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CHARTERED ACCOUNTANTS AND BUSINESS ADVISERS



*Adding value
- Talking Sense*

TAX DATA 2017/2018

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ICAEW
CHARTERED
ACCOUNTANTS



Income Tax

| | 2017-18 | 2016-17 |
|--------------------------------------|----------|----------|
| Basic rate band – income up to | †£33,500 | £32,000 |
| Starting rate for savings income | *0% | *0% |
| Basic rate | 20% | 20% |
| Dividend ordinary rate | **7.5% | **7.5% |
| Higher rate – income over | †£33,500 | £32,000 |
| Higher rate | 40% | 40% |
| Dividend upper rate | **32.5% | **32.5% |
| Additional rate – income over | £150,000 | £150,000 |
| Additional rate | 45% | 45% |
| Dividend additional rate | **38.1% | **38.1% |
| Starting rate limit (savings income) | *£5,000 | *£5,000 |

†For Scottish taxpayers only the limit is £31,500.

**If an individual's taxable non-savings income exceeds starting rate limit, then starting rate limit for savings will not be available for savings income. £1,000 of savings income for basic rate taxpayers (£500 higher rate) may be tax-free. **The first £5,000 of dividends are tax-free.*

Personal allowance (PA) £11,500 £11,000

Married couple's allowance (MCA) (relief 10%)

Either partner born before 6 April 1935 *£8,445 *£8,355

Transferable Tax Allowance

for certain married couples (relief 20%) £1,150 £1,100

**Allowances are reduced by £1 for every £2 that adjusted net income exceeds £28,000 (£27,700) to a minimum MCA of £3,260 (£3,220). Where adjusted net income exceeds £100,000, PA is reduced in the same way until it is nil regardless of the individual's date of birth.*

Tax Shelters

| | | |
|---|------------|------------|
| Venture Capital Trust up to | £200,000 | £200,000 |
| Enterprise Investment Scheme up to | £1,000,000 | £1,000,000 |
| Seed Enterprise Investment Scheme up to | £100,000 | £100,000 |
| Social Investment Tax Relief | £1,000,000 | £1,000,000 |

Tax-Free Savings Accounts for 2017-18

ISA subscription limit £20,000; Junior ISA and CTF subscription limit £4,128.

Pension Contributions

There is no financial limit on the amount that may be contributed to a registered pension scheme. The maximum amount on which an **individual** can claim tax relief in any tax year is the greater of the individual's UK relevant earnings or £3,600 (gross). If **total pension input** exceeds the **annual allowance** (£40,000) there may be a tax charge on the excess. The annual allowance may be reduced by £1 for every £2 of adjusted income over £150,000 to a minimum of £10,000.

| | | |
|---------------------------------|----------------------------------|-------------|
| Maximum age for tax relief | | 74 |
| Minimum age for taking benefits | | 55 |
| Lifetime allowance charge | – lump sum paid | 55% |
| | – monies retained | 25% |
| | on cumulative benefits exceeding | £1 million* |
| Maximum tax-free lump sum | | 25%* |

**Subject to transitional protection for excess amount.*

Company Cars and Vans

Company car benefit is calculated by applying the appropriate percentage (based on the car's CO₂ emissions – see table below) to the car's UK list price.

| CO ₂ emissions (g/km) | Appropriate % | | CO ₂ emissions (g/km) | Appropriate % | |
|----------------------------------|---------------|--------|----------------------------------|---------------|--------|
| | Petrol | Diesel | | Petrol | Diesel |
| 0 - 50 | 9 | 12 | 150 - 154 | 29 | 32 |
| 51 - 75 | 13 | 16 | 155 - 159 | 30 | 33 |
| 76 - 94 | 17 | 20 | 160 - 164 | 31 | 34 |
| 95 - 99 | 18 | 21 | 165 - 169 | 32 | 35 |
| 100 - 104 | 19 | 22 | 170 - 174 | 33 | 36 |
| 105 - 109 | 20 | 23 | 175 - 179 | 34 | 37 |
| 110 - 114 | 21 | 24 | 180 - 184 | 35 | |
| 115 - 119 | 22 | 25 | 185 - 189 | 36 | |
| 120 - 124 | 23 | 26 | 190 and above | 37 | |
| 125 - 129 | 24 | 27 | | | |
| 130 - 134 | 25 | 28 | | | |
| 135 - 139 | 26 | 29 | | | |
| 140 - 144 | 27 | 30 | | | |
| 145 - 149 | 28 | 31 | | | |

Company car fuel benefit is charged unless the cost of all fuel for private use is borne by the employee. The taxable benefit is calculated by applying the appropriate % to the car fuel benefit charge multiplier (£22,600).

Where VAT is to be reclaimed on fuel for private use, the employer also has to account for output tax based on a flat rate charge derived from the vehicle's CO₂ emissions.

Company van benefit is generally not related to CO₂ emissions but is a set figure of £3,230 with an extra £610 where fuel for private use is provided. Van benefit charge for zero emission vans £646.

Employees using their own cars for business:

Approved mileage allowance payments are 45p per mile for the first 10,000 miles in the tax year and 25p thereafter. Income tax and NICs may be due on higher rates and tax relief may be available on lower rates.

Value Added Tax

| | |
|----------------------|---------------------|
| From | 1 April 2017 |
| Standard Rate | 20% |
| VAT Fraction | 1/6 |
| Reduced Rate | 5% |

Current Turnover Limits

| | | |
|------------------------------------|---------------------------------------|---------------------------|
| Registration | – last 12 months or next 30 days over | £85,000 from 1 April 2017 |
| Deregistration | – next year under | £83,000 from 1 April 2017 |
| Annual and Cash Accounting Schemes | | £1,350,000 |
| Flat Rate Scheme | | £150,000 |

Stamp Duty Land Tax

On the transfer of property in England, Wales and N.Ireland, the Stamp Duty Land Tax is:

Residential

| | |
|----------------------------|-----|
| Value up to £125,000 | 0% |
| Over £125,000 – £250,000 | 2% |
| Over £250,000 – £925,000 | 5% |
| Over £925,000 – £1,500,000 | 10% |
| Over £1,500,000 | 12% |

Non-residential

| | |
|--------------------------|----|
| Value up to £150,000 | 0% |
| Over £150,000 – £250,000 | 2% |
| Over £250,000 | 5% |

The rates apply to the portion of the total value which falls within each band.

Additional SDLT of 3% may apply to the purchase of additional residential properties.

National Insurance Contributions

| Class 1 | Employee (primary) | Employer (secondary) |
|---|--------------------|----------------------|
| Payable on weekly earnings of: | | |
| Below £113 (lower earnings limit) | Nil | – |
| £113 - £157 (primary threshold) | *0% | – |
| Up to £157 (secondary threshold) | – | Nil |
| Above £157 | – | 13.8% |
| £157.01 - £866 (upper earnings limit) | **12% | – |
| £157.01 - £866 (under 21s and apprentices under 25) | – | 0% |
| Above £866 | **2% | – |

**No NICs are actually payable but notional Class 1 NIC is deemed to have been paid; this protects contributory benefit entitlement. **Over state pension age, the employee contribution is generally nil.*

| | |
|--|-------------------------|
| Employment Allowance | up to £3,000 (per year) |
| Class 1A On relevant benefits | 13.8% |
| Class 2 Self employed | £2.85 per week |
| Small profits threshold | £6,025 per annum |
| Class 3 Voluntary | £14.25 per week |
| Class 4 Self employed on annual profits | |
| £8,164 - £45,000 | *9% |
| Excess over £45,000 | *2% |

**Exemption applies if state pension age was reached by 6 April 2017.*

Capital Gains Tax

| | |
|--------------------------------|----------------|
| On chargeable gains | 2017-18 |
| Total taxable income and gains | |
| Up to higher rate threshold | 10% |
| From higher rate threshold | 20% |
| Trust rate | 20% |

Higher rates (18/28%) may apply to the disposal of certain residential property.

Entrepreneurs' relief and Investors' relief

Qualifying gains will be taxed at 10%. Claims may be made on more than one occasion up to a 'lifetime' total of £10m.

Annual exempt amount – individuals £11,300 and most trustees £5,650.

Inheritance Tax

| | 2017-18 | 2016-17 |
|---------------|----------------|----------------|
| Nil rate band | £325,000 | £325,000 |

For 2017-18, a further nil rate band of £100,000 may be available in relation to current or former residences. Nil rate bands of surviving spouses/civil partners may be increased by unused nil rate bands of deceased spouses/civil partners.

Rate of tax on balance:

| | | |
|---|-----|-----|
| Chargeable lifetime transfers | 20% | 20% |
| Transfers on, or within 7 years of, death | 40% | 40% |

subject to a tapered reduction for transfers between 7 and 3 years before death

Capital Allowances

Plant and Machinery

Investment for use in Enterprise Zones, energy saving and environmentally beneficial equipment, new low CO₂ emission (up to 75g/km*) cars, natural gas/hydrogen refuelling equipment.

First Year allowance (FYA) **100%**

Annual Investment Allowance (AIA) 100%

– on first £200,000 of investment

Excludes cars and expenditure already qualifying for 100% FYA

Writing Down Allowance on expenditure not qualifying for AIA or FYA:

Long-life assets, integral features of buildings, cars over 130g/km* **8%**

Other plant and machinery **18%**

*The emissions figures are reduced to 50 and 110g/km respectively for expenditure incurred on or after 1 April 2018.

Corporation Tax

| Financial Year to | 31 March 2018 | 31 March 2017 |
|----------------------|----------------------|----------------------|
| Corporation Tax rate | 19% | 20% |

Selected Rates

Basic Retirement Pension

| | |
|-----------------|---------|
| – Single person | £122.30 |
| – Couple | £195.60 |

Pension Credit Standard Minimum Guarantee

| | |
|-----------------|---------|
| – Single person | £159.35 |
| – Couple | £243.25 |

New State Pension

£159.55

Child Benefit is paid at £20.70 (first eligible child) or £13.70 (each subsequent child).

Statutory Pay qualification – average weekly earnings (AWE) £113 or over.

Sick (SSP) The standard rate is £89.35 per week for up to 28 weeks.

Maternity (SMP), Adoption (SAP) and Paternity (SPP) paid at the lower of £140.98 or 90% of AWE apart from first 6 weeks of SMP and SAP which are paid at 90% of AWE. **SMP** and **SAP** are payable for up to 39 weeks. **SPP** is payable for up to 2 weeks.

Jobseeker's Allowance is paid at £73.10 (single person – 25 or over) or £114.85 (couple – both 18 or over).

Universal Credit (monthly rates) – Standard allowance for a single person (25 or over) is £317.82. The couple's rate (where one or both are 25 or over) is £498.89. The new Universal Credit is being phased in gradually.

National Living Wage Workers aged 25 and over – £7.20 from April 2016 and £7.50 from April 2017.

National Minimum Wage

| Age | 21-24 | 18-20 | 16 and 17 | Apprentices* |
|---------------------|-------|-------|-----------|--------------|
| From 1 October 2016 | £6.95 | £5.55 | £4.00 | £3.40 |
| From 1 April 2017 | £7.05 | £5.60 | £4.05 | £3.50 |

*Rate applies to apprentices under 19, or 19 and over in the first year of apprenticeship.

Key Dates & Deadlines

Payment Dates

2017-18

2016-17

Income Tax and Class 4 NICs

| | | | |
|------------------------|------------|------|------|
| 1st payment on account | 31 January | 2018 | 2017 |
| 2nd payment on account | 31 July | 2018 | 2017 |
| Balancing payment | 31 January | 2019 | 2018 |

Capital Gains Tax 31 January 2019 2018

Class 1A NICs 19 July 2018 2017

Corporation Tax – 9 months and one day after the end of accounting period (or by quarterly instalments if large company)

2016-17 Returns Filing Deadlines

| | |
|------------------|--|
| 31 May 2017 | Issue P60s to employees |
| 6 July 2017 | P11D and P11D(b) – and appropriate copies to employees |
| 31 October 2017 | Self Assessment Tax Return (SATR) – paper version |
| 30 December 2017 | SATR Online where outstanding tax (subject to cap) to be included in 2018-19 PAYE code |
| 31 January 2018 | SATR Online |

Under Real Time Information most employers must notify HMRC of payments and deductions on or before the time of payment. Some concessions apply. Budget Day edition. Rates subject to change – contact us for latest. For general guidance only, no responsibility is taken for action taken or refrained from in consequence of card contents.