



BALDWINS

Tax Card
2017/18

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Taxable Income Bands & Tax Rates

	2017/18	2016/17
Rate Bands		
Starting rate limit for savings	£5,000*	£5,000*
Basic rate band	£33,500	£32,000
Scottish basic rate band	£31,500	£32,000
Higher rate band	£33,501-£150,000	£32,001-£150,000
Scottish higher rate band	£31,501-£150,000	£32,001-£150,000
Additional rate band	Over £150,000	Over £150,000
Savings Income		
Starting rate for savings	0%*	0%*
Non Savings Income		
Basic rate	20%	20%
Higher rate	40%	40%
Additional rate	45%	45%
Dividend Income		
Dividend ordinary rate	7.5%	7.5%
Dividend upper rate	32.5%	32.5%
Dividend additional rate	38.1%	38.1%

*The starting rate does not apply if taxable non-saving income exceeds the starting rate limit.

> Allowances that reduce taxable income

	2017/18	2016/17
Personal allowance*	£11,500	£11,000
Personal savings allowance	Basic rate taxpayer	£1,000
	Higher rate taxpayer	£500
Dividend allowance	£5,000	£5,000
Marriage allowance**	£1,150	£1,100
Trading allowance***	£1,000	N/A
Property allowance***	£1,000	N/A
Rent a room allowance	£7,500	£7,500
Blind person's allowance	£2,320	£2,290

*The personal allowance is reduced by £1 for each £2 of income from £100,000 to £123,000 (2016/17, £122,000).

**Transferable allowance available to basic rate taxpayers who are not in receipt of married couple's allowance.

***Note that landlords and traders with gross income from this source in excess of £1,000 can deduct the allowance from their gross income as an alternative to claiming expenses.

> Allowances that reduce tax

	2017/18	2016/17
Married couple's allowance (MCA)	£8,445	£8,355

Relief is given at 10% of the allowance i.e. £844.50 (2016/17, £835.50). Available to taxpayers born before 6 April 1935. The age for MCA is that of the elder spouse or civil partner. For income above £28,000 (2016/17, £27,700), the allowance is reduced by 10p for each £2 of income above £28,000 (2016/17, £27,700) until minimum allowance £3,260 (2016/17, £3,220) is reached.

> High income child benefit charge

	2017/18	2016/17
Threshold	£50,000	£50,000

There is a tax charge of 1% of the benefit per £100 of the adjusted net income over £50,000; 100% of the benefit when adjusted net income is over £60,000.

Vehicle & Fuel Benefits In Kind (BIK)

The taxable BIK is calculated as a percentage of the car's UK list price. The percentage depends on the car's CO₂ emissions in grams per kilometre (g/km).

Emissions	Petrol*	Diesel
0 – 50g/km*	9%	12%
51 – 75g/km	13%	16%
76 – 94g/km	17%	20%
Over 94g/km	add 1% for every 5g/km or part thereof	
190g/km** and over	37% maximum	

*Including Electric Vehicles

**Over 174g/km for diesel.

The list price of the car including most accessories is reduced by up to a maximum of £5,000 for capital contributions made by an employee. Employee's contributions towards private use reduce the taxable benefit pound for pound.

Fuel benefit for company cars is calculated by applying the relevant car CO₂ emissions % to a pre-set figure of £22,600 (2016/17, £22,200).

Private use of vans attracts a benefit of £3,230 plus a further £610 (2016/17, £598) for fuel benefit. . Payments by employees for private use may reduce these BIKs. Vans with zero emissions have a benefit of £646 (2016/17, £634).

Tax-Free Mileage Allowances

Private Cars & Vans	First 10,000 business miles	45p
	Thereafter	25p
Motorcycles	24p	
Bicycles	20p	
Each Qualifying Passenger	5p	

For national insurance purposes: 45p for all business miles for cars and vans.

Capital Gains Tax

		2017/18	2016/17
Main rates	Individual basic rate	10%	10%
	Individual higher rate	20%	20%
	Trusts & Estates	20%	20%
Gains on residential property not eligible for PPR relief and carried interest	Individual basic rate	18%	18%
	Individual higher rate	28%	28%
	Trusts & Estates	28%	28%
Annual Exemption	Individuals	£11,300	£11,100
	Trusts	£5,650	£5,550
Entrepreneurs' relief	Applicable rate	10%	10%
	Lifetime limit	£10m	£10m
Investors' relief*	Applicable rate	10%	10%
	Lifetime limit	£10m	£10m

*An extension to entrepreneur's relief for external investors in unlisted trading companies subject to meeting certain criteria.

Inheritance Tax

	2017/18	2016/17
Nil-rate band threshold*	£325,000	£325,000
Main residence nil-rate band**	£100,000	N/A
Combined threshold limit for married couples and civil partners, including main residence nil-rate band	£850,000	£650,000

*Up to 100% of any unused part of a deceased person's nil-rate band can be claimed by the surviving spouse/civil partner on their death.

**For estates worth in excess of £2m, the additional main residence nil-rate band will be tapered at a withdrawal rate of £1 for every £2 over the threshold.

> Tax rates

	2017/18	2016/17
Main rate	40%	40%
Chargeable on lifetime transfers	20%	20%
Transfers on or within 7 years of death*	40%	40%
Reduced rate**	36%	36%

*All lifetime transfers not covered by exemptions and made within 7 years of death will be added back into the estate for the purposes of calculating the tax payable. This may then be reduced as shown in next the table.

**Applies if 10% or more of net estate given to charity.

Years before death	0-3	3-4	4-5	5-6	6-7
Tax reduced by	0%	20%	40%	60%	80%

Company Taxation

Financial year from 1 April	2017	2016
Corporation tax rate	19%	20%
Loan to participators	32.5%	32.5%
Diverted profits tax	25%	25%

Main Capital Allowances

> Initial Allowances

First year allowance: for certain environmentally beneficial equipment, new and unused electric and low CO ₂ emission cars (up to 75g/km)	100%
Annual investment allowance: on first £200,000 (excludes cars)	100%

> Writing down allowances

Other plant and machinery	18%	
Long-life assets, integral features of buildings, thermal insulation	8%	
Cars	76g/km – 130g/km	18%
	Over 130g/km	8%
Patent rights and know how – annual reducing balance	25%	

Value Added Tax

From 1 April	2017	2016
Standard rate	20%	20%
VAT fraction	1/6	1/6
Reduced rate	5%	5%
VAT fraction	1/21	1/21

> Taxable turnover limits

From 1 April	2017	2016
Registration (last 12 months or next 30 days over)	£85,000	£83,000
De-registration (next year under)	£83,000	£81,000
Registration for distance selling into the UK (last 12 months or next 30 days) over	£70,000	£70,000
Annual accounting scheme	£1,350,000	£1,350,000
Cash accounting scheme	£1,350,000	£1,350,000
Flat rate scheme	£150,000	£150,000

Research & Development Costs

Research & Development (R&D)	
Revenue expenditure - SMEs	230%
Large company R&D taxable expenditure credit	11%
Capital expenditure - all companies	100%

Tax Incentivised Investment

Annual investment limit	2017/18	2016/17
ISA	£20,000	£15,240
Lifetime ISA	£4,000	N/A
Junior ISA and Child Trust Fund	£4,128	£4,080
Venture Capital Trust at 30%	£200,000	£200,000
Enterprise Investment Scheme (EIS) at 30%	£1,000,000	£1,000,000
Seed EIS (SEIS) at 50%	£100,000	£100,000
SEIS capital gains tax investment relief	50%	50%
Social investment tax relief at 30%	£1,000,000	£1,000,000

Registered Pensions

Lifetime allowance limit	£1,000,000
Annual allowance limit	£40,000*
Money purchase annual allowance	£4,000 (2016/17, £10,000)
Individuals	£3,600 or 100% of net relevant earnings to £40,000*
Employers	£40,000* less employee contributions
Minimum age for accessing benefits	55
Maximum age for tax relief	74
On cumulative benefits exceeding	£1,000,000

*The annual allowance is reduced by £1 for every £2 of income over £150,000, including relievable contributions, to a minimum of £10,000. The annual allowance may be increased by up to £120,000 (2016/17, £130,000) with unused relief from the previous 3 years.

National Insurance

Class 1			
Employee		Employer	
Earnings per week			
Up to £155	nil*	Up to £157	0%
From £157.01 to £866	12%	Over £157	13.8%**
Over £866	2%		
Over state pension age	0%	Over state pension age	13.8%

*Entitlement to contribution based benefits are retained for earnings between £113 and £157 per week.

**0% for employees under 21 and apprentices under 25 on earnings up to £866 per week.

Class 1A	
On relevant benefits	13.8%
Class 2	
Self-employed above small profits threshold	£2.85 per week
Small profits threshold	£6,025 per annum
Class 3	
Voluntary	£14.25 per week
Class 4*	
Self-employed on profits £8,164-£45,000	9%
Over £45,000	2%

*Exemption applies if the state retirement age is reached by 6 April 2017.

> Employment allowance

Per employer, per year (excluding 1 person companies)	£3,000*
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*1 claim only for companies in a group or under common control. Not available where the director is the only employee paid earnings above the secondary threshold for Class 1 national insurance contributions.

> Apprenticeship Levy

Apprenticeship levy allowance	£15,000
Apprenticeship levy rate	0.5%*

*Applies where the payroll exceeds £3 million. Further conditions apply. Please contact us to discuss.

Stamp Taxes

Stamp duty is payable at a rate of 0.5% on certain transfers of shares and securities of £1,000 and over.

The incremental rate of stamp duty land tax is only payable on the part of the property price within each land tax band.

> Stamp duty land tax

On the transfer of residential property*		On the transfer of non-residential property	
Less than £125,000	0%	Less than £150,000	0%
From £125,001 to £250,000	2%	From £150,001 to £250,000	2%
From £250,001 to £925,000	5%	Over £250,000	5%
From £925,001 to £1,500,000	10%		
Over £1,500,000	12%		
<i>Purchases made by companies and other certain non-natural persons</i>			
Over £500,000	15%**		

*Additional 3% rate applies to second properties over £40,000.

**Subject to certain exclusions.

> Land and buildings transaction tax in Scotland

On the transfer of residential property*		On the transfer of non-residential property	
£0 - £145,000	0%	£0 - £150,000	0%
£145,001 - £250,000	2%	£150,001 - £350,000	3%
£250,001 - £325,000	5%	Over £350,000	4.5%
£325,001 - £750,000	10%		
Over £750,000	12%		

*Additional 3% rate applies to second properties over £40,000

Important Notice

These tables are a summary and are for information only. They are based on information from the Spring 2017 Budget announcement and may be subject to further amendments.

This publication has been written in general terms and therefore cannot be relied on to cover specific situations; application of the principles set out will depend upon the particular facts in each case and we recommend that you obtain professional advice before acting or refraining from acting on any of the contents of this publication.

Rates apply to the UK unless where indicated otherwise.

Contact us to discuss your planning.

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