



ABACUS ADVICE

INCOME TAX			
Bands – main rates (a)			
2017/18	2016/17	2017/18	2016/17
£1-33,500	(£1-£32,000)	20%	(20%)
£33,501-£150,000	(£32,001-£150,000)	40%	(40%)
Over £150,000	(over £150,000)	45%	(45%)

The first **£5,000** (£5,000) of dividends is taxed at **0%** (0%), and this amount is taken into account in determining the income tax band. Dividends above **£5,000** (£5,000) are taxed at **7.5%** (7.5%), **32.5%** (32.5%) or **38.1%** (38.1%) as the top slice of total income.

The personal savings allowance exempts interest income of **£1,000** (£1,000) for basic rate taxpayers (20%) and **£500** (£500) for higher rate taxpayers (40%). The allowance does not apply to additional rate taxpayers (45%).

In addition to the personal savings allowance, other non-dividend savings income (typically bank and building society interest) is taxed at **0%** (0%) up to **£5,000** (£5,000). This 0% rate is not available if income from other sources, including dividends, exceeds **£5,000** (£5,000).

There are special rules for trusts, and also for individuals with income assessable on the remittance basis. An additional tax charge applies to clawback child benefit where one income in a household exceeds **£50,000**, with full clawback by **£60,000**.

(a) For the purposes of income tax in Scotland, the 40% band starts at £31,500, otherwise these rates and allowances apply equally.

PERSONAL ALLOWANCES		
	2017/18	2016/17
Personal allowance (a)	£11,500	(£11,000)
Income limit for personal allowance (b)	£100,000	(£100,000)
Blind person's allowance	£2,320	(£2,290)
Married couple's allowance (b) (c)	£8,445	(£8,355)
Marriage allowance (d)	£1,150	(£1,100)
Trading income allowance (e) (f)	£1,000	-
Property income allowance (f)	£1,000	-

(a) The personal allowance applies to all individuals.

(b) The personal allowance and married couple's allowance are reduced by **£1** for each **£2** by which income exceeds £100,000, irrespective of age or date of birth.

(c) Relief is limited to **10%**, and extends to civil partnerships. At least one spouse/partner must have been born before 6 April 1935. The allowance is reduced where income exceeds **£28,000** (£27,700), subject to an absolute minimum of **£3,260** (£3,220).

(d) For those born after 5 April 1938, a basic rate or non taxpayer can transfer up to **£1,150** (£1,100) of the personal allowance to a spouse or civil partner. Relief is given at **20%**.

(e) The trading income allowance will also apply to certain miscellaneous income from providing assets or services in the course of a trade.

(f) Trading or property income (before expenses) within these allowances is exempt. Individuals with gross trading or property income above the allowance can choose between deducting **£1,000** or actual allowable expenditure.

Cap on income tax reliefs

Certain income tax reliefs are capped at the greater of **£50,000** or **25%** of income. This excludes charitable donations.

Company cars – annual benefits

The annual benefit is a percentage of list price, with the percentage dependent on the level of CO₂ emissions. The benefit is **9%** (7%) for emissions of 0-50g/km, and **13%** (11%) for 51-75g/km. For emissions of 76-94g/km, the rate is **17%** (15%) and increases by **1%** at 95g/km, and then for each additional full 5g/km up to a maximum charge of **37%** for emissions of 190g/km (200g/km) or more. Emission levels are rounded down to the nearest multiple of five. List price includes certain accessories, but is reduced for capital contributions of up to **£5,000**. There is a diesel supplement of **3%**, subject to the maximum charge of **37%**. The taxable benefit for significant private use of vans is **£3,230** (£3,170).

Where fuel is provided for private use in a company car, the taxable benefit percentage is applied to **£22,600** (£22,200). The benefit for fuel provided for a van with significant private use is **£610** (£598).

PENSIONS		
	2017/18	2016/17
Lifetime allowance (a)	£1,000,000	(£1,000,000)
Equivalent to defined benefit pension	£50,000	(£50,000)
Maximum contribution annual allowance (b)	£40,000	(£40,000)
Tax on excess	Marginal rate	(Marginal rate)
Normal minimum pension age	55	(55)

(a) Special rules apply to individuals with benefits exceeding the lifetime allowance at 5 April 2006, and for those with benefits over £1,500,000 on 5 April 2012, over £1,250,000 on 5 April 2014 and over £1,000,000 on 5 April 2016. Excess over the lifetime allowance may be subject to a **25%** charge plus income tax on balances drawn, or **55%** for lump sum benefits.

(b) There is a reduction in the annual allowance by **£1** for every **£2** of adjusted income in excess of £150,000, up to a limit of £210,000.

Pension auto-enrolment minimum earnings	£10,000	£10,000
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From 6 April 2017, a new income tax exemption and NICs disregard will cover the first **£500** worth of pension advice provided to an employee in a tax year.

TAX EFFICIENT INVESTMENTS		
	2017/18	2016/17
ISA limit (a)	£20,000	£15,240
Junior ISA limit (b)	£4,128	£4,080

(a) Investment can be in cash or shares, and peer to peer lending platforms.

(b) Investment can only be in cash or shares.

Help to Buy ISA: for first time buyers. Maximum deposits of **£200** per month, plus an initial deposit of up to **£1,000**.

Venture Capital Trusts (VCTs): income tax relief at up to **30%** on investment up to **£200,000**, with capital gains tax reliefs.

Enterprise Investment Scheme (EIS): income tax relief at up to **30%** on qualifying share subscriptions up to **£1m**, with capital gains tax reliefs.

Seed Enterprise Investment Scheme (SEIS): income tax relief of **50%** on investment up to **£100,000**, with rollover of chargeable gains.

Social Investment Tax Relief (SITR): income tax relief of **30%** on investment up to **£1.5m** (£1m) with capital gains tax reliefs.

Lifetime ISAs: available from April 2017 to adults under the age of 40, who can contribute up to **£4,000** per year. Contributions made before the age of 50 qualify for a **25%** bonus from the Government up to a cumulative bonus of **£32,000**. Funds from Lifetime ISAs can be used to buy a first home at any time from 12 months after the account opening or can be withdrawn from age 60.

NON DOMICILED REMITTANCE BASIC USERS		
	2017/18	2016/17
Personal allowance	Nil	Nil
Capital gains tax annual exemption	Nil	Nil
Capital gains tax rate	20%	20%

Note: Gains on carried interest and chargeable residential property - 8% surcharge

Remittance basis charge		
	2017/18	2016/17
Unremitted income less than £2,000	Nil	Nil
Resident in at least 7 of the previous 9 tax years	£30,000	£30,000
Resident in at least 12 of the previous 14 tax years	£60,000	£60,000
Resident in at least 17 of the previous 20 tax years	N/A	£90,000

Note: From 6 April 2017, certain returning former UK domiciled individuals, and non-domiciled individuals who have been resident in the UK in at least 15 of the previous 20 tax years, will be treated as if UK domiciled for income tax, capital gains tax and inheritance tax purposes.

INHERITANCE TAX		
	2017/18	2016/17
Up to £325,000 (£325,000) ("nil rate band") (a)	0%	0%
Over £325,000 (£325,000) (frozen to 2020/21)	40%	40%

From 6 April 2017, an additional nil rate band of **£100,000** will be available when a main residence is passed on death to a direct descendant. If the net value of the estate exceeds **£2,000,000**, this additional nil rate band will be reduced by **£1** for each **£2** by which the net value exceeds that amount.

A surviving spouse or civil partner may claim the unused proportion of an earlier deceased spouse's, or civil partner's, nil rate band and additional nil rate band, up to the current nil rate band/additional nil rate band.

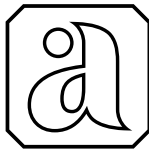
A reduced rate of **36%** (36%) applies when 10% or more of a net estate is left to charity.

Reduced charges apply on lifetime gifts within seven years of death.

Main exemptions:		Gifts on marriage:	
Annual gifts per donor	£3,000	Parent	£5,000
Small gifts per donor	£250	Grandparent/ancestor	£2,500
Normal expenditure out of income	Exempt	Other	£1,000

CAPITAL GAINS TAX		
	2017/18	2016/17
Basic rate taxpayers (a)	10%	(10%)
Trustees and 40%/45% (40%/45%) taxpayers (a)	20%	(20%)
Annual exempt amount – individuals	£11,300	(£11,000)
Annual exempt amount – trusts	£5,650	(£5,550)
Entrepreneurs' relief lifetime limit	£10m	(£10m)
Entrepreneurs' relief rate	10%	(10%)

(a) Gains on residential properties not qualifying for principal private residence relief, and on carried interest, are taxed at **18%** and **28%** respectively.



ABACUS ADVICE

NATIONAL INSURANCE CONTRIBUTIONS

Class 1 employees

WEEKLY EARNINGS

Up to £157 (£155)	Nil (Nil)
£157.01-£866 (£155.01-£827)	12% (12%)
Over £866 (over £827)	2% (2%)

Class 1 employees (a) (b)

Up to £157 (£156)	Nil (Nil)
Over £157 (Over £156)	13.8% (13.8%)

- (a) Most businesses and charities can claim a reduction of up to **£3,000** (£3,000) of their employers' contributions ("NIC employment allowance").
- (b) No employers' contributions are payable in respect of weekly earnings up to **£866** (£827) paid to employees under 21 and apprentices under 25.

Other

- Class 1A** (employers only): **13.8%** (13.8%) on the amounts of taxable benefits.
- Class 1B** (employers only): **13.8%** (13.8%) in respect of amounts in a PAYE settlement agreement and the income tax thereon.
- Class 2** (flat rate for self-employed): **£2.85** (£2.80) per week on profits above **£6,025** (£5,965).
- Class 3** (voluntary): **£14.25** (£14.10) per week.
- Class 4** (self-employed): **9%** (9%) of profits between **£8,164** (£8,060) and **£45,000** (£43,000) per annum and **2%** (2%) on profits above **£45,000** (£43,000).

APPRENTICESHIP LEVY

From 1 April 2017, a **0.5%** annual levy will be payable by employers, charged on payroll costs in excess of **£3,000,000**.

CORPORATION TAX

FINANCIAL YEAR (FROM 1 APRIL)	2017	2016
Main rate	19%	(20%)
Surcharge on bank profits	8%	(8%)
Loss annual allowance per group	£5 million	-
Restriction of losses (% of profits above allowance)	50%	-

DIVERTED PROFITS TAX

Companies with diverted profits pay diverted profits tax at 25% on such profits.

CAPITAL ALLOWANCES

EXPENDITURE ON:	2017/18	2016/17
Plant and machinery (a)	18%	(18%)
Plant and machinery in certain enterprise zones	100%	(100%)
Motor cars – CO ₂ emissions;		
≤75g/km (≤75g/km) (a)	100%	(100%)
75-130g/km (75-130g/km) (a)	18%	(18%)
>130g/km (>130g/km) (a)	8%	(8%)
New and unused zero emission goods vehicles	100%	(100%)
Long life assets/integral features in buildings (a)	8%	(8%)
Patent rights and know-how (a) (b)	25%	(25%)
Mines, oil wells, mineral rights (a) (c)	25%	(25%)
Research and development	100%	(100%)
Energy-saving and water efficient plant and machinery	100%	(100%)
Renovation of business premises (disadvantaged areas)	100%	(100%)

A 100% annual investment allowance is given on the first **£200,000** per annum of capital expenditure incurred on or after 1 January 2016 per group of companies or related entities, on plant and machinery including long life assets and integral features, but excluding cars.

- (a) These allowances are given on a reducing balance basis.
- (b) Tax relief for expenditure on certain intangibles is given by accounting write downs (and not capital allowances).
- (c) Acquisition of mineral deposits and rights qualify for 10% p.a.

PATENT BOX AND RESEARCH & DEVELOPMENT TAX CREDITS

FINANCIAL YEAR (FROM 1 APRIL)	2017	2016
Patent box – effective corporation tax rate	100%	11%
R&D tax credit for SMEs	130%	130%
R&D expenditure credit – minimum rate	11%	11%

VALUE ADDED TAX

Registration threshold: taxable supplies at the end of any month exceed **£85,000** (£83,000) either in the past 12 months or the next 30 days.

Standard rate	20%
Lower rate	5%
Zero rate	0%

INSURANCE PREMIUM TAX

Standard rate	10% (12% from 1 June 2017)
Higher rate	20%

ANNUAL TAX ON ENVELOPED DWELLINGS

An annual tax on enveloped dwellings is payable by a company (or similar entity) owning a residential property with a value if not less than **£500,000** (£500,000) on 1 April 2012 (or date of acquisition, if later). Tax is charged in bands, from a minimum of **£3,500** (£3,500) to a maximum of **£220,350** (£218,200).

STAMP DUTIES AND PROPERTY TRANSACTION TAXES

ENGLAND AND WALES: STAMP DUTY LAND TAX (a)

Non-residential land and buildings - rates applied cumulatively

	From 17 March 2016	To 16 March 2016 (b)
£0-£150,000	0%	(0%)
£150,001-£250,000	2%	(1%)
Over £250,000	5%	-
£250,001-£500,000	-	(3%)
Over £500,000	-	(4%)

Residential land and buildings (c)(d) - rates applied cumulatively

	2017/18	2016/17
£0-£125,000	0%	(0%)
£125,001-£250,000	2%	(2%)
£250,001-£925,000	5%	(5%)
£925,001-£1,500,000	10%	(10%)
Over £1,500,000	12%	(12%)

SCOTLAND: LAND & BUILDINGS TRANSACTION TAX (a)

Non-residential land and buildings - rates applied cumulatively

	2017/18	2016/17
£0 - £150,000	0%	(0%)
£150,001 - £350,000	3%	(3%)
Over £350,000	4.5%	(4.5%)

Residential land and buildings (d) - rates applied cumulatively

	2017/18	2016/17
£0 - £145,000	0%	(0%)
£145,001 - £250,000	2%	(2%)
£250,001 - £325,000	5%	(5%)
£325,001 - £750,000	10%	(10%)
Over £750,000	12%	(12%)

- (a) All figures are calculated inclusive of any VAT. For leases, the rate is based on the discounted rental values.
- (b) Prior to 17 March 2016, rates applied to full consideration.
- (c) Where residential property over **£500,000** is purchased by a company a **15%** rate applies.
- (d) A **3%** surcharge applies to all second and additional residential properties on transactions of **£40,000** or more.

OTHER STAMP DUTY

	2017/18
Stamp duty – shares and securities	0.5%
Stamp duty reserve tax	0.5%/1.5%

Stamp duty, and stamp duty reserve tax, is not charged on recognised growth markets, including **AIM** and **ISDX**.

AIR PASSENGER DUTY

RATES PER PASSENGER FROM 1 APRIL 2017 (a) (b)	LOWEST CLASS OF TRAVEL	OTHER CLASSES OF TRAVEL	HIGHER RATE (c)
Band A (0-2,000 miles from London)	£13 (£13)	£26 (£26)	£78 (£78)
Band B (over 2,000 miles from London)	£75 (£73)	£150 (£146)	£450 (£438)

- (a) Flights from airports in the Scottish Highlands and Islands, and long haul flights from airports in Northern Ireland are exempt.
- (b) Air passenger duty is not charged for the lowest class of travel for children aged 16 and under at time of flight.
- (c) Aircraft over 20 tonnes and seating fewer than 19 passengers.