

INDIVIDUAL SAVING ACCOUNTS

The annual amount that can be invested in an ISA is £11,880 from 6 April 2014, of which £5,940 can be invested in cash. From 1 July 2014, the annual amount that can be invested in an ISA will be £15,000, all of which can be invested in cash.

VAT

Standard rate	VAT fraction of gross price	Reduced rate
20%	1/6	5%

Annual turnover limits ¹	From 1/4/2014	From 1/4/2013
Registration	£81,000	£79,000
Deregistration	£79,000	£77,000

¹ Based on previous 12 months or expected within next 30 days.

STAMP DUTY LAND TAX

Value of property (£)	Residential (%)	Non-residential (%)
1–125,000	nil	nil
125,001–150,000	1 ¹	nil
150,001–250,000	1	1
250,001–500,000	3	3
500,001–1,000,000	4 ²	4
1,000,001–2,000,000	5 ²	4
Over 2,000,000	7 ²	4

¹ Nil in disadvantaged areas prior to 6 April 2013 (then subject to transitional rules).

² In the case of a non-natural purchaser, the rate can be 15% in some circumstances.

Annual Tax on Enveloped Dwellings

Property value	2014/15 charge (£)	2013/14 charge (£)
≤ £2m	0	0
> £2m and ≤ £5m	15,400	15,000
> £5m and ≤ £10m	35,900	35,000
> £10m and ≤ £20m	71,850	70,000
> £20m	143,750	140,000

CHARITABLE GIVING

Gift Aid donations qualify for tax relief. Donations must be in cash. An individual must make a valid Gift Aid declaration. Charities can reclaim tax on the donation. Company donations are made gross and charities cannot recover tax. For example, a donation of £800 costs a 40% tax payer £600 (£550 for a 45% taxpayer) but the charity receives £1,000 after reclaiming 20% income tax on the donation.

Income, capital gains and corporation tax reliefs also apply for gifts to charity of listed shares and securities, AIM shares, units in authorised unit trusts, shares in OIECs and land and buildings.

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PERSONAL TAXES

Income tax rates

	2014/2015		2013/2014	
	%	Tax on band £	%	
£1–£31,865 ¹	20.0	6,373	20.0 ³	
£31,866–£150,000	40.0	47,254	40.0 ⁴	
Over £150,000	45.0	–	45.0	
Dividend rate²				
40% taxpayer	32.5	–	32.5	
45% taxpayer	37.5	–	37.5	

1 There is a 10% starting rate of up to £2,880 (2013/2014: £2,790) for savings income. Where other taxable income exceeds the starting rate, the 10% tax rate is not available.

2 Higher rate tax on gross dividends (i.e. including 10% tax credit) depends on tax band rate – 20%: nil, 40%: 22.5%, 45%: 27.5% (treat dividends as top slice of income).

3 For 2013/2014 the band was £1–£32,010.

4 For 2013/2014 the band was £32,011–£150,000.

Inheritance tax

	Rate
£1–£325,000 ¹	nil
Over £325,000	40% on death ²

1 Executors of a surviving spouse can claim any unused nil rate band on the death of the first spouse.

2 36% on death where 10% or more of the deceased's net estate is left to charity.

Lifetime gifts

Most lifetime gifts are exempt from inheritance tax where the donor survives seven years after making the gift. Reduced rates apply on death of the donor within four to seven years of the gift. Some gifts, including those to and from trusts, are taxed at 20%.

Other exemptions

Small gifts: £250 per donee. Annual gifts: £3,000 per donor.

Capital gains tax

Annual exemption	2014/2015 £	2013/2014 £
Individuals	11,000	10,900
Trustees	5,500	5,450
Rates		
Basic rate taxpayer ¹	18%	18%
Higher rate taxpayer ¹	28%	28%
Trustees and personal representatives	28%	28%
Entrepreneurs' relief	10%	10%
Lifetime gains limit	£10m	£10m

1 Gains treated as the top slice of income and taxed at marginal rates (18% up to the higher rate threshold and 28% above).

Income tax allowances and reliefs

	2014/2015 £	2013/2014 £
Personal allowance¹		
Basic	10,000	9,440
Single person aged 65–74 ²	10,500	10,500
Single person aged 75 and over ²	10,660	10,660
Married couple's/civil partnership allowance		
Basic ³	3,140	3,040
Aged 79 and over ^{2,3}	8,165	7,915
Blind person's allowance	2,230	2,160
Rent a room	4,250	4,250

1 Reduces by £1 for £2 of income over £100,000 (applies to all ages).

2 Reduces by £1 for £2 of income over £27,000 (2013/2014: £26,100) until basic personal allowance is reached.

3 Relief at 10% available if one spouse born before 6 April 1953.

BUSINESS TAXES

Corporation tax rates

	Year end 31/3/2015	Year end 31/3/2014
£1–£300,000	20%	20%
£300,001–£1,500,000 ¹	21.25%	23.75%
Over £1,500,000	21%	23%
Patent Box ²	10%	10%

1 Marginal tax fraction.

1/400 3/400

2 The Patent Box benefits were phased in from April 2013 and the low rate of 10% will apply from April 2017.

Capital allowances

	First year/ initial allowance	Writing- down allowance
Plant and machinery		
General ¹	nil	18%
Long life/integral features/cars ²	nil	8%
Green technology ³	100%	nil
Enterprise zones ⁴	100%	nil

Annual investment allowance (AIA)

AIA on first £500,000 of expenditure ^{5,6}	100%	nil
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Research & development

	100%	nil
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1 Includes cars emitting CO₂ above 95 g/km and no more than 130 g/km.

2 Includes cars emitting more than 130 g/km.

3 Includes cars emitting no more than 95 g/km and electric cars (to 31 March 2015).

4 Enhanced capital allowances are available for investment by companies on qualifying expenditure incurred in enterprise zones. This is available for expenditure incurred up to 31 March 2020.

5 Available on general plant & machinery, long life assets and integral features (excluding cars).

6 Limit increased from £250,000 for qualifying expenditure incurred between 1 April 2014 (6 April 2014 for income tax) and 31 December 2015 (subject to transitional rules).

EMPLOYMENT TAXES

National insurance contributions (NICs)

From 6 April 2014

£pw earnings	Contracted in	Contracted out
Class 1 employed		
Employee earnings bracket		
Up to £153.00	nil	nil
£153.01–£770.00	12%	10.6%
£770.01–£805.00	12%	12%
Over £805.00	2%	2%
Employer earnings bracket		
Up to £153.00	nil	nil
£153.01 to £770.00	13.8%	10.4%
Over £770.00	13.8%	13.8%

Class 2 self employed

Weekly rate £2.75 (small earnings exception: £5,885 a year)

Class 3 voluntary

Weekly rate £13.90

Class 4 self employed

9% on annual profits between £7,956–£41,865

2% on annual profits above £41,865

Pension contributions

	2014/2015 £	2013/2014 £
Annual allowance ^{1,2}	40,000	50,000
Lifetime allowance	1,250,000	1,500,000

1 Tax relief on lower of annual earnings or the annual allowance (or £3,600 regardless of earnings level).

2 Aggregate of personal and employer contributions.

Car benefit assessment 2014/2015

Car benefit is calculated as a graduated percentage of a car's list price based on its CO₂ emissions (up to a maximum of 35%). Different rules apply for cars registered pre-1 January 1998 and those with no CO₂ figure.

CO₂ emissions (g/km)

	%
0	0
1 to 75	5
76 to 94	11
95 and under 100 ¹	12

1 Then rising in 1% steps per 5 g/km until 35% is reached.

A 3% supplement applies to all diesel cars, to a maximum of 35%.

Fuel benefit

Benefit charge multiplier from 6 April 2014: £21,700 (previously £21,100)