

Budget

# Tax card 2016-17.



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## INCOME TAX

Rates	16/17	15/16
Starting rate of 0% on savings income up to*	£5,000	£5,000
Savings allowance at 0% tax: Basic rate taxpayers	£1,000	N/A
Higher rate taxpayers	£500	N/A
Additional rate taxpayers	£0	N/A
Basic rate of 20% on income up to	£32,000	£31,785
Maximum tax at basic rate	£6,400	£6,357
Higher rate of 40% on income up to £150,000 from £32,001		£31,786
Tax on first £150,000	£53,600	£53,643
Additional rate of 45% on income over	£150,000	£150,000
Dividend tax credit	Nil	10%
Dividend allowance at 0% tax – all individuals	£5,000	N/A
Tax rate on dividends based on	Dividend	Dividend + tax credits
	Basic rate taxpayers	7.5%
	Higher rate taxpayers	32.5%
	Additional rate taxpayers	38.1%
Trusts: Standard rate band generally	£1,000	£1,000
Rate applicable to trusts: Dividends	38.1%	37.5%
Other income	45%	45%

\*Not available if taxable non-savings income exceeds the starting rate band.

### Child Benefit Charge

1% of benefit per £100 of income between £50,000 and £60,000.

Main Personal Allowances and Reliefs	16/17	15/16
Personal (basic)	£11,000	£10,600
Personal reduced by £1 for every £2 of net income over	£100,000	£100,000
Married couples'/civil partners' transferable allowance	£1,100	£1,060
Personal (age) if born before 6/4/38*	N/A	£10,660
Married couples'/civil partners' allowance at 10%* (if at least one born before 6/4/35) – maximum	£8,355	£8,355
– minimum	£3,220	£3,220
Blind person's allowance	£2,290	£2,290
Rent-a-room tax-free income	£7,500	£4,250

\*Reduced by £1 for every £2 of income over £27,700, until basic reached.

### Non-domicile remittance basis charge after UK residence in at least:

7 of the last 9 tax years	£30,000	£30,000
12 of the last 14 tax years	£60,000	£60,000
17 of the last 20 tax years	£90,000	£90,000

## REGISTERED PENSIONS

	16/17	15/16
Lifetime allowance	£1,000,000	£1,250,000
Annual allowance	£40,000*	£80,000†
Annual allowance charge on excess	20%–45%	20%–45%
Max. pension commencement lump sum	25% of pension benefit value	
Lifetime allowance charge if excess drawn as cash	55%	income 25%

\*Subject to 50% taper down to £10,000 if threshold income over £110,000 and adjusted income over £150,000.

†One off additional £40,000 allowance available subject to particular rules.

## NATIONAL INSURANCE CONTRIBUTIONS

<b>Class 1</b>	<b>Employee</b>	<b>Employer</b>	
NICs rate	12%	13.8%	
No NICs on the first – Age under 21/25 for apprentices	£155 pw	£827 pw	
– Age 21/25 & over	£155 pw	£156 pw	
NICs rate charged up to	£827 pw	No limit	
2% NICs on earnings over	£827 pw	N/A	
Certain married women	5.85%	13.8%	
<b>Employment Allowance</b>		£3,000	
Payable per business – not available if a director is the sole employee.			
<b>Limits and Thresholds</b>	<b>Weekly</b>	<b>Monthly</b>	<b>Annual</b>
Lower earnings limit	£112	£486	£5,824
Primary earnings threshold	£155	£672	£8,060
Secondary earnings threshold	£156	£676	£8,112
Upper earnings limit and upper secondary earnings threshold (under 21 or apprentice under 25)	£827	£3,583	£43,000
<b>Class 1A Employer</b> On car & fuel benefits and most other taxable benefits provided to employees and directors			13.8%
<b>Self-Employed Class 2</b> Flat rate	£2.80 pw		£145.60 pa
<b>Self-Employed</b> Small profits threshold			£5,965 pa
<b>Self-Employed Class 4</b> On profits	£8,060–£43,000 pa		9%
	Over £43,000 pa		2%
<b>Class 3</b> Flat rate	£14.10 pw		£733.20 pa
<b>Class 3A</b>			
If reached state pension age before 6/4/16			Amount depending on age

## PROPERTY TRANSACTION TAXES (SDLT, LBTT AND ATED)

<b>Residential property value (on slices of value)</b>			
<b>UK (excl. Scotland):</b>	<b>Rate</b>	<b>Scotland: Land and Buildings</b>	<b>Rate</b>
<b>Stamp Duty Land Tax (SDLT)</b>	<b>%</b>	<b>Transaction Tax (LBTT)</b>	<b>%</b>
Up to £125,000	0	Up to £145,000	0
£125,001–£250,000	2	£145,001–£250,000	2
£250,001–£925,000	5	£250,001–£325,000	5
£925,001–£1,500,000	10	£325,001–£750,000	10
Over £1,500,000	12	Over £750,000	12
<b>Second properties</b> over £40,000 – add 3% to SDLT/LBTT from 1/4/16			
<b>UK properties bought by companies</b> etc over £500,000 –15% on total value			
<b>Commercial property value</b>			
<b>UK (excl. Scotland): SDLT</b>	<b>Rate</b>	<b>Scotland: LBTT</b>	<b>Rate</b>
<b>(On slices of value)</b>	<b>%</b>	<b>(On slices of value)</b>	<b>%</b>
Up to £150,000	0	Up to £150,000	0
£150,001–£250,000	2	£150,001–£350,000	3
Over £250,000	5	Over £350,000	4.5
<b>Stamp Duty and SDRT:</b> Stocks and marketable securities			0.5%
No charge to stamp duty unless the duty exceeds £5.			
<b>Annual tax on enveloped dwellings (ATED)</b>			
<b>Residential property value</b>	<b>16/17</b>	<b>15/16</b>	
£500,001 – £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	
Above £20m	£218,200	£218,200	
Gains on disposals of ATED property are potentially subject to capital gains tax at 28%.			
Non UK residents are subject to capital gains tax on sale of UK residential property.			

## TAX INCENTIVISED INVESTMENTS

	16/17	15/16
<b>Individual Savings Account (ISA)</b>	£15,240	£15,240
Junior ISA and Child Trust Fund	£4,080	£4,080
Help to Buy ISA (from 1/12/15) £1,000 initial and £200 per month		
<b>Venture Capital Trust (VCT) at 30%</b>	£200,000	£200,000
<b>Enterprise Investment Scheme (EIS) at 30%</b>	£1,000,000	£1,000,000
EIS eligible for CGT reinvestment deferral relief	No limit	No limit
Seed EIS (SEIS) at 50%	£100,000	£100,000
SEIS CGT reinvestment relief	50%	50%

## CAPITAL GAINS TAX

<b>Tax Rates – Individuals</b>	16/17	15/16
Up to basic rate limit	10%	18%
Above basic rate limit	20%	28%
<b>Tax Rate – Trusts and Estates</b>	20%	28%
<b>Surcharge</b> for residential property & carried interest	8%	0%
<b>Exemptions</b>		
Individuals, estates, etc	£11,100	£11,100
Trusts generally	£5,550	£5,550
Chattels (gain restricted to 5/3rds of proceeds exceeding limit)	£6,000	£6,000
<b>Entrepreneurs' Relief</b> 10% on lifetime limit of £10,000,000		£10,000,000
For trading businesses and companies (minimum 5% employee/officer shareholding) held for at least one year.		
<b>Investors' Relief</b> 10% on lifetime limit of £10,000,000 for new unlisted shares in trading companies newly issued to outsiders (not employees/officers) after 16/3/16 and held for at least 3 years with disposals after 5/4/19.		

## INHERITANCE TAX

	16/17	15/16
Nil-rate band*	£325,000	£325,000
Rate of tax on excess	40%	40%
Rate if at least 10% of net estate left to charity	36%	36%
Lifetime transfers to and from certain trusts	20%	20%
Overseas domiciled spouse/civil partner exemption	£325,000	£325,000
100% relief: businesses, unlisted AIM companies, certain farmland/buildings		
50% relief: certain other business assets e.g. farmland let before 1/9/95		
Annual exempt gifts of: £3,000 per donor £250 per donee		

\*Up to 100% of the unused proportion of a deceased spouse's/civil partner's nil-rate band can be claimed on the survivor's death. Additional nil rate band of £100,000 available in respect of main residence to apply from 6/4/17.

### Tax charge on gifts within 7 years of death

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

## VALUE ADDED TAX

Standard rate	20%	Reduced rate, e.g. on domestic fuel	5%
Registration level from 1/4/16			£83,000
Deregistration level from 1/4/16			£81,000
Flat rate scheme turnover limit			£150,000
Cash and annual accounting schemes turnover limit			£1,350,000

## CAR BENEFITS

Taxable amount based on car's list price when new.

Charge varies according to CO<sub>2</sub> emissions in grams per kilometre.

CO <sub>2</sub> emissions (g/km)	Diesel	Petrol
0–50	10%	7%
51–75	14%	11%
76–94	18%	15%
Each additional 5	Additional 1%	Additional 1%
Diesel 185 and over / Petrol 200 and over	37%	37%

### Fuel Benefit – taxable amount for private use

Multiply the CO<sub>2</sub> percentage charge used for car benefit by £22,200

## VANS – FOR PRIVATE USE

	16/17	15/16
Zero emission: chargeable amount	£634	£630
Other vans: chargeable amount	£3,170	£3,150
Fuel: flat charge	£598	£594

## TAX-FREE BUSINESS MILEAGE ALLOWANCE – OWN VEHICLE

Cars first 10,000 miles:	45p per mile;	thereafter: 25p per mile
Qualifying passenger	5p per mile	
Motorcycles	24p per mile	Bicycles 20p per mile

## MAIN CAPITAL AND OTHER ALLOWANCES

Plant and machinery 100% annual investment allowance (1st year):

To 31/12/15	£500,000	From 1/1/2016	£200,000
Enterprise zone plant and machinery (Max €125m per investment project)			100%
Plant and machinery (annual reducing balance)			18%
Patent rights and know-how (annual reducing balance)			25%
Certain long-life assets and integral features of buildings (annual reducing balance)			8%
Energy and water-efficient equipment			100%
Electric vans			100%
Business premises renovations			100%

### Motor cars

CO <sub>2</sub> emissions of g/km:	75 or less*	76–130	131 or more
Capital allowance:	100% first year	18% pa <sup>†</sup>	8% pa <sup>†</sup>
			<sup>†</sup> Reducing balance.

### Research and Development

Capital expenditure		100%
Revenue expenditure	– Small/Medium-sized companies	230%
	– Large companies enhanced deduction scheme	130%
Large company – expenditure credit scheme		11%

### Effective rates of additional tax savings/credit for every £1 spent on R&D

SME (loss surrender for credit)	33.35p
SME (profit making)	26p
Large company enhanced deduction scheme	6p*
Large company expenditure credit	8.8p

\*Scheme not available from 1/4/16

## CORPORATION TAX

Rate on profits to 31/3/17 and to 31/3/16	20%*
Rate on diverted profits to 31/3/17 and to 31/3/16	25%

\*Rates to reduce to 19% from 17/18 and to 17% from 20/21.

Company tax charge on outstanding loans to participators (s455 tax) is payable at a rate of 25% (32.5% from 6/4/16).

## STATE PENSION

16/17	Weekly	Annual
Single person*	£119.30	£6,203.60
Spouse/civil partner*	£71.50	£3,718.00
Single tier†	£155.65	£8,093.80

\*State pension age before 6/4/16

†State pension age after 5/4/16

### Pension credit – standard minimum guarantee

Single	£155.60	£8,091.20
Couple	£237.55	£12,352.60

## OTHER USEFUL RATES

### National Minimum Wage and National Living Wage

	1/10/16– 31/3/17	1/4/16– 30/9/16	1/10/15– 31/3/16
Aged 25 & over (per hour)	£7.20	£7.20	£6.70
Aged 21 – 24 (per hour)	£6.95	£6.70	£6.70
Aged 18 – 20 (per hour)	£5.55	£5.30	£5.30

### Benefit of employment related loans

	16/17	15/16
Official rates of interest	3%	3%
For loans exceeding £10,000 only		

## MAIN DUE DATES FOR TAX PAYMENTS

### Income Tax, NIC and Capital Gains Tax – Self-Assessment

31 Jan in tax year } Following 31 July } Following 31 Jan	<ul style="list-style-type: none"><li>• Normally 50% of previous year's income tax (less tax deducted at source) and class 4 NIC</li><li>• Balance of income tax, class 2 and class 4 NIC, and all CGT</li></ul>
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### Inheritance Tax

On death:	normally 6 months after month of death
Lifetime transfer 6 April–30 September:	30 April in following year
Lifetime transfer 1 October–5 April:	6 months after month of transfer

**Corporation Tax** Self-assessment: 9 months and one day after end of accounting period

- Payable by instalments where profits are £1.5m or over.  
Normally payable in 7th, 10th, 13th and 16th months after start of accounting period.
- Growing companies: no instalments where profits are £10m or less and the company was not a large company for the previous year.

## COMPOSITE TAX RATES

The table below shows the marginal tax cost of extracting income from a tax paying company for personal use. Not all possibilities are shown. In this case, the term 'tax' includes income tax, corporation tax, capital gains tax and Class 1 NICs (13.8% for employer, 12% for basic rate tax paying employees aged 21 or over, and 2% for others).

Method	Personal tax rate	16/17 %	15/16 %
Dividend	Additional*	50.5	44.4
	Higher*	46.0	40.0
	Basic*	26.0	20.0
Salary	Additional	53.4	53.4
	Higher	49.0	49.0
	Basic	40.2	40.2
Reinvest until exit	All†	28.0	28.0

\*Ignoring the dividend allowance. †Based on claim for full Entrepreneurs' relief.

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