



TAX CARD

2016/2017



Khokhar McAdam
Chartered Accountants and Tax Advisers

Khokhar McAdam Chartered Accountants
1 Eagle Street
Craighall Business Park
Glasgow
G4 9XA
+44(0) 141 611 7717

www.khokharmcadam.co.uk

TAXABLE INCOME BANDS AND TAX RATES

| | 2016/17 | 2015/16 |
|---------------------------------|------------------|------------------|
| Starting rate limit for savings | £5,000* | £5,000* |
| Starting rate for savings | 0% | 0% |
| Basic rate band | £32,000 | £31,785 |
| Basic rate | 20% | 20% |
| Dividend ordinary rate | 7.5% | 10%** |
| Higher rate band | £32,001-£150,000 | £31,786-£150,000 |
| Higher rate | 40% | 40% |
| Dividend upper rate | 32.5% | 32.5%** |
| Additional rate band | Over £150,000 | Over £150,000 |
| Additional rate | 45% | 45% |
| Dividend additional rate | 38.1% | 37.5%** |

*The starting rate does not apply if taxable non-saving income exceeds the starting rate limit.

**Effective dividend tax rates for 2015/16 are 0%, 25% and 30.6%.

■ Allowances that reduce taxable income

| | | 2016/17 | 2015/16 |
|---|----------------------|---------|----------|
| Personal allowance | | £11,000 | £10,600 |
| Personal allowance born before 6 April 1938 | | £11,000 | £10,600* |
| Personal savings allowance | Basic rate taxpayer | £1,000 | n/a |
| | Higher rate taxpayer | £500 | n/a |
| Dividend allowance | | £5,000 | n/a |
| Married couples/civil partners transferable allowance | | £1,100 | £1,060 |
| Rent a room | | £7,500 | £4,250 |
| Blind person's allowance | | £2,290 | £2,290 |

The personal allowance is reduced by £1 for each £2 of income from £100,000 to £122,000 (2015/16, £121,200).

*For 2015/16 the higher personal allowance is reduced by £1 for each £2 of income above £27,700 until £10,600 is reached.

■ Allowances that reduce tax

| | 2016/17 | 2015/16 |
|--|---------|---------|
| Married couple's allowance (MCA) tax reduction | £835.50 | £835.50 |

Available to people born before 6 April 1935. The age for MCA is that of the elder spouse or civil partner. The loss of tax reduction is 10p for each £2 of income above £27,700 (2015/16, £27,700) until £322 (2015/16, £322) is reached.

■ High income child benefit charge

| | 2016/17 | 2015/16 |
|-----------|---------|---------|
| Threshold | £50,000 | £50,000 |

There is a tax charge of 1% of the child benefit received for each £100 that the threshold is exceeded up to a maximum of 100%.

NATIONAL INSURANCE

■ Class 1 (not contracted out)

| Employee | | Employer | |
|------------------------|------|------------------------|---------|
| Earnings per week | | | |
| Up to £155 | nil* | Up to £156 | 0% |
| From £155.01 to £827 | 12% | Over £156 | 13.8%** |
| Over £827 | 2% | | |
| Over state pension age | 0% | Over state pension age | 13.8% |

*Entitlement to contribution based benefits are retained for earnings between £112 and £155 per week.

**0% for employees under 21 and apprentices under 25 on earnings up to £827 per week.

■ Class 1A

| | |
|----------------------|-------|
| On relevant benefits | 13.8% |
|----------------------|-------|

■ Class 2

| | |
|-------------------------|------------------|
| Self-employed | £2.80 per week |
| Small profits threshold | £5,965 per annum |

■ Class 3

| | |
|-----------|-----------------|
| Voluntary | £14.10 per week |
|-----------|-----------------|

■ Class 4*

| | |
|---|----|
| Self-employed on profits £8,060-£43,000 | 9% |
| Over £43,000 | 2% |

*Exemption applies if the state retirement age is reached by 6 April 2016.

■ Employment allowance

| | |
|---|---------|
| Per employer, per year (excluding 1 person companies) | £3,000* |
|---|---------|

*1 claim only for companies in a group or under common control.

CORPORATION TAX

| Financial year to 31 March | | 2017 | 2016 |
|----------------------------|-----------|------|------|
| Taxable profits | Main rate | 20% | 20% |

MAIN CAPITAL ALLOWANCES

■ Initial allowances

| | |
|---|------|
| First year allowance: for certain environmentally beneficial equipment, electric and low CO ₂ emission (up to 75g/km) cars – must be new and unused | 100% |
| Annual investment allowance: on first £200,000 (excludes cars) | 100% |

■ Writing down allowances

| | | |
|---|------------------|-----|
| Other plant and machinery | 18% | |
| Long-life assets, integral features of buildings, thermal insulation | 8% | |
| Cars | 76g/km – 130g/km | 18% |
| | Over 130g/km | 8% |

INVESTMENT RELIEFS

| | | |
|-----------------------------------|-------------|------------|
| Enterprise investment scheme | Limit | £1,000,000 |
| | Relief rate | 30% |
| Venture capital trust | Limit | £200,000 |
| | Relief rate | 30% |
| Seed enterprise investment scheme | Limit | £100,000 |
| | Relief rate | 50% |

ISA AND JUNIOR ISA

| Annual investment limit | 2016/17 | 2015/16 |
|-------------------------|---------|---------|
| ISA | £15,240 | £15,240 |
| Junior ISA | £4,080 | £4,080 |

CAPITAL GAINS TAX

| | | 2016/17 | 2015/16 |
|---|-----------------------------|---------|---------|
| Main rates | Individual basic rate band | 10% | 18% |
| | Individual higher rate band | 20% | 28% |
| Gains on residential property not eligible for PPR and carried interest | Individual basic rate band | 18% | 18% |
| | Individual higher rate band | 28% | 28% |
| Trusts | Main rate | 20% | 28% |
| | Residential property | 28% | 28% |
| Annual exemption | Individuals | £11,100 | £11,100 |
| | Trusts | £5,550 | £5,550 |
| Entrepreneurs' relief | Applicable rate | 10% | 10% |
| | Lifetime limit | £10m | £10m |

PENSION CONTRIBUTIONS

| | |
|------------------------------------|---|
| Individuals | £3,600 or 100% of net relevant earnings to £40,000* |
| Employers | £40,000* less employee contributions |
| Minimum age for accessing benefits | 55 |
| On cumulative benefits exceeding | £1,000,000 |

*Plus unutilised allowances from the 3 previous years. Limit may be reduced to £10,000 once money purchase pensions are accessed.

TAX-FREE MILEAGE ALLOWANCES

| | | |
|--------------------|-----------------------------|-----|
| Cars and vans | First 10,000 business miles | 45p |
| | Thereafter | 25p |
| Motorcycles | 24p | |
| Bicycles | 20p | |
| Business passenger | 5p | |

For national insurance purposes: 45p for all business miles for cars and vans.

■ Fuel only allowance for company cars

| From 1 March 2016 | Petrol | Diesel | LPG |
|-------------------|--------|--------|-----|
| Up to 1400cc* | 10p | 8p | 7p |
| 1401**-2000cc | 12p | 10p | 8p |
| Over 2000cc | 19p | 11p | 13p |

These rates are issued quarterly during the tax year.

*1600cc for diesel.

**1601cc for diesel.

Hybrid cars are treated as either petrol or diesel cars.

VEHICLE AND FUEL BENEFITS IN KIND (BIK)

The taxable BIK is calculated as a percentage of the car's UK list price. The percentage depends on the car's CO₂ emissions in grams per kilometre (g/km).

| Emissions | Petrol | Diesel |
|-------------------|------------------------|--------|
| 0 – 50g/km | 7% | 10% |
| 51 – 75g/km | 11% | 14% |
| 76 – 94g/km | 15% | 18% |
| Over 94g/km | add 1% for every 5g/km | |
| 200g/km* and over | 37% maximum | |

*Over 184g/km for diesel.

The list price is on the day before first registration, including most accessories and is reduced by any employee's capital contribution (max £5,000) when the car is first made available.

Where the cost of all fuel for private use is borne by the employee, the fuel benefit is nil. Otherwise, the fuel benefit is calculated by applying the car benefit percentage (above) to £22,200 (2015/16, £22,100).

Vans where private use is more than home to work travel; £3,170 (2015/16, £3,150) benefit and £598 (2015/16, £594) for private fuel. Payments by employees for private use may reduce these BIK. Vans with zero emissions have a benefit of £634 (2015/16, £630).

INHERITANCE TAX

| | 2016/17 | 2015/16 |
|---|----------|----------|
| Single person's threshold | £325,000 | £325,000 |
| Combined threshold limit for married couples and civil partners | £650,000 | £650,000 |

■ Tax rates

| | 2016/17 | 2015/16 |
|--|---------|---------|
| Main rate | 40% | 40% |
| Chargeable on lifetime transfers | 20% | 20% |
| Transfers on or within 7 years of death* | 40% | 40% |
| Reduced rate** | 36% | 36% |

*All lifetime transfers not covered by exemptions and made within 7 years of death will be added back into the estate for the purposes of calculating the tax payable. This may then be reduced as follows:

| Years before death | 0-3 | 3-4 | 4-5 | 5-6 | 6-7 |
|--------------------|-----|-----|-----|-----|-----|
| Tax reduced by | 0% | 20% | 40% | 60% | 80% |

**Applies if 10% or more of net estate given to charity.

Contact us about exemptions.

VALUE ADDED TAX

| From 1 April | 2016 | 2015 |
|---------------|------|------|
| Standard rate | 20% | 20% |
| VAT fraction | 1/6 | 1/6 |
| Reduced rate | 5% | 5% |
| VAT fraction | 1/21 | 1/21 |

■ Taxable turnover limits

| From 1 April | 2016 | 2015 |
|--|------------|------------|
| Registration (last 12 months or next 30 days over) | £83,000 | £82,000 |
| Deregistration (next year under) | £81,000 | £80,000 |
| Annual accounting scheme | £1,350,000 | £1,350,000 |
| Cash accounting scheme | £1,350,000 | £1,350,000 |
| Flat rate scheme | £150,000 | £150,000 |

STAMP TAXES

Stamp duty is payable at a rate of 0.5% on certain transfers of shares and securities of £1,000 and over.

The incremental rate of stamp duty land tax is only payable on the part of the property price within each land duty. For certain additional residential properties the rates are 3% higher.

■ Stamp duty land tax

| On the transfer of residential* property | | On the transfer of non-residential property | |
|--|-------|---|----|
| Less than £125,000 | 0% | Less than £150,000 | 0% |
| From £125,001 to £250,000 | 2% | From £150,001 to £250,000 | 2% |
| From £250,001 to £925,000 | 5% | Over £250,000 | 5% |
| From £925,001 to £1,500,000 | 10% | | |
| Over £1,500,000 | 12% | | |
| Over £500,000 | 15%** | | |

*Including all corporate residential property, subject to certain exclusions.

**For purchases by certain non-natural persons.

■ Land and buildings transaction tax in Scotland

| On the transfer of residential property | | On the transfer of non-residential property | |
|---|-----|---|------|
| £0 - £145,000 | 0% | £0 - £150,000 | 0% |
| £145,001 - £250,000 | 2% | £150,001 - £350,000 | 3% |
| £250,001 - £325,000 | 5% | Over £350,000 | 4.5% |
| £325,001 - £750,000 | 10% | | |
| Over £750,000 | 12% | | |

IMPORTANT NOTICE

These rates and allowances are based on Budget 2016 and are for information only. They are subject to confirmation by the Finance Act 2016.

Contact us to discuss your planning.