

Tax: in order

The Chancellor's Summer Budget
2015–2016



Income tax and allowances

Rates	2015-16	2014-15	Notes
0/20% starting rate	£1–£5,000	n/a	A
10/20% starting rate	n/a	£1–£2,880	B
20% basic rate	£5,001–£31,785	£2,881–£31,865	
40% higher rate	£31,786–£150,000	£31,866–£150,000	
45% additional rate	Over £150,000	Over £150,000	

A. 0% only available on savings income when non-savings income is less than savings rate band, otherwise 20%.

B. 10% only available on savings income when non-savings income is less than savings rate band, otherwise 20%.

Dividend tax

Rates	2015-16		2014-15		Notes
	Actual rate	Effective rate	Actual rate	Effective rate	
Savings and basic rate taxpayers	10%	0%	10%	0%	A
Higher rate taxpayer	32.5%	25%	32.5%	25%	
Additional rate taxpayer	37.5%	30.56%	37.5%	30.56%	

A. Actual rate is rate applied to dividend received plus tax credit. Effective rate is on dividend received.

Income tax allowances

Rates	2015-16	2014-15	Notes
Basic personal allowance	£10,600	£10,000	A
People born 6 April 1938 to 5 April 1948	£10,600	£10,500	B
People born before 6 April 1938	£10,660	£10,660	B
Married/civil partnership allowance (basic)	£3,220	£3,140	C
Married/civil partnership allowance (aged 80 and over)	£8,355	£8,165	B,C
Blind person's allowance	£2,290	£2,230	
Rent a room	£4,250	£4,250	

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

B. Reduces by £1 for £2 of income over £27,700 (2014–2015: £27,000) until basic personal allowance and basic married/civil partnership couples' allowance is reached.

C. Relief at 10% available if one spouse was born before 6 April 1935.

National insurance contributions

Rates from 6 April 2015	Contracted in	Contracted out	Notes
Class 1 employee weekly earnings			
£0–£155	nil	nil	
£155.01–£770	12%	10.6%	
£770.01–£815	12%	12%	
Over £815	2%	2%	

National insurance contributions (cont'd.)

Rates from 6 April 2015	Contracted in	Contracted out	Notes
Employer weekly earnings			
£0–£156	nil	nil	
£156.01–£770	13.8%	10.4%	
Over £770	13.8%	13.8%	
Class 2 self employed annual earnings			
£1–£5,965	Exempt		
Over £5,965	£2.80		A
Class 3 voluntary	£14.10		A
Class 4 self employed annual earnings			
• £1–£8,060 annual profits	0%		
• £8,060–£42,385 annual profits	9%		
• Over £42,385 annual profits	2%		

A. Weekly flat rate.

Inheritance tax

Rates	2015-16	2014-15	Notes
Nil rate band: £1–£325,000	0%	0%	A
Over £325,000	40%	40%	
On relevant lifetime transfers	20%	20%	
On death transfers	40%	40%	
Reduced rate	36%	36%	B
Exemptions			
Annual gifts per donor	£3,000	£3,000	
Small gifts per donee	£250	£250	
Gifts from a parent on marriage	£5,000	£5,000	
Gifts from grandparent on marriage	£2,500	£2,500	
Other gifts on marriage	£1,000	£1,000	
Regular gifts out of income	exempt	exempt	

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

B. Where 10% or more of the deceased person's net estate is left to charity.

Charitable giving

Gift Aid – after tax cost to taxpayer					Notes
Donor's top rate of tax	0%	20%	40%	45%	
Cash donation	£80	£80	£80	£80	
Additional tax/(relief)	£20	£0	(£20)	(£25)	
Net cost to taxpayer	£100	£80	£60	£55	A

A. Example: a donor gives cash of £80 to a charity under Gift Aid. The charity reclaims £20 from HMRC, receiving a total of £100.

Capital gains tax

	2015-16	2014-15	Notes
Annual exemption			
Individuals	£11,100	£11,000	
Trusts	£5,550	£5,500	
Rates			
Basic rate taxpayer	18%	18%	A
Higher rate taxpayer	28%	28%	A
Trusts and personal representatives	28%	28%	
Entrepreneurs' relief	10%	10%	
Lifetime gains limit	£10m	£10m	

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

Pension contributions

	2015-16	2014-15	Notes
Annual allowance	£40,000	£40,000	A
Lifetime allowance	£1.25m	£1.25m	

A. Tax relief on lower of annual earnings or the annual allowance (or £3,600 regardless of earnings level). Includes both personal and employer contributions.

Individual savings accounts

	2015-16	2014-15	Notes
Total maximum of contributions of which:	£15,240	£15,000	
• maximum investment into cash	n/a	£5,940	A
• maximum investment into shares	n/a	£11,880	A
Junior ISA	£4,080	£4,000	

A. Limits applied to ISAs opened prior to 1 July 2014.

Tax efficient savings and investments

	2015-16	2014-15	Notes
Enterprise investment scheme	£1m	£1m	
Rate of income tax relief	30%	30%	
Seed enterprise investment scheme	£100,000	£100,000	
Rate of income tax relief	50%	50%	
Venture capital trusts	£200,000	£200,000	
Rate of income tax relief	30%	30%	
Social investment tax	£1m	£1m	
Rate of income tax relief	30%	30%	

Car, van and fuel benefits

Car benefit – CO₂ (g/km) emissions	2015-16	Notes	
0–50	5%	A,B	
51–75	9%	A,B	
76–94	13%	A,B	
Each additional 1–5 g/km	Further 1%	A,B,C	
Fuel benefit			
Car: benefit percentage of	£22,100		
Van: fixed amount	£594		
	2015-16	2014-15	Notes
Van benefit	£3,150	£3,090	

A. For petrol cars registered after 1 January 1998, car benefit is calculated as a graduated percentage of a car's list price based on its CO₂ emissions (up to a maximum of 37%). Different rules apply for cars registered pre-1 January 1998 and those with no CO₂ figure.

B. A 3% supplement for diesel cars to a maximum of 37%.

C. To a maximum of 37%.

Value added tax

Standard rate	2015-16	2014-15	Notes
Standard rate	20%	20%	
Reduced rate	5%	5%	
Registration threshold	£82,000	£81,000	A
Deregistration threshold	£80,000	£79,000	

A. Taxable turnover measured by reference to the last 12 months or next 30 days.

Stamp duty land tax

Residential properties	2015-16	Notes
On consideration between:		
£0–£125,000	nil	
£125,001–£250,000	2%	
£250,001–£925,000	5%	
£925,001–£1.5m	10%	
Above £1.5m	12%	
Non-residential and mixed use properties		
Property price, premium or value up to £150,000 (any annual rent no greater than £1,000)	nil	
Properties up to £150,000 (annual rent more than £1,000)	1%	
Properties between £150,001 and £250,000	1%	
Properties between £250,001 and £500,000	3%	
Properties over £500,000	4%	

Land and buildings transaction tax

Purchase price of property	2015-16	Notes
On consideration between:		
£0–£145,000	0%	A
£145,001–£250,000	2%	A
£250,001–£325,000	5%	A
£325,001–£750,000	10%	A
Over £750,000	12%	A

A. Replaces Stamp Duty Land Tax in Scotland; subject to approval by Scottish parliament.

Annual tax on enveloped dwellings

Residential property value	2015-16	2014-15	Notes
£1m–£2m	£7,000	n/a	A, B
£2m–£5m	£23,350	£15,400	A, B
£5m–£10m	£54,450	£35,900	A, B
£10m–£20m	£109,050	£71,850	A, B
Over £20m	£218,200	£143,750	A, B

A. ATED capital gains tax rate: 28%.

B. ATED SDLT rate on properties worth more than £0.5m held by non-natural persons: 15%

Corporation tax

Taxable profits	2015-16	2014-15	Notes
£1–£300,000	20%	20%	
£300,001–£1.5m	20%	21.25%	
Over £1.5m	20%	21%	

Patent box

Rate of tax on qualifying profits	2015-16	2014-15	Notes
Main rate of corporation tax	12%	13.30%	

Diverted profits tax

	2015-16	2014-15	Notes
Arrangements by which foreign companies exploit the permanent establishment rules, or companies create tax advantages by using transactions or entities that lack economic substance	25%	n/a	

Capital allowances

Plant and machinery	2015-16	2014-15	Notes
Annual investment allowance	100%	100%	A
• Until 31 December 2015: expenditure up to £500,000	100%	100%	B
• From 1 January 2016: expenditure up to £25,000	100%	100%	
Long life assets and integral features	8%	8%	
Other plant and machinery	18%	18%	
Certain assets	100%	100%	C

A. Available on general plant and machinery, long life assets and integral features, but not cars.

B. Time apportionment applies so available allowances may be less.

C. Assets used in research and development, enterprise zones, energy saving technologies, water efficient technologies, business premises renovation.

Research and development tax credits

Large companies	2015-16	2014-15	Notes
Either			
Additional (enhanced) tax relief	30%	30%	
Or			
Above the line repayable tax credit	11%	10%	
Small companies			
Additional (enhanced) tax relief	130%	125%	
Cash reclaim available per £100 spend to loss making small companies	£33.35	£32.62	

Inheritance tax business property relief

Type	Rate	Notes
A business or an interest in a business	100%	
Unquoted shares	100%	
Unquoted securities which on their own or combined with other unquoted shares or securities give control of the company	100%	
Quoted shares which give control of the company	50%	
Land or buildings, machinery or plant used wholly or mainly for the purposes of a business they were a partner in or controlled	50%	
Land or buildings, machinery or plant available under a life interest and used in a business carried on by the individual	50%	

Sherwood House
7 Gregory Boulevard
Nottingham
NG7 6LB

Telephone: (0115) 955 5500
Facsimile: (0115) 955 5800
E-mail: enquiries@pagekirk.co.uk
www.pagekirk.co.uk

An independent member of hcwa, with associated firms throughout the United Kingdom and Worldwide.