

Corporation Tax and Diverted Profits Tax

	2016/17	2015/16	Note
Corporation Tax - all profits and gains	20%	20%	
Restitution interest payments corporation tax rate	45%	45%	A
Diverted profits	25%	25%	B

A Withheld at source. Applies to determinations or agreements made on or after 21 October 2015

B Applies to profits of large entities diverted from the UK as a result of an avoided permanent establishment or transactions which lack economic substance

Patent Box

	2016/17	2015/16	Note
Effective rate of tax on qualifying profits	11%	12%	A

A Reducing to 10% by 2017/18. New nexus based regime to operate from 1 July 2016. Existing regime available until 2021 if opt in election made by 30 June 2016

Capital Allowances

	2016/17	2015/16	Note
Plant and machinery:			
Annual investment allowance	100%	100%	A
Long life assets and integral features	8%	8%	B
Other Assets	18%	18%	B

First year allowances:

Research and development, enterprise zone (qualifying zones), energy-saving technologies including cars, water efficient technology, brand new zero-emission goods vehicles, business premises renovation	100%	100%	
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Cars: CO emissions (g\km)

75 or less	100%	100%	
Over 75 to 130	18%	18%	B
Over 130	8%	8%	B

A From 1 April 2014 to 31 December 2015 maximum £500,000pa. From 1 January 2016 £200,000pa.

B Reducing balance

Value Added Tax

	2016/17	Note
Standard Rate	20%	
Reduced Rate	5%	
Annual turnover limit for registration	£83,000	A
Annual cash accounting upper limit	£1,350,000	
EC Sales List reporting threshold	Nil	
Intrastat reporting		
Arrivals threshold from January 2015	£1,500,000	
Dispatches threshold	£250,000	

A Taxable turnover is measured by reference to the last 12 months or the next 30 days

Research and Development Tax Credits

	2016/17	2015/16	Note
SME enhanced deduction scheme	130%	130%	A
SME Cash credit for R&D loss surrendered	14.5%	14.5%	
Large company enhanced deduction scheme	N/A	30%	A
Large company above the line scheme credit	11%	11%	B

A Additional (enhanced) tax deductions available for qualifying R&D expenditure

B Taxable credit available on qualifying R&D expenditure

Property

Stamp duty land tax (SDLT)

Property purchased in England, Wales and Northern Ireland

Residential		Non-residential or mixed use	
Price/premium payable	Rate payable (Incremental)	Price/premium payable	Rate payable (Incremental)
£1 - £125,000	Nil	£1 - £150,000	Nil
£125,001 - £250,000	2%	£150,001 - £250,000	2%
£250,001 - £925,000	5%	Above £250,000	5%
£925,001 - £1.5m	10%		
Above £1.5m	12%		
Enveloped properties over £500,000 (Slab basis)	15%		

3% supplement to residential rates for second or buy to let homes above £40,000. For leases - Residential - 1% on present value of rents above £125,000. Non-residential or mixed use - 1% on present value of rents from £150,001 to £5m and 2% on the portion above £5m.

Land and building transaction tax (LBTT) - Property purchased in Scotland

Residential		Non-residential or mixed use	
Price/premium payable	Rate payable (Incremental)	Price/premium payable	Rate payable (Incremental)
£1 - £145,000	Nil	£1 - £150,000	Nil
£145,001 - £250,000	2%	£150,001 - £350,000	3%
£250,001 - £325,000	5%	Above £350,000	4.5%
£325,001 - £750,000	10%		
Above £750,000	12%		

3% supplement to residential rate for second or buy to let homes above £40,000. Leases: Residential - generally exempt. Non-residential or mixed use - 1% on present value of rents above £150,000.

Annual Investment Limits

	2016/17	2015/16	Note
Individual Savings Account	£15,240	£15,240	
Junior ISA	£4,080	£4,080	
Enterprise Investment Scheme (EIS)	£1m	£1m	B
Seed Enterprise Investment Scheme (SEIS)	£100,000	£100,000	A
Venture Capital Trust (VCT)	£200,000	£200,000	B
Social Investment tax relief	£1m	£1m	B

A Income tax relief at 50% B Income tax relief at 50%

Whilst every effort has been made to ensure accuracy, information contained in this communication may not be comprehensive and recipients should not act upon it without seeking professional advice.



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Income Tax Rates

	2016/17	Rate	2015/16	Rate	Note
Individuals					
Basic rate	£0 - £32,000	20%	£0-£31,785	20%	A,B,C
Higher rate	£32,001 - £150,000	40%	£31,786 - £150,000	40%	B
Additional rate	Over £150,000	45%	Over £150,000	45%	B
Trusts					
Standard rate	£0 - £1,000	20%	£0 - £1,000	20%	D
Trust rate	Over £1,000	45%	Over £1,000	45%	D

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

B From 6 April 2016 the 10% tax credit on dividends is removed. A £5,000 dividend allowance is introduced for individuals (effectively a 0% rate). Above £5,000 dividends will be taxed at 7.5% (for basic rate taxpayers), 32.5% (for higher rate taxpayers) and 38.1% (for additional rate taxpayers).

C Gift Aid: basic rate band increased by gross gift

D Dividends will be taxed at 7.5% for standard rate taxpayers and 38.1% for trust rate taxpayers.

Income Tax Allowances

	2016/17	2015/16	Note
Basic personal allowance	£11,000	£10,600	A,D
People born before 6 April 1938	£11,000	£10,660	A,B,D
Married/civil partners allowance	£8,355	£8,355	C,D
Minimum married/civil partners allowance	£3,220	£3,220	C,D
Married/civil partners transferable allowance	£1,100	£1,060	D
Income Limit	£27,700	£27,000	
Blind persons allowance	£2,290	£2,290	
Rent a room limit	£7,500	£4,250	
Savings allowance	£1,000	N/A	E

A Reduced by £1 for every £2 of income over £100,000

B Reduced to Basic personal allowance by £1 for every £2 over income limit

C Available to persons born before 6 April 1935. Relief limited to 10%. Reduced to a minimum allowance by £1 for every £2 over income limit. Apply personal allowance reduction first

D Non-residents may not be entitled to personal allowances, in certain circumstances

E £500 for higher rate and £nil for additional rate taxpayers

Note High income child benefit charge: 1% of the benefit per £100 of adjusted net income over £50,000; 100% of the benefit when adjusted net income is over £60,000.

Inheritance Tax

	2016/17	2015/16	Note
Nil rate band £1 - £325,000	0%	0%	A
Over £325,000	40%	40%	B,C
Main exemptions:		Gifts on marriage:	
Annual gifts per donor	£3,000	Parent	£5,000
Small gifts per donee	£250	Grandparent / great-grandparent	£2,500
Normal expenditure out of income	Exempt	Other	£1,000

A Nil rate band for estate of surviving spouse is increased by the percentage of the nil rate band unutilised by the predeceased spouse. Additional nil rate band for main residence of £100,000 to apply from 6 April 2017

B Some lifetime gifts are taxed at 20%

C Tax rate reduced to 36% where 10% or more of net chargeable estate is left to charity

Pension Contributions

	2016/17	2015/16	Note
Annual allowance	£40,000	£40,000	A
Lifetime allowance	£1m	£1.25m	

A Up to the lower of 100% of earnings or the maximum contribution. Maximum contribution is the annual allowance plus unutilised allowances from the three previous years. Up to £3,600 (2015/16: £3,600) may be contributed irrespective of earnings. For 2016/17 annual allowance reduced by £1 for every £2 income over £150,000 to a minimum of £10,000 and to £10,000 maximum if certain pensions drawings made.

Capital Gains Tax

	2016/17	2015/16	Note
Annual exemption:			
Individuals	£11,100	£11,100	
Trusts	£5,550	£5,550	
Entrepreneurs relief: Maximum lifetime allowance	£10m	£10m	
Individuals and trusts:			
Basic and starting rate taxpayers	10%	18%	A
Higher and additional rate taxpayers	20%	28%	A
Trusts and personal representatives	20%	28%	A
Gains qualifying for entrepreneurs' relief	10%	10%	

A Gains on residential properties not qualifying for principal private residence relief, and on carried interest, attract a surcharge of 8% (2015/16 0%)

National Insurance Contributions

Class 1 (contracting out ceases on 6 April 2016)			
Employer	Employee		
Earnings per week	Rate Payable	Earnings per week	Rate payable
£0.01 - £156.00	Nil	£0.01 - £155.00	Nil
£156.01 - £827.00	13.8%	£155.01 - £827.00	12%
Over £827.00	13.8%	Over £827.00	2%
Class 1A and 1B (employers only)	13.8%		
Class 2 (self-employed)	£2.80 per week (Small earnings exception £5,965)		
Class 3 (Voluntary)	£14.10 per week		
Class 4 (self-employed)	Profits up to £8,060	0%	
	Profits from £8,061 to £43,000	9%	
	Profits above £43,000 per annum	2%	

Notes The first £3,000 (2015/16 £2,000) of employer's liability relieved by the employment allowance. No employer's NIC for employees aged under 21 (and apprentices up to age 25) on earnings up to £827 per week (the Upper Earnings Limit).

Authorised Mileage Rates

	Per mile
Private cars and vans:	First 10,000 miles in the tax year 45p
	Additional miles 25p
	Each qualifying passenger 5p
Motor Cycle	24p
Cycle	20p

Car and Fuel Scale Benefits

Car benefit:	Percentage (see below) of list price	
Fuel benefit:	Percentage (see below) of £22,200	
Cars registered from 1st January 1998:		
CO₂ emissions (g/km):	Diesel	Petrol
0-50	10%	7%
51-75	14%	11%
76-94	18%	15%
Each additional 5	Further 1%	Further 1%
Diesel 185 and over / Petrol 200 and over	37%	37%