



# TAX FACTS

Spring 2016



**Tolley Personalised Publications**

Lexis House,  
30 Farringdon Street  
London,  
EC4A 4HH

[clientpublications@lexisnexis.co.uk](mailto:clientpublications@lexisnexis.co.uk)

## Income Tax Allowances

---

	2016/17	2015/16
<b>Personal allowance</b>	<b>£</b>	<b>£</b>
General	11,000	10,600
Income limit	100,000	100,000
Born before 6.4.1938	11,000	10,660
Age allowance income limit	N/A	27,700
Minimum where income exceeds age limit (subject to general income limit)	N/A	10,600
<b>Transferable marriage allowance<sup>1</sup></b>	1,100	1,060
<b>Married couple's allowance<sup>1</sup></b> (relief at 10%)		
Either partner born before 6.4.1935	8,355	8,355
Income limit	27,700	27,700
Minimum where income exceeds limit	3,220	3,220
<b>Blind person's allowance</b>	2,290	2,290
<b>Dividend allowance</b>	5,000	N/A
<b>Personal savings allowance</b>		
Basic rate taxpayers	1,000	N/A
Higher rate taxpayers	500	N/A

## Income Tax Rates

---

Taxable Income £	Rate %	Dividend rate %
<b>2016/17</b>		
0 – 32,000	20	7.5
32,001 – 150,000	40	32.5
Over 150,000	45	38.1
<b>2015/16</b>		
0 – 31,785	20	10
31,786 – 150,000	40	32.5
Over 150,000	45	37.5

A 0% starting rate for savings income only applies to the extent that such income falls within the first £5,000 of taxable income. If taxable non-savings income exceeds this limit, the starting rate does not apply. For 2016/17, a 0% rate applies to savings income falling within the personal savings allowance. Income taxable at the starting rate for savings does not fall within the personal savings allowance.

For 2016/17, a 0% rate applies to dividend income within the dividend allowance. For 2015/16, the dividend rates are applied to the dividend grossed-up by a tax credit of  $\frac{1}{9}$ . For 2015/16 and 2016/17 the **trust rate** of income tax is 45%. For 2016/17 the **dividend trust rate** is 38.1%; for 2015/16 it is 37.5%.

---

<sup>1</sup> Available for civil partners.

## National Insurance Contributions

---

2016/17

### Class 1 (Earnings related)

#### Employees

*Weekly earnings*

First £155	Nil
£155.01 – £827	12%
Over £827	2%

#### Employers

*Weekly earnings*

First £156	Nil
Over £156	13.8%

Employees' rates are reduced to 5.85% for married women with valid certificates of election but the 2% rate above £827 still applies. Rates are nil for employees over state pensionable age. Normal employers' contributions are still payable. Employers' rates for employees under 21 and apprentices under 25 are nil on earnings up to £827 per week.

### Employment allowance

(per employer) – £3,000 a year.

**Class 1A** and **Class 1B** – 13.8%

**Class 2** (Self-employed) – Flat rate £2.80 a week.

Small profits threshold £5,965 a year.

**Class 3** (Voluntary contributions) – £14.10 a week.

**Class 4** (Self-employed) – 9% of profits between £8,060 and £43,000 a year. 2% of profits above £43,000 a year.

## Inheritance Tax

---

### Transfers after 5 April 2016 and before 6 April 2017

#### Death Rates

Gross transfer	Rate %
Up to £325,000 <sup>1</sup>	Nil
Over £325,000	40 <sup>2</sup>

Chargeable lifetime transfers are initially charged at 20%. Annual gifts of up to £3,000 per donor are exempt.

---

<sup>1</sup> Unused nil rate band is transferable to spouse or civil partner.

<sup>2</sup> 36% where 10% or more of the net estate is left to charity.

## Capital Gains Tax

---

<b>Annual exempt amounts 2016/17</b>	<b>£</b>
Individuals, disabled trusts, personal representatives for year of death and two years thereafter	11,100
Trusts generally	5,550

### Rates 2016/17

<i>Individuals: Standard rate</i>	10%
Higher rate	20%
<i>Trustees and personal representatives</i>	20%
<i>Gains on residential property and carried interest</i>	18%/28%
<i>Gains to which entrepreneurs' relief applies<sup>1</sup></i>	10%

## Corporation Tax

---

<b>Financial Year to</b>	<b>31/3/2017</b>	<b>31/3/2016</b>
Rate	20%	20%

## Stamp Taxes

---

Shares and marketable securities	0.5% <sup>2</sup>
----------------------------------	-------------------

### Transfers of land and buildings

<b>Residential (on band of consideration)<sup>3,4</sup></b>	<b>Rate</b>
£0 – £125,000	0%
£125,001 – £250,000	2%
£250,001 – £925,000	5%
£925,001 – £1,500,000	10%
Over £1,500,000	12%

### Non-residential (on band of consideration)

£0 – £150,000	0%
£150,001 – £250,000	2%
Over £250,000	5%

### Leases (Rent – on band of net present value)

<b>Residential</b>	<b>Non-residential</b>	<b>Rate</b>
£0 – £125,000	£0 – £150,000	Nil
Over £125,000	£150,001 – £5,000,000	1%
N/A	Over £5,000,000	2%

### Premiums

Duty on premiums is the same as for transfers of land.

---

<sup>1</sup> Subject to lifetime limit of gains of £10 million. A separate £10 million lifetime limit applies to gains of external investors in unlisted trading companies on shares issued after 16 March 2016.

<sup>2</sup> Rounded up to the nearest multiple of £5. Transactions of £1,000 or less exempt.

<sup>3</sup> Where the consideration exceeds £500,000 and the purchase is by – or by a partnership including – a company or collective investment scheme enveloping the property, the rate is 15% of the total consideration.

<sup>4</sup> Rates are increased by 3 percentage points for certain purchases including purchases of additional residential properties by individuals. Transactions under £40,000 are excluded.

## Car Benefit

---

CO <sub>2</sub> emissions (2016/17) grams per km	% of list price	
	Petrol	Diesel
50	7	10
51-75	11	14
76-94	15	18
95	16	19
100	17	20
105	18	21
110	19	22
115	20	23
120	21	24
125	22	25
130	23	26
135	24	27
140	25	28
145	26	29
150	27	30
155	28	31
160	29	32
165	30	33
170	31	34
175	32	35
180	33	36
185	34	37
190	35	37
195	36	37
200	37	37

A 7% charge applies to cars incapable of producing CO<sub>2</sub>.

## Car Fuel Benefit

---

For 2016/17, car fuel benefit is calculated by applying the above car benefit percentage to a figure of £22,200.

## Tax-Free Mileage Allowances

---

### Employee's own vehicle

<i>Motorcars and vans</i>	2016/17
Up to 10,000 business miles	45p
Over 10,000 business miles	25p
Each passenger making same trip	5p
<i>Motorcycles</i>	24p
<i>Cycles</i>	20p

### Advisory fuel rates for company car from 1 March 2016

<i>Cylinder capacity</i>	<i>Petrol</i>	<i>Diesel</i>	<i>LPG</i>
0 - 1,400 cc	10p	-	7p
0 - 1,600 cc	-	8p	-
1,401 cc - 2,000 cc	12p	-	8p
1,601 cc - 2,000 cc	-	10p	-
Over 2,000 cc	19p	11p	13p

## Fixed Rate Deductions: Unincorporated Businesses

---

<b>Vehicle expenditure</b>	<b>Amount</b>
<i>Motorcars and goods vehicles</i>	<b>per mile</b>
Up to 10,000 business miles	45p
Over 10,000 business miles	25p
<i>Motorcycles</i>	24p
<b>Business use of home</b>	<b>Amount</b>
<b>Hours worked per month</b>	<b>per month</b>
25 or more	£10
51 or more	£18
101 or more	£26
<b>Private use of business premises</b>	<b>Disallowable</b>
<b>Number of occupants</b>	<b>amount per month</b>
1	£350
2	£500
3 or more	£650

## Individual Savings Accounts

---

	<b>Annual limit</b>	<b>Junior ISA annual limit</b>
2016/17	£15,240	£4,080
2015/16	£15,240	£4,080

## Investment Reliefs

---

	<b>Investment limit</b>	<b>Income tax relief rate</b>
Enterprise investment scheme	£1,000,000	30%
Venture capital trusts	£200,000	30%
Seed enterprise investment scheme	£100,000	50%
Social investment relief	£1,000,000	30%

## Value Added Tax

---

<b>Standard rate</b>	<b>20%</b>
<b>Lower rate</b>	<b>5%</b>
Registration threshold from 1 April 2016	£83,000 pa
Deregistration limit from 1 April 2016	£81,000 pa
Annual accounting scheme turnover limit	£1,350,000 pa
Cash accounting scheme turnover limit	£1,350,000 pa
Flat rate scheme turnover limit	£150,000 pa

## Capital Allowances

---

	Rate %
<b>Dredging</b> (straight-line basis)	
Writing-down allowance	4
<b>Business premises renovation</b>	
Initial allowance	100
Writing-down allowance for unrelieved expenditure (straight-line basis)	25
<b>Know-how</b> (reducing balance basis)	
Writing-down allowance	25
<b>Mineral extraction</b> (reducing balance basis)	
<i>Writing-down allowances</i>	
General	25
Acquisition of mineral asset	10
<b>Patent rights</b> (reducing balance basis)	
Writing-down allowance	25
<b>Plant and machinery</b> (reducing balance basis)	
Annual investment allowance (max £200,000)	100
<i>First-year allowances</i>	
Energy-saving or environmentally beneficial assets	100
New cars with CO <sub>2</sub> emissions not exceeding 75g/km	100
New zero-emission goods vehicles	100
New assets for use in designated areas of enterprise zones	100
<i>Writing-down allowances</i>	
General	18
Cars (other than low-emission cars)	8
Special rate expenditure (including integral features and thermal insulation)	8
Long-life assets	8
<b>Research and development</b>	
Allowance	100

## Registered Pension Schemes

---

### Individual contributions

Maximum tax-relievable contributions are the higher of:

- 100% of taxable UK earnings; or
- £3,600 (where the scheme applies tax relief at source).

### 2016/17

Annual allowance	£40,000
Income limit	£150,000
Minimum where income exceeds limit	£10,000
Lifetime allowance	£1,000,000

### 2015/16

Annual allowance	£40,000
Lifetime allowance	£1,250,000

Any unused annual allowance can be carried forward for up to three years.

## Tax Credits

---

Annual amounts 2016/17	£
<b>Child tax credit</b>	
Family element	545
Child element (for each child)	2,780
Disabled child element	3,140
Severe disabled child element	1,275
<b>Working tax credit</b>	
Basic element	1,960
Lone parent and couple element	2,010
30-hour element	810
Disability element	2,970
Severe disability element	1,275
Childcare element (up to 70% of costs)	<b>Weekly</b>
maximum eligible cost (1 child)	175
maximum eligible cost (2 or more)	300
<b>Income thresholds</b>	
Income threshold	6,420
eligible for child tax credit only	16,105
Withdrawal rate	41%
Income rise disregard	2,500
Income fall disregard	2,500