

# Tax Facts

## 2017/2018

## Personal Allowances

	2017/18 £	2016/17 £
Personal Allowance (1)	11,500	11,000
Blind person's allowance	2,320	2,290
Savings allowance (2)	1,000	1,000
Savings allowance (2)	500	500
<b>Relief at 10%</b>		
Married couple's allowance if born before 6 April 1935 and either is aged over 75 (3)	8,445	8,355
<b>Relief at 20%</b>		
Transferable marriage allowance (4)	1,150	1,100

- 1 Reduced £1 for every £2 of income in excess of £100,000 until it is completely removed.
- 2 Limited to the excess over £5,000 savings income and if, ignoring that allowance, the individual has no income in a higher tax band.
- 3 Reduced to a minimum of £3,260 by £1 for every £2 income exceeds £28,000.
- 4 For married couples and civil partners not entitled to the married couple's allowance if both have only income liable at the basic rate, the dividend ordinary rate or savings starting rate.

## Income Tax Rates and Bands

(2016/17 figures in brackets)	Dividends	Interest	Other
The first £5,000	0% (0%)	0% (0%)	20% (20%)
£5,001 - £33,500 (£5,001 - £32,000)	7.5% (7.5%)	20% (20%)	20% (20%)
£33,501 - £150,000 (£32,001 - £150,000)	32.5% (32.5%)	40% (40%)	40% (40%)
Over £150,000 (Over £150,000)	38.1% (38.1%)	45% (45%)	45% (45%)

Dividends are treated as the top slice of total income, then interest and other savings income.

**Discretionary and Accumulation & Maintenance Trusts:** 38.1% on dividends (38.1%), otherwise 45% (45%), save that the first £1,000 (2016/17 £1,000) income is taxed at 7.5% or 20% according to its nature, (that band being shared between trusts with the same settlor), and trusts for the most vulnerable may elect that the trust income is taxed as the beneficiary's.

**Construction industry sub-contractors:** tax deduction on account 20%, or 30% if the subcontractor is unregistered.

## Pension Contributions

Annual 'input' limit (contributions and benefits accrued)	2017/18	2016/17
If adjusted income does not exceed £150,000	£40,000	£40,000
Reduction in limit if the income exceeds £150,000 but not £210,000	£1 for every £2 excess income	£1 for every £2 excess income
If income exceeds £210,000	£10,000	£10,000

## Capital Gains Tax

Annual exemption	2017/18	2016/17
Individuals, personal representatives* and certain trusts**	£11,300	£11,100
Other Trusts ***	£5,650	£5,550

\* for year of death & following 2 years.

\*\* for persons mentally disabled or in receipt of attendance allowance or disability living allowance. divided by the number of such trusts created after 9 March 1981 by the same settlor, with a minimum of £1,130 (2016/17 £1,110).

\*\*\* divided by the number of trusts created after 6 June 1978 by the same settlor, with a minimum of £1,130 (2016/17 £1,110).

### Rates of tax

Gains on residential property (including ATED-related gains) and carried interest gains are charged at 28% (18% if within an individual's unused basic rate band).

Other gains of individuals, trustees, personal representatives and non-resident companies (other than those eligible for entrepreneurs' or investors' relief) are taxed at 20% (10% if within an individual's unused basic rate band).

Entrepreneurs' gains up to a lifetime maximum of £10 million are taxed at 10%. Eligible gains are those realised by individuals and in some instances trustees on disposal of interests in a business (trade, profession or vocation), assets used for such a business, or shares in a trading company of which the individual is at least a 5% shareholder and employee or director, subject to a minimum ownership period.

## Annual Tax on Enveloped Dwellings

Annual Tax on Enveloped Dwellings (ATED)	2017/18	2016/17
More than £500,000 but not over £1 million	£3,500	£3,500
More than £1 but not over £2 million	£7,050	£7,000
More than £2 but not over £5 million	£23,550	£23,350
More than £5 but not over £10 million	£54,950	£54,450
More than £10 but not over £20 million	£110,100	£109,050
More than £20 million	£220,350	£218,200

## Inheritance Tax

Rates at Death	From 6 April 17	From 6 April 16
Nil	Up to £325,000	Up to £325,000
Nil - residence nil rate band	Further £100,000 <sup>1</sup>	-
Excess above nil rate band	40% <sup>2</sup>	40% <sup>2</sup>

<sup>1</sup> An additional residence nil rate band of £100,000 is available for deaths in 2017/18 for bequests of a main residence to direct descendants. The relief is reduced by £1 for every £2 the estate exceeds £2 million.

<sup>2</sup> A reduced 36% rate of IHT is available where 10% or more of the estate otherwise chargeable at 40% is left to charity.

Reduced tax charge on transfers within seven years of death					
Years between gift and death	0 - 3	3 - 4	4 - 5	5 - 6	6 - 7
Percentage of tax chargeable on death	100%	80%	60%	40%	20%

### Exemptions

- Transfers between spouses or civil partners are exempt except when the transferor is UK domiciled and the transferee is not, when the exemption over a lifetime is £325,000, unless the non-domiciled recipient elects to be treated as UK domiciled.
- Business property relief is 100% for shares in most unquoted trading companies and for most unincorporated trading businesses.
- Agricultural property relief is 100% for qualifying holdings of agricultural land.
- Annual exemption for lifetime gifts is £3,000.
- Small gifts annual exemption per donee is £250.
- Regular gifts out of income are exempt provided that the donor can maintain his or her usual standard of living without resorting to capital.

## Corporation Tax

Rates and bands	Year to 31.03.2018	Year to 31.03.2017
Main rate	19%	20%

## Main Capital Allowances

Plant and machinery generally (excluding cars)	2017/18	2016/17
Annual investment allowance (up to £200,000)*	100%	100%
Annual writing-down allowance	18%	18%
Integral features and cars with CO2 emissions over 130 g/km	8%	8%**

\* Shared by companies in a group.

\*\* Applied to cars with CO2 over 160 g/km in 2016/17.

## Stamp Duty Land Tax (except Scotland)

Transfers for consideration*	Rate	
<b>Non-residential:</b>		
Lease rents net present value		
If value exceeds £150,000 but not £5m	1%	
If value exceeds £5m	2%	
Other consideration:		
£0 - £150,000	Nil	
Next £100,000	2%	
Over £250,000	5%	
<b>Residential:</b>		
Single dwelling bought by a 'non-natural person' if over £500,000	15% (subject to a number of exemptions)	
Other residential property		
Lease rents net present value	Only residence	Other property**
If over £125,000	1%	1%
Other consideration:		
First £40,000	Nil	Nil
Next £85,000	Nil	3%
Next £125,000	2%	5%
Next £675,000	5%	8%
Next £575,000	10%	13%
Balance of consideration	12%	15%

\* SDLT applies to the market value on certain transfers to a connected company and in connection with certain interests in partnerships if this is more than any actual consideration.

\*\* 3% addition on new residence may be reclaimed if disposal of main residence is within 36 months.

## Value Added Tax

	2017/18	2016/17
Standard Rate	20%	20%
Registration level	£85,000	£83,000
De-registration level	£83,000	£81,000

**VAT on Private Fuel** The amount of VAT is dependent on the CO2 emissions band, and ranges from £140 per qtr. if 120g/km or less to £492 if 225g/km or more.

## Motor Car Benefits

The taxable benefit is a percentage of the car's list price. If a car is at least 15 years old and worth £15,000 or more, market value is adopted for list price.

For cars registered after 1997 with approved CO2 emissions the benefit is as follows:

CO2 emissions g/km	Petrol engine %	Diesel engine %
50 or less	9	12
51 - 75	13	16
76 - 94	17	20
95 - 99	18	21
per additional 5g/km, until 174 g/km	+1	+1
175 - 179	34	37
180 - 184	35	37
185 - 189	36	37
190 and above	37	37

### Fuel Benefits (Cars & Vans)

Where the employer also provides fuel for private motoring in a car provided to an employee, a further benefit is taxable. For 2017/18, it is the 'car benefit percentage' of £22,600 (2016/17 - £22,200). This figure is also subject to NIC for employers. Where fuel for private use of a van (not over 3,500kg) is provided, a benefit charge of £610 applies (2016/17 £598).

### Tax-free Mileage Allowances

First 10,000 miles per annum 45p per mile, 25p per mile thereafter.

### Advisory fuel rates for company cars (from 1 March 2017)

	LPG	Petrol	Diesel
1400cc or less	7p	10p	8p
1401cc - 1600cc	8p	12p	8p
1601cc - 2000cc	8p	12p	10p
Over 2000cc	13p	19p	11p

These figures are per mile and are reviewed quarterly – see [www.hmrc.gov.uk/rates](http://www.hmrc.gov.uk/rates) - select travel

### Motor Van Benefits

The annual benefit taxable for an employee's private use of a van (not over 3,500kg) is £3,230. This amount is reduced if the van is not used for the whole tax year or, if someone else also uses the van for private travel or if something is paid for using the van privately.

# National Insurance Contributions

	2017/18	2016/17
<b>Class 1 Employees' contributions (monthly)</b>		
On earnings up to £680 ( <i>2016/17 £672</i> )	Nil	<i>Nil</i>
On earnings between £680 and £3,753 ( <i>2016/17 £672 and £3,583</i> )	12%	<i>12%</i>
On earnings over £3,753 ( <i>2016/17 £3,583</i> )	2%	<i>2%</i>
<b>Employees' contracted-out rebate (monthly)</b>		
On earnings between £490 and £3,753	Nil	Nil
<b>Married women's reduced rate (monthly)</b>		
On earnings between £680 and £3,753 ( <i>2016/17 £672 and £3,583</i> )	5.85%	<i>5.85%</i>
On earnings over £3,753 ( <i>2016/17 £3,583</i> )	2%	<i>2%</i>
<b>Employers' contributions (monthly)</b>		
On earnings up to £680 ( <i>2016/17 £676</i> )	Nil	<i>Nil</i>
Employees under 21 on earnings under £3,753 ( <i>2016/17 £3,583</i> )	Nil	Nil
Apprentices over 21 but under 25 on earnings over £680 and under £3,753	Nil	Nil
On earnings over £680 ( <i>2016/17 £676</i> )	13.8%	<i>13.8%</i>
<b>Employers' contracted-out rebate (monthly) - Salary-related schemes</b>		
On earnings between £490 and £3,753 ( <i>2016/17 £485 and £3,583</i> )	Nil	Nil
<b>Class 1A</b>		
Employers' contributions on taxable benefits in kind	13.8%	<i>13.8%</i>
<b>Class 2</b>		
Self-employed contributions (monthly)	£12.35	<i>£12.13</i>
Small earnings exception (annual)	£6,025	<i>£5,965</i>
<b>Class 3</b>		
Voluntary contributions (monthly)	£61.75	<i>£61.10</i>
<b>Class 4 Self-employed (annual profit related)</b>		
On profits between £8,164 and £45,000 ( <i>2016/17 £8,060 and £43,000</i> )	9%	<i>9%</i>
On profits over £45,000 ( <i>2016/17 £43,000</i> )	2%	<i>2%</i>
<b>Employment allowance (annual)</b>		
Employers' NIC allowance	£3,000	<i>£3,000</i>

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