TAX RATES 2016/17

EKWGROUP

SINCE 1935

INCOME TAX RATES

2016/17		2015/16	
Band £	**Rate %**	**Band £**	**Rate %**
0 - 5,000	0*	0 - 5,000	0*
0 - 32,000	20**	0 - 31,785	20**
32,001 - 150,000	40♦	31,786 - 150,000	40♦
Over 150,000	45●	Over 150,000	45●

*Only applicable to savings income. The rate is not available if taxable non-savings income exceeds £5,000. For 2016/17, £1,000 of savings income for basic rate taxpayers (£500 for higher rate) may be tax free.

**Except dividends 7.5% (0%). ♦Except dividends 32.5% (25%).
●Except dividends 38.1% (30.6%).

Other income taxed first, then savings income and finally dividends. For 2016/17 the first £5,000 of dividends are tax free.

INCOME TAX RELIEFS

		2016/17	2015/16
Personal allowance	- born after 5 April 1938	£11,000**	£10,600**
	- born before 6 April 1938*	£11,000**	£10,660**

(Reduce personal allowance by £1 for every £2 of adjusted net income over £100,000.)
**£1,100 (£1,060) may be transferable between certain spouses where neither pay tax above the basic rate.

Married couple's allowance (relief at 10%)*	£8,355	£8,355
(Either partner 75 or over and born before 6 April 1935.)		
- min. amount	£3,220	£3,220
*Age allowance income limit	£27,700	£27,700

(Reduce age allowance by £1 for every £2 of adjusted net income over £27,700.)

Blind person's allowance	£2,290	£2,290

INHERITANCE TAX

Death rate	Lifetime rate	Chargeable transfers 2016/17 and 2015/16
Nil	Nil	0 - £325,000*
40%	20%	Over £325,000*

*Potentially increased for surviving spouses or civil partners who die on or after 9 October 2007.

Reliefs

Annual exemption	£3,000	Marriage	- parent	£5,000
Small gifts	£250		- grandparent	£2,500
			- bride/groom	£2,500
			- other	£1,000

Reduced charge on gifts within seven years of death

Years before death	0-3	3-4	4-5	5-6	6-7
% of death charge	100	80	60	40	20

INDIVIDUAL SAVINGS ACCOUNTS

	2016/17 and 2015/16
Overall investment limit	£15,240
Junior account limit	£4,080

NATIONAL INSURANCE

2016/17 Class 1 (employed) rates

Employee		Employer**	
Earnings per week	**%**	**Earnings per week****	**%**
Up to £155	Nil*	Up to £156	Nil
£155.01 - £827	12	Over £156	13.8**
Over £827	2		

*Entitlement to contribution-based benefits retained for earnings between £112 and £155 per week.

**The rate is 0% for employees under 21 and apprentices under 25 on earnings up to £827 per week.

Class 1A (employers)	13.8% on employee taxable benefits
Class 1B (employers)	13.8% on PAYE Settlement Agreements
Class 2 (self-employed)	flat rate per week £2.80 small profits threshold £5,965 p.a.
Class 3 (voluntary)	flat rate per week £14.10
Class 4 (self-employed)	9% on profits between £8,060 and £43,000 plus 2% on profits over £43,000

CAPITAL GAINS TAX

	2016/17**	2015/16
Individuals	**£**	**£**
Exemption	11,100	11,100
Standard rate	10%	18%
Higher rate*	20%	28%
Trusts		
Exemption	5,550	5,550
Rate	20%	28%

*For higher and additional rate taxpayers.
**Higher rates may apply to the disposal of certain residential property.

Entrepreneurs' Relief

The first £10m of qualifying gains are charged at 10%. Gains in excess of the limit are charged at the rates detailed above.

CAR, VAN AND FUEL BENEFITS

2016/17

CO_2 emissions (gm/km) (round down to nearest 5gm/km)	% of car's list price taxed
0-50*	7
51-75*	11
76-94*	15
95	16
100	17
105	18
110	19
115	20
120	21
125	22
130	23
135	24
140	25
145	26
150	27
155	28
160	29
165	30
170	31
175	32
180	33
185	34
190	35
195	36
200 and above	37

Company cars

For diesel cars add a 3% supplement but maximum still 37%.

For cars registered before 1 January 1998 the charge is based on engine size.

The list price includes accessories and is not subject to an upper limit.

The list price is reduced for capital contributions made by the employee up to £5,000.

Special rules may apply to cars provided for disabled employees.

*Rounding down to the nearest 5gm/km does not apply.

Car fuel benefit 2016/17

£22,200 x 'appropriate percentage'*

*Percentage used to calculate the taxable benefit of the car for which the fuel is provided.

The charge does not apply to certain environmentally friendly cars.

The charge is proportionately reduced if provision of private fuel ceases part way through the year. The fuel benefit is reduced to nil only if the employee pays for all private fuel.

Van benefit per vehicle 2016/17

Van benefit £3,170	Fuel benefit £598

The charges do not apply to vans if a 'restricted private use condition' is met throughout the year.

A reduced charge may be due if the van cannot in any circumstances emit CO_2 by being driven.

MILEAGE ALLOWANCE PAYMENTS

2016/17 and 2015/16

Cars and vans	Rate per mile
Up to 10,000 miles	45p
Over 10,000 miles	25p
Bicycles	20p
Motorcycles	24p

These rates represent the maximum tax free mileage allowances for employees using their own vehicles for business. Any excess is taxable. If the employee receives less than the statutory rate, tax relief can be claimed on the difference.

STATUTORY PAY RATES

Weekly benefit		2016/17	2015/16
Basic retirement pension	- single person	£119.30	£115.95
	- married couple	£190.80	£185.45
New state pension		£155.65	-
Statutory pay rates - average weekly earnings £112 or over			
Statutory Sick Pay		£88.45	£88.45
Statutory Maternity and	- First six weeks	90% of weekly earnings	
Adoption Pay	- Next 33 weeks	£139.58*	£139.58*
Statutory Paternity Pay	- two weeks	£139.58*	£139.58*

*Or 90% of weekly earnings if lower.

TAX RELIEFS FOR INDIVIDUALS

2016/17 and 2015/16

Enterprise Investment Scheme (EIS)
Relief on investments in certain unquoted trading companies up to £1m p.a.:
• Income tax relief at 30%. • Capital gains exemption on disposal.
Unlimited amounts of capital gains from the disposal of other assets may be able to be deferred by making an EIS investment.

Seed Enterprise Investment Scheme (SEIS)
Relief on investments in certain unquoted trading companies up to £100,000 p.a.:
• Income tax relief at 50%. • Capital gains exemption on disposal.
Capital gains from the disposal of other assets may be exempt up to £50,000 p.a. by making an SEIS investment.

Venture Capital Trusts (VCTs)
Relief on investments in certain quoted companies up to £200,000 p.a.:
• Income tax relief at 30%. • Capital gains exemption on disposal.
Dividends received from VCTs may be exempt from income tax.

Social Investment Relief (SIR)
Relief on investments in certain social enterprises (including charities) up to £1m p.a.:
• Income tax relief at 30%. • Capital gains exemption on disposal.
Capital gains from the disposal of other assets may be able to be deferred by making an SIR investment up to £1m p.a.

(All reliefs subject to detailed conditions being met.)

CORPORATION TAX

Year to 31.3.17		Year to 31.3.16	
Profits band £	**Rate %**	**Profits band £**	**Rate %**
All profits	20	All profits	20

Different rates apply for ring-fenced (broadly oil industry) profit.

CAPITAL ALLOWANCES

Plant and machinery - Annual Investment Allowance (AIA)
The AIA gives a 100% write-off on most types of plant and machinery costs, including integral features and long life assets but not cars, of up to £200,000 p.a. for expenditure incurred on or after 1 January 2016. The previous rate was £500,000 p.a. Special rules apply to accounting periods straddling this date.

Any costs over the AIA fall into the normal capital allowance pools below. The AIA may need to be shared between certain businesses under common ownership.

Other plant and machinery allowances - The annual rate of allowance is 18%. An 8% rate applies to expenditure incurred on integral features and on long life assets.

A 100% first year allowance may be available on certain energy efficient plant and cars, including expenditure incurred on new and unused zero emission goods vehicles.

Cars - For expenditure incurred on cars, costs are generally allocated to one of the two plant and machinery pools. Cars with CO_2 emissions not exceeding 130gm/km receive an 18% allowance p.a. Cars with CO_2 emissions over 130gm/km receive an 8% allowance p.a.

PENSION PREMIUMS

2016/17 and 2015/16

Tax relief available for personal contributions: higher of £3,600 (gross) or 100% of relevant earnings (max. £40,000). Any contributions in excess of £40,000, whether personal or by the employer, may be subject to income tax on the individual.

The limit may be reduced to £10,000 once money purchase pensions are accessed. Where the £40,000 limit is not fully used it may be possible to carry the unused amount forward for three years.

Employers will obtain tax relief on employer contributions if they are paid and made 'wholly and exclusively'. Tax relief for large contributions may be spread over several years.

VALUE ADDED TAX

Standard rate	20%
Reduced rate	5%
Annual Registration Limit-from 1.4.16 (1.4.15 - 31.3.16 £82,000)	£83,000
Annual Deregistration Limit-from 1.4.16 (1.4.15 - 31.3.16 £80,000)	£81,000

STAMP DUTY AND STAMP DUTY LAND TAX

Land and buildings in England, Wales and N. Ireland

Rate♦	Residential*	Non-residential**	Rate
%	£	£	%
0	0 - 125,000	0 - 150,000	0
2	125,001 - 250,000	150,001 - 250,000	2
5	250,001 - 925,000	Over 250,000	5
10	925,001 - 1,500,000		
12	Over 1,500,000		

*Payable on consideration which falls in each bracket.

**Payable on consideration which falls in each bracket from 17 March 2016.

♦Rates may be increased by 3% where further residential properties costing £40,000 or over are acquired on or after 1 April 2016.

SDLT is charged at 15% on interests in residential dwellings costing more than £500,000 purchased by certain non-natural persons.

Shares and securities - rate 0.5%.

LAND AND BUILDINGS TRANSACTION TAX

Land and buildings in Scotland

Rate♦	Residential	Non-residential	Rate
%	£	£	%
0	0 - 145,000	0 - 150,000	0
2	145,001 - 250,000	150,001 - 350,000	3
5	250,001 - 325,000	Over 350,000	4.5
10	325,001 - 750,000		
12	Over 750,000		

The rates apply to the portion of the total value which falls within each band in respect of transactions with an effective date on or after 1 April 2015.

♦Rates may be increased by 3% where further residential properties costing £40,000 or over are acquired on or after 1 April 2016.

Disclaimer: Rates are for guidance only. No responsibility for loss occasioned by any person acting/refraining from action as a result of this information can be accepted by the authors or firm.

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