gains Tax

### Annual exemption

|                      | <b>2016/17</b> | <b>2015/16</b> |
|----------------------|----------------|----------------|
| Individuals, estates | £11,100        | £11,100        |
| Most trusts          | 5,550          | 5,550          |

### Tax rate

|                                      |     |     |
|--------------------------------------|-----|-----|
| Individual (to basic rate limit)*    | 10% | 18% |
| Individual (above basic rate limit)* | 20% | 28% |
| Entrepreneurs' Relief (ER)**         | 10% | 10% |
| Trusts, estates*                     | 20% | 28% |

\*In 2016/17, individuals are taxed at 18%/28% on gains on residential property and receipt of carried interest. Trusts are taxed at 28% in these circumstances.

\*\*ER is available for lifetime gains of up to £10m. Qualifying disposals include a trading business, shares in a trading company (from a minimum 5% holding) by an officer/employee or certain holdings by external investors. Various conditions apply.

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## Corporation Tax

| Year to  | 31.3.2017            | 31.3.2016            |
|--|----------------------|----------------------|
| Corporation Tax rate                                 | 20%                  | 20%                  |
| <b>Research and development relief</b>               | <b>From 1.4.2016</b> | <b>From 1.4.2015</b> |
| SME enhanced expenditure deduction scheme*           | 130%                 | 130%                 |
| Large company enhanced expenditure deduction scheme* | N/A                  | 30%                  |
| Large company R&D Expenditure Credit (RDEC) scheme** | 11%                  | 11%                  |

\*Additional deduction for qualifying R&D.

\*\*Taxable expenditure credit for qualifying R&D.

SMEs that make losses can surrender the deduction to HMRC in exchange for a payment of 14.5% of the loss.

From 1 April 2016, RDEC is the only scheme available for large companies.

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## Main capital allowances

| <b>Plant and machinery</b>             | <b>Limit</b> |
|--|--------------|
| 100% Annual Investment Allowance (AIA) |              |
| – expenditure 1.4.14* – 31.12.15       | £500,000     |
| – expenditure post 31.12.15**          | 200,000      |

\* 6.4.14 for unincorporated businesses and LLPs.

\*\* Transitional rules apply for accounting periods straddling a change in AIA limit.

## Other rates

|  |      |
|--|------|
| – energy- and water-efficient equipment                        | 100% |
| – writing down allowance: general pool (reducing balance)      | 18%  |
| – writing down allowance: special rate pool (reducing balance) | 8%   |

The special rate pool includes long life assets, integral plant in buildings, thermal insulation.

## Motor cars (expenditure post 31.3.15)

| <b>CO<sub>2</sub> emissions (g/km)</b> | <b>Allowance</b> |
|--|------------------|
| 75 or less (new cars only)             | 100%             |
| Up to 130 (in general pool)            | 18% pa           |
| Above 130 (in special rate pool)       | 8% pa            |

## Property Taxes

### Annual Tax on Enveloped Dwellings (ATED)

ATED applies to 'high value' residential properties owned via a corporate structure, unless the property is used for a qualifying purpose. From 1 April 2016 the tax applies to properties valued at more than £500,000 (£1m from 1 April 2015 - 31 March 2016; £2m from 1 April 2013 - 31 March 2015).

| Property value | Annual charge to |           |
|----------------|------------------|-----------|
|                | 31.3.2017        | 31.3.2016 |
| £0.5m – £1m    | £3,500           | N/A       |
| £1m – £2m      | 7,000            | £7,000    |
| £2m – £5m      | 23,350           | 23,350    |
| £5m – £10m     | 54,450           | 54,450    |
| £10m – £20m    | 109,050          | 109,050   |
| £20m +         | 218,200          | 218,200   |

### Stamp Duty Land Tax (SDLT) and Land and Buildings Transaction Tax (LBTT)

From 1 April 2015, SDLT was replaced in **Scotland** by LBTT. Like SDLT, it is payable by the purchaser.

#### Residential property (1st property only)

| SDLT*<br>£,000's | Rate on band | LBTT<br>£,000's | Rate on band |
|------------------|--------------|-----------------|--------------|
| Up to 125        | Nil          | Up to 145       | Nil          |
| 125 – 250        | 2%           | 145 – 250       | 2%           |
| 250 – 925        | 5%           | 250 – 325       | 5%           |
| 925 – 1,500      | 10%          | 325 – 750       | 10%          |
| Over 1,500       | 12%          | Over 750        | 12%          |

A supplement of 3% of the total purchase price applies for both SDLT and LBTT where a second home is purchased for more than £40,000 from 1 April 2016.

\*A rate of 15% applies to the total purchase price where the property is valued above £500,000 and purchased by a 'non-natural person' (e.g. a company).

#### Commercial property

| SDLT<br>£,000's | Rate on band | LBTT<br>£,000's | Rate on band |
|-----------------|--------------|-----------------|--------------|
| Up to 150       | Nil          | Up to 150       | Nil          |
| 150 – 250       | 2%           | 150 – 350       | 3%           |
| Over 250        | 5%           | Over 350        | 4.5%         |

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## Value Added Tax

|  |                   |
|--|-------------------|
| Standard rate (1/6 of VAT-inclusive price) | 20%               |
| Registration level from 1.4.2016           | £83,000 per annum |
| Deregistration level from 1.4.2016         | 81,000 per annum  |

### Flat rate scheme (FRS)

|  |                  |
|--|------------------|
| Annual taxable turnover to enter scheme      | Up to £150,000   |
| Must leave scheme if annual taxable turnover | Exceeds £230,000 |

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## Inheritance Tax

|                                      | 2016/17  | 2015/16  |
|--------------------------------------|----------|----------|
| Nil rate band*                       | £325,000 | £325,000 |
| Rate of tax above nil rate band**    | 40%      | 40%      |
| Lifetime transfers to certain trusts | 20%      | 20%      |

100% Business Property Relief (BPR) for all shareholdings in qualifying unquoted trading companies, qualifying unincorporated trading businesses and certain farmland/buildings.

100% Agricultural Property Relief (APR) available on agricultural value of qualifying farmland/buildings.

BPR or APR available at 50% on certain property.

\*Up to 100% of the proportion of a deceased spouse's/civil partner's unused nil rate band may be claimed to increment the current nil rate band when the survivor dies.

\*\*Rate reduced to 36% if at least 10% of the relevant estate is left to charity.

### Reduced tax charge on gifts within 7 years before death

| Years before death                 | 0-3 | 3-4 | 4-5 | 5-6 | 6-7 |
|------------------------------------|-----|-----|-----|-----|-----|
| % of full death tax charge payable | 100 | 80  | 60  | 40  | 20  |

Annual exemptions for lifetime gifts include £3,000 per donor and £250 per recipient.

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## Key dates and deadlines

| Self Assessment payment dates | 2016/17         | 2015/16 |
|-------------------------------|-----------------|---------|
| 1st payment on account        | 31 January 2017 | 2016    |
| 2nd payment on account        | 31 July 2017    | 2016    |
| Balancing payment             | 31 January 2018 | 2017    |
| Capital Gains Tax             | 31 January 2018 | 2017    |

### Other payment dates

|              |                 |      |
|--------------|-----------------|------|
| Class 1A NIC | 19 July 2017    | 2016 |
| Class 1B NIC | 19 October 2017 | 2016 |

**Corporation tax** is due 9 months and 1 day from the end of the accounting period, unless a 'large' company paying by quarterly instalments.

### 2015/16 Filing deadlines

|  |                  |
|--|------------------|
| Issue P60s to employees  | 31 May 2016      |
| P9D, P11D, P11D(b)   | 6 July 2016      |
| Self assessment tax return (SATR) paper version                    | 31 October 2016  |
| Online SATR if outstanding tax to be included in 2017/18 PAYE code | 30 December 2016 |
| Online SATR  | 31 January 2017  |

You are advised to consult us before acting on any information contained herein.

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