

Tax Rates and Related Information

2017 Edition

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Corporation Tax

Financial year to	31 March 2018	31 March 2017
Tax Rate	19%	20%

Capital allowances

	2017/18	2016/17
Plant and machinery		
- annual investment allowance	£200,000	£200,000
- main rate pool	*18%	*18%
- long life assets	*8%	*8%
- Integral features	*8%	*8%
Cars – CO ₂ emissions up to 75g/km	100%	100%
Cars – CO ₂ emissions 76 – 130g/km	*18%	*18%
Cars – CO ₂ emissions over 130g/km	*8%	*8%
Certain expenditure	**100%	**100%

* Reducing balance.

** This applies for certain renovation, conversion, innovative and environmentally efficient expenditure.



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Value added tax

Standard rate 20%

VAT fraction (where included cost) 1/6

Registration threshold £85,000

Optional flat-rate scheme for small businesses is available.

Research and development tax credits

Rates for reduction	2017/18	2016/17
SME rate	230%	230%
Large company (above line credit)	11%	11%
Rates for surrender of losses	2017/18	2016/17
SME rate	14.5%	14.5%
Large company (taxable)	11%	11%

Patent Box

	2017/18	2016/17
Effective tax rates on patent box profits	10%	11%

ISA limits

	2017/18	2016/17
Overall limits	£20,000	£15,240
Junior ISA limit	£4,128	£4,080



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Stamp duty land tax – England , Wales and Northern Ireland

Total consideration £	Residential Rates*	Non Residential Rates
0 – 125,000	NIL	NIL
125,001 – 150,000	2%	NIL
150,001 – 250,000	2%	2%
250,001 – 925,000	5%	5%
925,001 – 1,500,000	10%	5%
Over 1,500,000	12%	5%
Over 500,000	**15%	N/A

*Additional 3% rate applies to second properties over £40,000.

**For purchases by companies and other certain non-natural persons, subject to certain exclusions.

Land and buildings transaction tax - Scotland

Total consideration £	Residential Rates*	Non Residential Rates
0 – 145,000	NIL	NIL
145,001 – 150,000	2%	NIL
150,001 – 250,000	2%	3%
250,001 – 325,000	5%	3%
325,001 – 350,000	10%	3%
350,001 – 750,000	10%	4.5%
Over 750,000	12%	4.5%

*Additional 3% rate applies to second properties over £40,000.



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Income tax rates

Rate %	Taxable income 2017/18 £	Taxable income 2016/17 £
0*	Up to 5,000	Up to 5,000
20**	†Up to 33,500	Up to 32,000
40***	†33,501 – 150,000	32,001 – 150,000
45****	Over 150,000	Over 150,000

† For Scottish taxpayers only, the limit is £31,500

* Starting rate applies to savings income only

** 7.5% for dividend income

*** 32.5% for dividend income

**** 38.1% for dividend income

Rate of income tax for discretionary trusts: 37.5% for dividend income, 45% for non-dividend income.

Income tax allowances

Allowance	2017/18 £	2016/17 £
Personal allowance*		
Individuals	11,500	11,000
Income limit for full age-related allowance**	28,000	27,700
Marriage allowance	1,150	1,100
Married couples allowance***		
Allowance	8,445	8,355
Minimum amount	3,260	3,220
Blind person's allowance	2,320	2,290
Dividend allowance	5,000	5,000
Personal savings allowance basic rate payer	1,000	1,000
Personal savings allowance higher rate payer	500	500
'Rent-a-room'	7,500	7,500

*Personal allowance is reduced by £1 for every £2 exceeding £100,000 of income. This is irrespective of age or date of birth.

**Where 'adjusted net income' is above the income limit the age-related allowance is reduced by £1 for every £2 of excess income, until it is reduced to the basic level (but also see *).

***Either partner 75 or over or born before 6 April 1935. Relief is restricted to a 10% tax credit.



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Inheritance tax

Transfers on or after 6 April 2017 (husband and wife treated separately)

Band £	Lifetime rate	Death rate
0 – 325,000*	NIL	NIL
Over 325,000	20%	**40%

* For 2017/18, a further nil rate band of £100,000 may be available in relation to current or former residences. Nil rate bands of surviving spouses/civil partners may be increased by unused nil rate bands of deceased spouses/civil partners.

** A reduced rate of 36% applies where a deceased individual has left 10% or more of their net estate to charity.

Inheritance tax reliefs

	£
Annual exemption	3,000
Small gifts exemption	250
Wedding gifts exemption. Gifts made by:	
- parent	5,000
- more remote ancestor	2,500
- bride/groom	2,500
- other person	1,000

Inheritance tax tapering relief

Rates for transfers on death also apply to gifts within seven years of death subject to tapering relief.

Years between gift and death	Reduction in charge
0 - 3	NIL
3 - 4	20%
4 - 5	40%
5 - 6	60%
6 - 7	80%



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National insurance contributions

Employees' class 1 contributions on 2017/18

Total weekly earnings £	Rate
Below 157*	NIL
157 - 866	12%
Over 866	2%

Married women's reduced rate	5.85% on earnings between £157 and £866 per week plus 2% on earnings above £866 per week
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**Between £112 per week and £157 per week a zero rate applies to protect employees' contributory benefit entitlement.*

Employers' class 1 contributions on 2017/18

Total weekly earnings £	Rate
Below 157	NIL
Above 157**	13.8%

***A rate of 0% is applied to Employees under 21 and apprentices under 25 on earnings up to £866 per week.*

Annual employment allowance on qualifying employers £3,000

Class 2 – self employed	Flat rate £2.85 per week if earning exceed £6,025 per annum
Class 3 – voluntary	Flat rate £14.25 per week
Class 4 – self employed	9% of profits between £8,164 and £45,000 per annum plus 2% on the excess



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Car and fuel benefits 2017/18

Cars

Minimum	18% of list price (emissions level above 95g/km CO ₂ (lower rates where emissions below this level)
Increments	1% for each additional 5g/km CO ₂ emissions over 95g/km CO ₂
Diesel cars	3% surcharge
Electric cars	9% of list price
Maximum	37% of list price

Emissions levels for most cars can be found on www.vca.gov.uk
CO₂ level rounded down to nearest 5g.

Registered before 1 Jan 98

If no emissions rating

1400cc or less	15%
1401 – 2000cc	22%
2001cc or more	32%

Fuel

Private fuel provided with company car – percentages as above for cars x £22,600

Approved mileage rates for business mileage in own car

Cars and vans	Per mile
0 - 10,000 miles	45p
Over 10,000 miles	25p

Advisory mileage rates for business mileage in company car

From 1 March 2017

	Petrol/LPG		Diesel	
	Petrol	LPG		
1400cc or less	11p	7p	1600cc or less	9p
1401 – 2000cc	14p	9p	1601 – 2000cc	11p
2001cc or more	22p	14p	2001cc or more	13p

Petrol hybrid cars are treated as petrol cars for this purpose.



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Capital gains tax

	2017/18 £	2016/17 £
Tax rates		
Individuals – basic rate	10%/18%*	10%/18%*
Individuals – higher/additional rate	20%/28%*	20%/28%*
Trusts and personal representatives	20%/28%*	20%/28%*
Companies	see CT rates	See CT rates
Annual exemptions		
Individuals	£11,300	£11,100
Trusts (maximum)	£5,650	£5,550
Chattels proceeds exemption	£6,000	£6,000
Capital gains tax entrepreneurs' relief:		
Lifetime limit	£10,000,000	£10,000,000
Rate	10%	10%

*There is an 8% additional tax charge on the capital gains of a residential property.

High income child benefit charge

2017/18	Weekly £	Annual £
Benefit received for eldest/only child	20.70	1,076.40
Benefit received for other children	13.70	712.40

For taxpayers with income between £50,000 and £60,000 a charge of 1% for every £100 of income over £50,000 and 100% where income exceeds £60,000 for each week they, or their partner, are in receipt of child benefit.

AIMS Accountants for Business

We work closely with Small and Medium Sized Enterprises and have produced this guide for anyone that needs to know more about the current tax rates.

Speak to an accountant if you are unsure about any tax matter that you think may effect your business. We will be more than happy to chat with you www.aims.co.uk/YourLocalAccountant



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