

# INCOME TAX

## RATES OF TAX

2015/2016

Starting rate for savings*	0%
Basic rate	20%
Higher rate	40%
Additional rate	45%
Starting-rate limit	£5,000*
Threshold of taxable income above which higher rate applies	£31,785
Threshold of taxable income above which additional rate applies	£150,000
Child benefit charge from 7 January 2013:	
1% of benefit for every £100 of income over	£50,000

*\*restricted to savings income only and not available if taxable non-savings income exceeds starting rate band.*

## MAIN PERSONAL ALLOWANCES AND RELIEFS

Income limit for Personal Allowance §	£100,000
Personal Allowance (basic) (if born after 5 April 1948) §	£10,600
Personal Allowance (if born between 6 April 1938 and 5 April 1948) §	£10,600
Personal Allowance (if born before 6 April 1938) §	£10,660
Married/civil partners (minimum) at 10% †	£3,220
Married/civil partners at 10% †	£8,355
Transferable Tax allowance for married couples and civil partners	£1,060
Income limit for age-related allowances §	£27,700
Blind Person's Allowance	£2,290
Enterprise Investment Scheme relief limit on £1,000,000 max	30%
Seed Enterprise Investment relief limit on £100,000 max	50%
Venture Capital Trust relief limit on £200,000 max	30%

*§ the Personal Allowance reduces by £1 for every £2 of income above the income limit irrespective of age (under the income threshold).*

*† where at least one spouse/civil partner was born before 6 April 1935.*

Child Tax Credit (CTC)	
- Child element per child (maximum)	£2,780
- family element	£545
Threshold for tapered withdrawal of CTC	£16,105

## NATIONAL INSURANCE CONTRIBUTIONS

Class 1 Employee	Weekly	Monthly	Yearly
Lower Earnings Limit (LEL)	£112	£486	£5,824
Primary threshold	£155	£672	£8,060
Upper Accrual Point	£770	£3,337	£40,040
Upper Earnings Limit (UEL)	£815	£3,532	£42,385

Total earnings £ per week	CLASS 1 EMPLOYEE CONTRIBUTIONS	
	Contracted-in rate	Contracted-out rate (final salary)
Up to 155.00*	Nil	Nil
155.01 – 770.00	12%	10.6%
770.01 – 815.00	12%	12%
Above 815.00	2%	2%

*\*This is the primary threshold below which no NI contributions are payable. However, the lower earnings limit is £112 per week. This £112 to £155 band is a zero rate band introduced in order to protect lower earners' rights to contributory State benefits e.g. Basic State Pension.*

Total earnings £ per week	CLASS 1 EMPLOYER CONTRIBUTIONS		
	Contracted-in rate	Contracted-out rate	
		Final Salary	Money purchase
Below 156.00**	Nil	Nil	Nil
156.01 – 770.00	13.8%	10.4%	13.8%
770.01 – 815.00	13.8%	13.8%	13.8%
Excess over 815.00	13.8%	13.8%	13.8%

*\*\* Secondary earnings threshold.*

<b>Class 2 (self-employed)</b>	Flat rate per week £2.80 where profits exceed £5,965 per annum.
<b>Class 3 (voluntary)</b>	Flat rate per week £14.10.
<b>Class 4 (self-employed)</b>	9% on profits between £8,060 - £42,385. 2% on profits above £42,385.

## PENSIONS

TAX YEAR	LIFETIME ALLOWANCE	ANNUAL ALLOWANCE
2006/2007	£1,500,000	£215,000
2007/2008	£1,600,000	£225,000
2008/2009	£1,650,000	£235,000
2009/2010	£1,750,000	£245,000
2010/2011	£1,800,000	£255,000
2011/2012	£1,800,000	£50,000
2012/2013	£1,500,000	£50,000
2013/2014	£1,500,000	£50,000
2014/2015	£1,250,000	£40,000
2015/2016	£1,250,000	£40,000 §

### ANNUAL ALLOWANCE CHARGE

20% - 45% member's tax charge on the amount of total pension input in excess of the annual allowance.

### MONEY PURCHASE ANNUAL ALLOWANCE

**2015/2016**

£10,000\*

### LIFETIME ALLOWANCE CHARGE

55% of excess over lifetime allowance if taken as a lump sum.

25% of excess over lifetime allowance if taken in the form of income, which is subsequently taxed under PAYE.

*§ increased to £80,000 from 6 April - 8 July 2015. If not used, can be carried forward to 9 July 2015 - 5 April 2016, subject to a maximum of £40,000.*

*\* transitional rules apply to the calculation for pre/post 8 July 2015 position.*

## CAPITAL GAINS TAX

EXEMPTIONS	2015/2016
Individuals, estates etc	£11,100
Trusts generally	£5,550
Chattels proceeds (restricted to five thirds of proceeds exceeding limit)	£6,000

### TAX RATES

Individuals:	
Up to basic rate limit	18%
Above basic rate limit	28%
Trustees and Personal Representatives	28%
Entrepreneurs' Relief* – Gains taxed at:	10%
Lifetime limit	£10,000,000

*\*For trading businesses and companies (minimum 5% employee or director shareholding) held for at least one year.*

# INHERITANCE TAX

## RATES OF TAX ON TRANSFERS

2015/2016

### Transfers made on death after 5 April 2015

- Up to £325,000 Nil
- Excess over £325,000 40%

### Transfers made after 5 April 2015

- Lifetime transfers to and from certain trusts 20%

*\*For deaths after 5 April 2015, a lower rate of 36% applies where at least 10% of deceased's net estate is left to charity.*

## MAIN EXEMPTIONS

### Transfers to

- UK-domiciled spouse/civil partner No limit
- non-UK-domiciled spouse/civil partner (from UK-domiciled spouse) £325,000
- UK-registered charities No limit

### Lifetime transfers

- Annual exemption per donor £3,000
- Small gifts exemption £250

### Wedding/civil partnership gifts by

- Parent £5,000
- Grandparent £2,500
- other person £1,000

100% relief: businesses, unlisted/AIM companies, certain farmland/building

50% relief: certain other business assets

### Reduced tax charge on gifts within 7 years of death:

- |                           |      |     |     |     |     |
|---------------------------|------|-----|-----|-----|-----|
| - Years before death      | 0-3  | 3-4 | 4-5 | 5-6 | 6-7 |
| - Inheritance Tax payable | 100% | 80% | 60% | 40% | 20% |

## CAR BENEFIT FOR EMPLOYEES

The charge for company car benefits is based on the carbon dioxide (CO<sub>2</sub>) emissions. There is no reduction for high business mileage users.

### For 2015/2016:

- The percentage charge is 5% of the car's list price for CO<sub>2</sub> emissions of 50g/km or less.
- For cars with CO<sub>2</sub> emissions of 51g/km to 75g/km the percentage is 9%.
- For cars with CO<sub>2</sub> emissions of 76g/km to 94g/km the percentage is 13%.
- Cars with CO<sub>2</sub> emissions of 95g/km have a percentage charge of 14% and thereafter the charge increases by 1% for every complete 5g/km to a maximum of 37% (emissions of 210g/km and above).

There is an additional 3% supplement for diesel cars not meeting Euro IV emission standards. However, the maximum charge remains 37% of the car's list price.

**Car fuel** The benefit is calculated as the CO<sub>2</sub> emissions % relevant to the car and that % applied to a set figure (£22,100 for 2015/2016) e.g. car emission 100g/km = 15% on car benefit scale. 15% of £22,100 = £3,315.

1. **Accessories** are, in most cases, included in the list price on which the benefit is calculated.
2. **List price** is reduced for capital contributions made by the employee up to £5,000.
3. **Car benefit** is reduced by the amount of employee's contributions towards running costs.
4. **Fuel scale** is reduced only if the employee makes good **all** the fuel used for private journeys.
5. **All car and fuel benefits** are subject to employer's National Insurance contributions (Class 1A) of 13.8%.

## PRIVATE VEHICLES USED FOR WORK

### 2015/2016 Rates

#### Cars

On the first 10,000 business miles in tax year 45p per mile

Each business mile above 10,000 business miles 25p per mile

**Motor Cycles** 24p per mile

**Bicycles** 20p per mile

## MAIN CAPITAL AND OTHER ALLOWANCES

2015/2016

Plant & machinery (excluding cars) 100% annual investment allowance (first year) §	£500,000
Plant & machinery (reducing balance) per annum	18%
Patent rights & know-how (reducing balance) per annum	25%
Certain long-life assets, integral features of buildings (reducing balance) per annum	8%
Energy & water-efficient equipment	100%
Zero emission goods vehicles (new)	100%
Qualifying flat conversions, business premises & renovations	100%

**Motor cars:** Expenditure on or after 1 April 2015 (Corporation Tax) or 6 April 2015 (Income Tax)

CO <sub>2</sub> emissions of g/km:	75 or less*	76-130	131 or more
Capital allowance:	100%	18%	8%
	first year	reducing balance	reducing balance

§ from 1 January 2016 allowance will decrease to £200,000

*\*If new*

## CORPORATION TAX

2015/2016

Full rate	20%
Small companies rate	20%
Small companies limit	£300,000
Effective marginal rate	20%
Upper marginal limit	£1,500,000

## VALUE ADDED TAX

2015/2016

Standard rate	20%
Annual registration threshold	£82,000
Deregistration threshold	£80,000

## MAIN SOCIAL SECURITY BENEFITS

2015/2016

£

Child Benefit	First child	20.70
	Subsequent children	13.70
	Guardian's allowance	16.55
Employment and Support Allowance	Assessment Phase	
	Age 16 – 24	Up to 57.90
	Aged 25 or over	Up to 73.10
	Main Phase	
	Work Related Activity Group	Up to 102.15
	Support Group	Up to 109.30
Attendance Allowance	Lower rate	55.10
	Higher rate	82.30
Retirement Pension	Single	115.95
	Married	185.45
Pension Credit	Single person standard minimum guarantee	151.20
	Married couple standard minimum guarantee	230.85
	Maximum savings ignored in calculating income	10,000.00
Bereavement Payment (lump sum)		2,000.00
Widowed Parent's allowance		112.55
Jobseekers Allowance	Age 18 - 24	57.90
	Age 25 or over	73.10
Statutory Maternity, Paternity and Adoption Pay		139.58