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2018-19 TAX RATES



Income Tax

Allowances

	2018/19	2017/18
Personal Allowance (PA)*	£11,850	£11,500
Marriage Allowance†	1,190	1,150
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*PA will be withdrawn at £1 for every £2 by which 'adjusted income' exceeds £100,000.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).

† The part of the PA that is transferable to a spouse or civil partner who is not a higher or top 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.

Tax rates

Rates differ for General/Savings/Dividend income

	2018/19 & 2017/18		
	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). Scottish taxpayers are taxed at different rates on general income.

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

For non-UK domiciled individuals who have been UK resident in at least

	2018/19	2017/18
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
– 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%	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 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)

Class 3: 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%

Car benefit

Taxable benefit is chargeable value multiplied by chargeable percentage.

Chargeable value: Initial list price of car (including most accessories), less any initial capital contribution (maximum £5,000) by employee.

Chargeable percentage:

CO ₂ 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	

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

CO₂-based percentage from above table multiplied by £23,400.

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

Annual exempt amount	2018/19	2017/18
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 and estates 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.

Corporation Tax

	to 31.3.2019	to 31.3.2018
Corporation Tax rate	19%	19%

Research and development relief

	From 1.1.2018	1.4.2015 to 31.12.2017
SME enhanced expenditure deduction*	130%	130%
Large company R&D Expenditure Credit (RDEC)**	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

100% Annual Investment Allowance (AIA) £200,000

Other rates

- energy/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 and integral plant in buildings.

Motor cars purchased

	From	1.4.15	Allowance
	1.4.18	to 31.3.18	
	CO ₂ (g/km)	CO ₂ (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 residential properties valued at more than £0.5m owned by a corporate structure, unless used for a qualifying purpose.

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)

Residential property (1st property only)

Purchase price

	SDLT rate on band
Up to £125,000	Nil
£125,001 – £250,000	2%
£250,001 – £925,000	5%
£925,001 – £1.5m	10%
£1.5m +	12%

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

It is also payable by all corporate purchasers.

A rate of 15% may apply 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

Purchase price

	SDLT rate on band
Up to £150,000	Nil
£150,001 – £250,000	2%
£250,000 +	5%

Value Added Tax

Standard rate (1/6 of VAT-inclusive price)	20%
Registration level from 1.4.2017	£85,000 per annum
Deregistration level from 1.4.2017	83,000 per annum

Value Added Tax (continued)

Flat rate scheme (FRS)

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

Inheritance Tax

	2018/19	2017/18
Nil rate band (NRB)*	£325,000	£325,000
NRB Residential enhancement (RNRB)†*	125,000	100,000
Tax rate on death**	40%	40%
Tax rate on 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 is £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

Self assessment payment dates

		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

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

Other payment dates

Class 1A NIC	19 July	2019	2018
Class 1B NIC	19 October	2019	2018

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

You are advised to consult us before acting on any information contained herein.