

# Tax Facts

Autumn Budget 2017



## Income tax and allowances

|                     | 2018/19          | 2017/18          | Notes |
|---------------------|------------------|------------------|-------|
| 0% starting rate    | £1–£5,000        | £1–£5,000        | A     |
| 20% basic rate      | £5,001–£34,500   | £5,001–£33,500   | B     |
| 40% higher rate     | £34,501–£150,000 | £33,501–£150,000 | B     |
| 45% additional rate | Above £150,000   | Above £150,000   |       |

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

B. Scottish non-savings rate was £31,500 rather than £33,500 in 2017/18. The bands for 2018/19 are under discussion.

## Dividend tax

|   | 2018/19          | 2017/18          |
|---|------------------|------------------|
|   | Rate on dividend | Rate on dividend |
| First £2,000 (£5,000 in 2017/18) nil rate | 0%               | 0%               |
| Basic rate taxpayers                      | 7.5%             | 7.5%             |
| Higher rate taxpayer                      | 32.5%            | 32.5%            |
| Additional rate taxpayer                  | 38.1%            | 38.1%            |

## Income tax allowances

|  | 2018/19 | 2017/18 | Notes |
|--|---------|---------|-------|
| Basic personal allowance                               | £11,850 | £11,500 | A     |
| Married/civil partnership allowance (aged 81 and over) | £8,695  | £8,445  | B,D   |
| Transfer of personal allowance                         | £1,185  | £1,150  | C     |
| Married couples allowance (basic)                      | £3,360  | £3,260  | D     |
| Blind person's allowance                               | £2,390  | £2,320  |       |
| Rent a room  | £7,500  | £7,500  |       |
| Saving allowance: basic rate taxpayer                  | £1,000  | £1,000  |       |
| Saving allowance: higher rate taxpayer                 | £500    | £500    |       |

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

B. Reduces by £1 for £2 of income over £28,900 (£28,000 in 2017/18) until basic personal allowance and basic married/civil partnership couples' allowance is reached.

C. Only available if lower earner is below personal allowance and higher earner is a basic rate taxpayer.

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

## National Insurance Contributions (NIC)

|   | From 6 April 2018 | Notes |
|---|-------------------|-------|
| <b>Class 1 employee weekly earnings</b> |                   |       |
| £0–£162                                 | Nil               |       |
| £162.01–£892                            | 12%               |       |
| Above £892                              | 2%                |       |
| <b>Class 1 employer weekly earnings</b> |                   |       |
| £0–£162                                 | Nil               |       |
| Above £162                              | 13.8%             | A,B   |

## National Insurance Contributions (cont'd.)

|   | From 6 April 2018 | Notes |
|---|-------------------|-------|
| <b>Class 2 self employed annual earnings</b>  |                   |       |
| £1–£6,205   | Nil               |       |
| Over £6,205   | £2.95             | C     |
| <b>Class 3 voluntary</b>  | £14.65            | C     |
| <b>Class 4 self employed annual earnings</b>  |                   |       |
| • £1–£8,424 annual profits  | Nil               |       |
| • £8,424.01–£46,350 annual profits  | 9%                |       |
| • Over £46,350 annual profits   | 2%                |       |
| A. Employers of apprentices under 25 and all employees under 21 pay no NIC on their earnings below £892 per week. |                   |       |
| B. Employment allowance £3,000 per year per employer.   |                   |       |
| C. Weekly flat rate.  |                   |       |

## Inheritance Tax

|                                    | 2018/19  | 2017/18  | Notes |
|------------------------------------|----------|----------|-------|
| Nil rate band                      | £325,000 | £325,000 | A     |
| Residence nil rate band limit      | £125,000 | £100,000 | A     |
| Over £325,000:                     |          |          |       |
| • on relevant lifetime transfers   | 20%      | 20%      |       |
| • on death transfers               | 40%      | 40%      |       |
| • reduced rate                     | 36%      | 36%      | B     |
| <b>Exemptions</b>                  |          |          |       |
| 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.

## Business relief

|   | Notes  |
|---|--------|
| A business or an interest in a business   | 100%   |
| Unquoted shares   | 100% A |
| Unquoted securities which on their own or combined with other unquoted shares or securities give control of the company         | 100% A |
| Quoted shares which give control of the company   | 50% A  |
| 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%    |

A. Companies dealing in stocks, shares and land etc. or making or holding investments may not qualify.

## Capital Gains Tax

|                                     | 2018/19 | 2017/18 | Notes |
|-------------------------------------|---------|---------|-------|
| <b>Annual exemption</b>             |         |         |       |
| Individuals                         | £11,700 | £11,300 |       |
| Trusts                              | £5,850  | £5,650  |       |
| <b>Rates</b>                        |         |         |       |
| Basic rate taxpayer                 | 10%     | 10%     | A,B   |
| Higher and additional rate taxpayer | 20%     | 20%     | A,C   |
| Trusts and personal representatives | 20%     | 20%     | C     |
| Entrepreneurs' relief               | 10%     | 10%     | D     |
| Long-term external investor relief  | 10%     | 10%     | D     |

A. Gains treated as the top slice of income and taxed at marginal rates (10% up to the higher rate threshold and 20% above).

B. 18% on residential property not eligible for Private Residence Relief, and carried interest.

C. 28% on residential property not eligible for Private Residence Relief, and carried interest.

D. Subject to a lifetime gain limit of £10m.

## Pension contributions

|                    | 2018/19    | 2017/18    | Notes |
|--------------------|------------|------------|-------|
| Annual allowance   | £40,000    | £40,000    | A,B   |
| Lifetime allowance | £1,030,000 | £1,000,000 |       |

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

B. Annual allowance reduced by £1 for every £2 additional income exceeds £150,000 to a minimum of £10,000.

Reduction does not apply if 'threshold income' is below £110,000.

## Individual savings accounts (ISA)

|   | 2018/19 | 2017/18 |
|---|---------|---------|
| Total maximum contributions to an adult ISA | £20,000 | £20,000 |
| Junior ISA                                  | £4,260  | £4,128  |

## Tax efficient savings and investments

|  | 2018/19  | 2017/18  | Notes |
|--|----------|----------|-------|
| <b>Enterprise investment scheme</b>      | £1m      | £1m      | A     |
| Rate of income tax relief                | 30%      | 30%      |       |
| <b>Seed enterprise investment scheme</b> | £100,000 | £100,000 |       |
| Rate of income tax relief                | 50%      | 50%      |       |
| <b>Venture capital trusts</b>            | £200,000 | £200,000 |       |
| Rate of income tax relief                | 30%      | 30%      |       |
| <b>Social investment tax</b>             | £1m      | £1m      |       |
| Rate of income tax relief                | 30%      | 30%      |       |

A. From 6 April 2018 can invest up to £2m provided any amount over £1m is invested in one or more knowledge-intensive companies.

## Car, van and fuel benefits

| Car benefit – CO <sub>2</sub> (g/km) emissions | 2018/19 | Notes |
|--|---------|-------|
| 0–50   | 13%     | A,B   |
| 51–75  | 16%     | A,B   |
| 76–94  | 19%     | A,B   |
| Each additional 1–5 g/km                       | 1%      | A,B,C |
| Van benefit                                    | £3,350  |       |
| <b>Fuel benefit</b>                            |         |       |
| Car: benefit percentage of                     | £23,400 |       |
| Van: fixed amount                              | £633    |       |

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 CO<sub>2</sub> emissions (up to a maximum of 37%). Different rules apply for cars registered pre-1 January 1998 and those with no CO<sub>2</sub> figure.

B. A 4% supplement for diesel cars to a maximum of 37%. Except real driving emissions step 2 standard cars.

C. To a maximum of 37%.

## Value added tax

|                          | 2018/19 | Notes |
|--------------------------|---------|-------|
| Standard rate            | 20%     |       |
| Reduced rate             | 5%      |       |
| Registration threshold   | £85,000 | A     |
| Deregistration threshold | £83,000 |       |

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

## Stamp duty land tax: Property purchased in England and Northern Ireland

| Residential properties    | 2018/19 | Notes |
|---------------------------|---------|-------|
| On consideration between: |         |       |
| £0–£125,000               | Nil     | A     |
| £125,001–£250,000         | 2%      | A     |
| £250,001–£925,000         | 5%      | A,B   |
| £925,001–£1.5m            | 10%     | A,B   |
| Above £1.5m               | 12%     | A,B   |

A. Additional supplement of 3% on second homes, buy to let properties etc.

B. SDLT rate on properties worth more than £500,000 held by non-natural persons: 15%.

| First time buyers         | 2018/19                    | Notes |
|---------------------------|----------------------------|-------|
| On consideration between: |                            |       |
| £0–£300,000               | Nil                        | A     |
| £300,000–£500,000         | 5%                         | A     |
| Above £500,000            | Standard rates above apply |       |

A. The first time buyer rates apply from 22 November 2017 onwards if the property purchased qualifies for first time buyer relief.

## Stamp duty land tax: Property purchased in England and Northern Ireland (cont'd.)

| Non-residential and mixed use properties   | 2018/19 |
|--|---------|
| Property price, premium or value up to £150,000 (any annual rent no greater than £1,000) | Nil     |
| Properties between £150,001 and £250,000   | 2%      |
| Properties above £250,000  | 5%      |

## Land and buildings transaction tax: Property purchased in Scotland

| Residential property   | 2018/19 | Notes |
|--|---------|-------|
| 2018/19 rates may still be amended by the Scottish Parliament. On consideration between: |         |       |
| £0–£145,000  | Nil     | A     |
| £145,001–£250,000  | 2%      | A     |
| £250,001–£325,000  | 5%      | A     |
| £325,001–£750,000  | 10%     | A     |
| Above £750,000   | 12%     | A     |

A. Additional supplement of 3% on second homes and buy to let properties.

## Annual tax on enveloped dwellings (ATED)

| Residential property value | 2018/19  | 2017/18  | Notes |
|----------------------------|----------|----------|-------|
| £500,000–£1m               | £3,600   | £3,500   | A,B   |
| £1m–£2m                    | £7,250   | £7,050   | A,B   |
| £2m–£5m                    | £24,250  | £23,550  | A,B   |
| £5m–£10m                   | £56,550  | £54,950  | A,B   |
| £10m–£20m                  | £113,400 | £110,100 | A,B   |
| Above £20m                 | £226,950 | £220,350 | A,B   |

A. ATED capital gains tax rate: 28%.

B. ATED SDLT rate on properties worth more than £500,000 held by non-natural persons: 15%.

## Corporation tax

| Taxable profits | 2018/19 | 2017/18 |
|-----------------|---------|---------|
| Rate            | 19%     | 19%     |

## Diverted profits tax

|   | 2018/19 | 2017/18 |
|---|---------|---------|
| 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%     | 25%     |

## Capital allowances

| Plant and machinery                                     | 2018/19 | 2017/18 | Notes |
|---|---------|---------|-------|
| Annual investment allowance: expenditure up to £200,000 | 100%    | 100%    | A     |
| First year allowance                                    | 100%    | 100%    | B     |
| Other plant and machinery                               | 18%     | 18%     |       |
| Long life assets and integral features                  | 8%      | 8%      |       |

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

B. Assets used in enterprise zones, energy saving technologies, water efficient technologies, low emission cars, zero emission goods vehicles.

## Research and development (R&D) tax credits

|  | 2018/19 | 2017/18 | Notes |
|--|---------|---------|-------|
| <b>Large companies</b>   |         |         |       |
| R&D expenditure credit   | 12%     | 11%     | A     |
| <b>SME scheme</b>  |         |         |       |
| Additional (enhanced) tax relief                                     | 130%    | 130%    |       |
| Cash reclaim available per £100 spend to loss making small companies | £33.35  | £33.35  | B     |

A. Expenditure on or after 1 January 2018 qualifies for the 12% rate.

B. Option to surrender R&D losses for cash repayment at 14.5%.

## Patent box

| Rate of tax on qualifying profits | 2018/19 | 2017/18 |
|-----------------------------------|---------|---------|
| Main rate of corporation tax      | 10%     | 10%     |

## 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.

Sherwood House  
7 Gregory Boulevard  
Nottingham  
NG7 6LB

Telephone: (0115) 955 5500  
E-mail: [enquiries@pagekirk.co.uk](mailto:enquiries@pagekirk.co.uk)  
[www.pagekirk.co.uk](http://www.pagekirk.co.uk)

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