

Tax Rates 2018/19

Autumn Budget

Income Tax



Allowances	2018/19 £	2017/18 £
Personal Allowance (PA)*†	11,850	11,500
Blind Person's Allowance	2,390	2,320
Rent a Room Relief **	7,500	7,500
Trading Income **	1,000	1,000
Property Income **	1,000	1,000

*PA will be withdrawn at £1 for every £2 by which 'adjusted income' exceeds £100,000. There will therefore be no allowance given if adjusted income is £123,700 or more (2017/18: £123,000).

† 10% of the PA (2018/19: £1,185; 2017/18: £1,150) can be transferred to a spouse or civil partner who is no more than a basic rate taxpayer.

** If gross income exceeds it, the limit may be deducted instead of actual expenses.

Rate bands	2018/19 £	2017/18 £
Basic Rate Band (BRB)	34,500	33,500
Higher Rate Band (HRB)	34,501-150,000	33,501-150,000
Additional rate	over 150,000	over 150,000
Personal Savings Allowance (PSA)		
– Basic rate taxpayer	1,000	1,000
– Higher rate taxpayer	500	500
Dividend Allowance (DA)	2,000	5,000

BRB and additional rate threshold are increased by personal pension contributions (up to permitted limit) and Gift Aid donations.

Scottish taxpayers

The 2018/19 tax rates and bands for Scottish taxpayers have not been announced. For 2017/18, the basic rate band is £31,500.

Tax Rates	2018/19 & 2017/18		
Rates differ for General/Savings/Dividend income	G	S	D
Basic rate	20%	20%	7.5%
Higher rate	40%	40%	32.5%
Additional rate	45%	45%	38.1%

General income (salary, pensions, business profits, rent) usually uses personal allowance, basic rate and higher rate bands before savings income (interest). To the extent that savings income falls in the first £5,000 of the basic rate band, it is taxed at nil rather than 20%.

The PSA taxes interest at nil, where it would otherwise be taxable at 20% or 40%.

Dividends are normally taxed as the 'top slice' of income. The DA taxes the first £2,000 (2017/18: £5,000) of dividend income at nil, rather than the rate that would otherwise apply.

High Income Child Benefit Charge (HICBC)



1% of child benefit for each £100 of adjusted net income between £50,000 and £60,000.

Remittance Basis Charge	2018/19 £	2017/18 £
For non-UK domiciled individuals who have been UK resident in at least:		
7 of the preceding 9 tax years	30,000	30,000
12 of the preceding 14 tax years	60,000	60,000
15 of the preceding 20 tax years	Deemed to be UK domiciled	

Pensions



Registered Pensions

	2018/19 £	2017/18 £
Lifetime Allowance (LA)	1,030,000	1,000,000
Annual Allowance (AA)*	40,000	40,000

Annual relievable pension inputs are the higher of earnings (capped at AA) or £3,600.

*The AA is usually reduced by £1 for every £2 by which relevant income exceeds £150,000, down to a minimum AA of £10,000. The AA can be reduced to £4,000, where certain pension drawings have been made.

State pension (per week)

	2018/19 £	2017/18 £
Old State Pension – Single person	125.95	122.30
Old State Pension – Married couple	201.45	195.60
New state pension†	164.35	159.55

†applies to those reaching state retirement age after 5 April 2016.

Annual Investment Limits



	2018/19	2017/18
	£	£
Individual Savings Account (ISA)		
Overall limit	20,000	20,000
Lifetime ISA	4,000	4,000
Junior ISA	4,260	4,128
EIS – 30% relief*	2,000,000	1,000,000
EIS eligible for CGT deferral relief	Unlimited	Unlimited
Seed EIS (SEIS) – 50% relief	100,000	100,000
SEIS – 50% exemption for reinvested gains	100,000	100,000
Venture Capital Trust (VCT) – 30% relief	200,000	200,000

*For 2018/19, amount over £1m must be invested in 'knowledge-intensive' companies.

National Insurance Contributions



Class 1 (Employees)

	Employee	Employer
Main NIC Rate	12.0%	13.8%
No NIC on first	£162pw	£162pw
Main Rate* charged up to	£892pw	no limit
2% Rate on earnings above	£892pw	N/A
Employment Allowance Per Business**	N/A	£3,000

*Nil rate of employer NIC for employees under the age of 21 and apprentices under 25, up to £892pw.

Employer Contributions (at 13.8%) are also due on most taxable benefits (Class 1A) and on tax paid on an employee's behalf under a PAYE Settlement Agreement (Class 1B).

**Some businesses do not qualify, including certain sole director companies.

Class 2 (Self-employed)

Flat Rate per week	£2.95
Small Profits Threshold	£6,205

Class 3 (Voluntary)

Flat Rate per week	£14.65
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Class 4 (Self-employed)

On profits £8,424 – £46,350	9.0%
On profits over £46,350	2.0%

Vehicle Benefits



Cars

Taxable Benefit: Chargeable value multiplied by chargeable %.

Chargeable value:

Initial list price of car (including most accessories), reduced by any capital contribution (maximum £5,000) by employee when the car is first made available.

Chargeable percentage:

CO2 emissions g/km	Petrol	Diesel
0-50	13%	17%
51-75	16%	20%
76-94	19%	23%
Above 94	Add 1% for every 5g/km	
Above 179 (petrol)/ 159 (diesel)	37% maximum	

Vans

Chargeable value of £3,350 (2017/18 £3,230) if private use is more than home-to-work.

Electric vans £670 (2017/18 £646).

Fuel

Employer provides fuel for private motoring in an employer-owned:

Car: CO2-based percentage from above table multiplied by £23,400 (2017/18 £22,600).

Van: £633 (2017/18 £610).

Employee contributions **do not** reduce taxable figure unless all private fuel is paid for by the employee (in which case there is no benefit charge).

Tax-Free Mileage Allowances



Employee's Own Transport	Per Business Mile
Cars first 10,000 miles	45p
Cars over 10,000 miles	25p
Business passengers	5p
Motorcycles	24p
Bicycles	20p

Capital Gains Tax



	2018/19 £	2017/18 £
Annual Exemption		
Individuals, estates	11,700	11,300
Most trusts	5,850	5,650
Tax Rate		
Individual (to basic rate limit)*	10%	10%
Individual (above basic rate limit)*	20%	20%
Entrepreneurs' Relief (ER)**	10%	10%
Trusts, estates*	20%	20%

*Individuals are taxed at 18%/28% on gains on residential property and receipts of carried interest. Trusts are taxed at 28% in these circumstances.

**ER is available for lifetime gains of up to £10m. Qualifying disposals include a trading business and shares in a trading company (from a minimum 5% holding) by an officer/employee. Various conditions apply.

Shares in an unquoted trading company may be eligible for a 10% CGT rate on lifetime gains up to £10m, if disposed of after 5 April 2019 by someone who is neither a paid officer nor employee of the company (Investors' Relief).

Corporation Tax



Year to	31.3.2019	31.3.2018
Corporation Tax rate	19%	20%

Research and development relief	From 1.1.2018	1.4.2015 to 31.12.2017
SME enhanced expenditure deduction scheme*	130%	130%
Large company R&D Expenditure Credit (RDEC) scheme**	12%	11%

*Additional deduction for qualifying R&D

**Taxable expenditure credit for qualifying R&D

SMEs that make losses can surrender the deduction to HMRC in exchange for a payment of 14.5% of the loss.

Main Capital Allowances



Plant and Machinery	Limit
100% Annual Investment Allowance (AIA)	£200,000

Other Rates	
- energy and water-efficient equipment	100%
- writing down allowance: general pool (reducing balance)	18%
- writing down allowance: special rate pool (reducing balance)	8%

The special rate pool includes long life assets, integral plant in buildings, thermal insulation.

Motor Cars			
	From 1.4.18	1.4.15 to 31.3.18	Allowance
	CO2 (g/km)	CO2 (g/km)	
New cars only	up to 50	up to 75	100%
In general pool	up to 110	up to 130	18% pa
In special rate pool	above 110	above 130	8% pa

Property Taxes



Annual Tax on Enveloped Dwellings (ATED)

ATED applies to 'high value' residential properties owned via a corporate structure, unless the property is used for a qualifying purpose. The tax applies to properties valued at more than £500,000.

Property Value	Annual Charge to	
	31.3.2019	31.3.2018
£0.5m - £1m	£3,600	£3,500
£1m - £2m	7,250	7,050
£2m - £5m	24,250	23,550
£5m - £10m	56,550	54,950
£10m - £20m	113,400	110,100
£20m +	226,950	220,350

Stamp Duty Land Tax (SDLT) and Land and Buildings Transaction Tax (LBTT) and Land Transaction Tax (LTT)

Residential Property (1st Property ONLY)					
SDLT - England & NI £000	Rate on band %	LBTT Scotland £000	Rate on band %	LTT Wales £000	Rate on band %
Up to 125	Nil	Up to 145	Nil	Up to 150	Nil
125 - 250	2%	145 - 250	2%	150 - 250	2.5%
250 - 925	5%	250 - 325	5%	Up to 145	5.0%

Residential Property (1st Property ONLY)					
SDLT - England & NI £000	Rate on band %	LBTT Scotland £000	Rate on band %	LTT Wales £000	Rate on band %
925 – 1,500	10%	325 – 750	10%	400 to 750	7.5%
Over 1,500	12%	Over 750	12%	750 – 1,500	10.0%
				Over 1,500	12.0%

LTT replaces SDLT in Wales from 1 April 2018.

A supplement of 3% of the total purchase price applies for all three taxes where an additional residential property is purchased for more than £40,000 (unless replacing a main residence).

For SDLT:

- From 22.11.17, first-time buyers purchasing a property of up to £500,000 pay a nil rate on the first £300,000 of purchase price.
- A rate of 15% applies to the total purchase price where the property is valued above £500,000 and purchased by a 'non-natural person' (e.g. a company).

Non Residential or Mixed Use Property					
SDLT - England & NI £000	Rate on band %	LBTT Scotland £000	Rate on band %	LTT Wales £000	Rate on band %
Up to 150	Nil	Up to 150	Nil	Up to 150	Nil
150 - 250	2%	150 – 350	3%	150 - 250	1%
Over 250	5%	Over 350	4.5%	250 – 1,000	5%
				Over 1,000	6%

LBTT rates may change after the Scottish Budget in December 2017.

Value Added Tax



Standard rate (1/6 of VAT-inclusive price)	20%
Registration level from 1.4.2018	£85,000 per annum
Deregistration level from 1.4.2018	£83,000 per annum

Flat Rate Scheme (FRS)

Annual taxable turnover to enter scheme	Up to £150,000
Must leave scheme if annual gross turnover	Exceeds £230,000

If using FRS, the VAT paid by the business is a fixed percentage (based on business category) of 'FRS turnover' rather than the net of output tax over input tax. Input tax is usually not recoverable.

Cash Accounting and Annual Accounting Schemes

Annual taxable turnover to enter scheme	Up to £1.35m
Must leave scheme if annual taxable turnover	Exceeds £1.60m

Option to tax property

Notify HMRC within 30 days.

Inheritance Tax



	2018/19	2017/18
Nil rate band (NRB)*	£325,000	£325,000
NRB Residential enhancement (RNRB)†*	£125,000	£100,000
Rate of tax above nil rate band**	40%	40%
Lifetime transfers to most trusts	20%	20%

†RNRB is available for transfers of a main residence to direct descendants.

It tapers away at the rate of £1 for every £2 of estate value above £2m.

*Up to 100% of the proportion of a deceased spouse's/civil partner's unused NRB and RNRB band may be claimed to increment the current NRB and RNRB when the survivor dies.

**Rate reduced to 36% if at least 10% of the relevant estate is left to charity. Unlimited exemption for transfers between spouses/civil partners, except if UK domiciled transferor and foreign domiciled transferee, where maximum exemption £325,000.

100% Business Property Relief (BPR) for all shareholdings in qualifying unquoted trading companies, qualifying unincorporated trading businesses and certain farmland/buildings.

Reduced Tax Charge on Gifts within 7 years Before Death

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

Annual Exemptions for lifetime gifts include £3,000 per donor and £250 per recipient.

Key Dates and Deadlines



Payment Dates			
Self Assessment		2018/19	2017/18
1st payment on account	31 January	2019	2018
2nd payment on account	31 July	2019	2018
Balancing payment	31 January	2020	2019
Capital Gains Tax*	31 January	2020	2019
Other Payment Dates			
Class 1A NIC	19 July	2019	2018
Class 1B NIC	19 October	2019	2018

*Non-residents with gains on UK residential property must pay CGT within 30 days of disposal unless already filing a self-assessment tax return.

Corporation Tax is due 9 months and 1 day from the end of the accounting period, unless a 'large' company paying by quarterly instalments.

2017/18 Filing Deadlines	
Issue P60s to employees	31 May 2018
P11D, P11D(b)	6 July 2018
Self-Assessment Tax Return (SATR) paper version	31 October 2018
Online SATR if outstanding tax to be included in 2019/20 PAYE code	30 December 2018

Online SATR	31 January 2019
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Useful Rates



National Minimum Wage Rates per hour	From 1.04.18	From 1.04.17
Aged 25 and over (National Living Wage)	£7.83	£7.50
Aged 21 - 24	7.38	7.05
Aged 18 - 20	5.90	5.60
Aged 16 - 17	4.20	4.05
Apprentices	3.70	3.50



Child Benefit (per week)	2018/19 £	2017/18 £
First eligible child	20.70	20.70
Each subsequent child	13.70	13.70

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