

INCOME TAX

Rates: individuals

	Taxable income £	Dividend income %	Other savings %	Other %
2015/16				
Starting rate band for savings	0-5,000	10	0	N/A
Basic rate band	0-31,785	10	20	20
Higher rate band	31,786-150,000	32.5	40	40
Additional rate band	Excess	37.5	45	45

	Taxable income £	Dividend income %	Other savings %	Other %
2014/15				
Starting rate band for savings	0-2,880	10	10	N/A
Basic rate band	0-31,865	10	20	20
Higher rate band	31,866-150,000	32.5	40	40
Additional rate band	Excess	37.5	45	45

Dividends are deemed to be the top slice of income in computing the tax liability, followed by other savings income.

If the remittance basis of taxation is claimed, foreign dividend income is taxed at the rate applicable to other income.

From 6 April 2016 savings income of up to £1,000 for basic rate taxpayers and up to £500 for higher rate taxpayers will not be subject to income tax.

Allowances: individuals

	£	2015/16 %	£	2014/15 %
Born after 5 April 1948				
Personal	10,600	100	10,000	100
Born prior to 6 April 1948				
Personal	10,600	100	10,500	100*
Born prior to 6 April 1938				
Personal	10,660	100*	10,660	100*
Married Couple	8,355	10*	8,165	10*
Other				
Blind Person's Allowance	2,290	100	2,230	100*

* The additional age related allowances are reduced by 50% of the excess of the total income above £27,700 (£27,000 for 2014/15). The minimum Married Couple's allowance after such reduction, if applicable, is £3,220 (£3,140 for 2014/15). The Married Couple's allowance is only available where either spouse was born before 6 April 1935.

Personal allowances for those with taxable income in excess of £100,000 are reduced by £1 for every £2 of taxable income in excess of £100,000.

An individual can transfer up to £1,060 (2014/15 - £nil) of their unused personal allowance to their spouse or civil partner, provided that the recipient does not pay tax at the higher or additional rates.

Rates: UK trusts

	Dividend income %	Other savings income %	Other income %
Life interest trusts and estates in administration	10	20	20
Discretionary trusts, subject to a standard rate band of £1,000	37.5	45	45

NATIONAL INSURANCE CONTRIBUTIONS

	2015/16 Weekly earnings £	Rate %	2014/15 Weekly earnings £	Rate %
Employed (Class 1)				
Primary contributions (employees)	0-154	Nil	0-152	Nil
	155-815	12.0	153-805	12.0
	Over 815	2.0	Over 805	2.0
Secondary contributions (employers)	Over 156	13.8	Over 153	13.8

1.4% primary and 3.4% secondary rebates are given for salary related contracted out schemes on weekly earnings of between £112 and £770 (2014/15 – between £111 and £770).

An annual allowance of £2,000 is available to offset against an employer's Class 1 secondary liability.

Employers pay 13.8% Class 1A/1B contributions on the cost of benefits in kind.

Self-employed

Class 2 contributions are £2.80 (2014/15 - £2.75) per week unless annual profits do not exceed £5,965 (2014/15 - £5,885).

Class 4 contributions are 9% of annual profits between £8,060 and £42,385 (2014/15 – between £7,956 and £41,865), and 2% thereafter.

INVESTMENTS AND SAVINGS

Enterprise Investment Schemes and Venture Capital Trusts

Income tax relief and maximum qualifying investment per year	%	£
Seed Enterprise Investment Scheme ("SEIS")	50	100,000
Enterprise Investment Scheme ("EIS")	30	1,000,000
Venture Capital Trust ("VCT")	30	200,000

The minimum period of ownership necessary to avoid withdrawal of income tax relief is three years for EIS and SEIS investments, and five years for VCT investments.

Capital gains tax relief

Any gain on investment in an EIS or SEIS company on which income tax relief has been given will be exempt from capital gains tax on a subsequent disposal after three years, subject to certain conditions. All gains on the disposal of shares in VCTs are exempt, up to the maximum qualifying investment.

50% of capital gains reinvested into a subscription for shares that qualifies for SEIS income tax relief in the same or following tax year are exempt from capital gains tax. The relief is withdrawn in circumstances where the related SEIS income tax relief is withdrawn.

Capital gains tax deferral (EIS only)

Tax on capital gains can be deferred if the gains are reinvested into a subscription for qualifying (broadly, EIS) shares, without limit. Gains eligible to be reinvested are those realised within three years before and one year after the date of the subscription for the EIS shares. The deferred tax falls due when the related EIS shares are either disposed of or cease to be qualifying shares.

Individual Savings Accounts (ISAs)

For 2015/16 the annual ISA subscription limit is £15,240. Subscription can be into any combination of cash or stocks and shares ISAs.

The account is free of all income tax and capital gains tax. Withdrawals may be made from the account at any time without loss of tax relief.

The Junior ISA limit is £4,080. Withdrawals cannot normally be made until the child is 18.

PENSIONS

Annual allowance

Tax relief is given on annual contributions to registered pension schemes up to the lower of 100% of earnings and £40,000. If relief is not used in a year it may be carried forward for up to 3 years provided the individual was a member of a registered scheme in the year to which the unused relief relates.

Lifetime allowance

On 6 April 2016 the lifetime allowance will reduce from £1.25 million to £1 million. From 2018 the lifetime allowance will increase by inflation. Until 5 April 2017 individuals with pensions which were over £1.25 million at 5 April 2014 and who do not benefit from primary protection from the annual allowance charge may elect to protect an allowance of the lower of £1.5 million and the value of benefits at this date. Further protection will be available for individuals with pensions over £1 million at 5 April 2016.

RESIDENT NON-UK DOMICILIARIES

Resident non-UK domiciliaries can claim the remittance basis such that their foreign income and gains are only subject to UK taxation to the extent that they are remitted to the UK.

No remittance basis charge is payable by resident non-UK domiciliaries who:

- have been resident in the UK for fewer than 7 out of the previous 9 tax years; or
- have unremitted foreign income and gains of less than £2,000; or
- are under the age of 18 for the whole tax year; or
- are dual resident and protected by a double taxation agreement.

Resident in the UK for	Annual remittance basis charge £
at least 7 of the previous 9 tax years	30,000
at least 12 of the previous 14 tax years	60,000
at least 17 of the previous 20 tax years	90,000

In most cases, remittance basis users will not be entitled to the annual income tax allowances and capital gains tax annual exemption.

When the remittance basis is not claimed, resident non-UK domiciliaries will be subject to UK taxation on their worldwide income and gains (including deemed income and gains).

CAPITAL GAINS TAX

Gains of individuals	%
Gains falling within remaining basic rate band (note 1)	18
Gains exceeding basic rate band	28
Gains in UK trusts and estates in administration	28
Gains in self settlements and certain offshore trusts (note 2)	28
Gains on high value residential property held by non-resident companies (note 3)	28
Gains on UK residential property held by any non-resident	(note 4)

Notes:

- (1) The remaining basic rate band is calculated as £31,785 (2014/15 - £31,865) less taxable income and any gains on which entrepreneurs' relief has been claimed.
- (2) Capital payments from certain offshore trusts are chargeable at rates applicable to individuals plus a maximum supplementary charge of 60% of the tax.
- (3) Non-resident 'non-natural persons' (predominantly companies) disposing of UK residential property worth £1m or more are liable to capital gains tax at 28% (subject to rebasing and certain exemptions). This will extend to apply to properties worth more than £1m and £500,000 from 1 April 2015 and 1 April 2016 respectively.
- (4) Disposals of all UK residential property on or after 6 April 2015 will be chargeable at the usual rates (subject to rebasing and certain reliefs).

Annual Exemption

	2015/16 £	2014/15 £
Individuals	11,100	11,000
Trustees	5,550	5,500

The annual exemption available to trusts is normally divided equally between all those UK resident trusts made by the same settlor after 6 June 1978. The minimum exemption per trust is one tenth of the full annual exemption for individuals.

Indexation Allowance

Companies receive Indexation Allowance on capital gains as a percentage of base cost, calculated with reference to increases in the Retail Price Index since 31 March 1982 or, if later, the date of acquisition.

Entrepreneurs' Relief

Gains made by individuals and by trustees (where a life interest beneficiary has a qualifying interest in the business) on the disposal of the whole or part of a business, certain business assets or relevant share holdings will qualify for this relief as follows:

- Claims may be made on more than one occasion up to a lifetime limit of £10million for disposals occurring on or after 6 April 2011.
- Taxable gains are charged at a rate of 10%.
- The asset must have been a qualifying asset for at least one year.

INHERITANCE TAX

Rates	Transfers on death	Lifetime transfers
Gross cumulative chargeable transfers	%	%
£0-£325,000	Nil	Nil
Excess	40	20

Subject to certain provisions, any unused proportion of the nil-rate band is carried forward to the second death for married couples and civil partners.

A reduced rate of 36% applies to taxable estates where 10% or more of the estate is left to charity.

Potentially exempt transfers

Inheritance tax does not generally arise on lifetime transfers between individuals provided that the donor survives the gift by at least 7 years.

Reduced tax charge on gifts within seven years of death:

Years before death	0-3	3-4	4-5	5-6	6-7
% of full tax charge at death	100	80	60	40	20

Credit is given for tax paid on lifetime transfers within seven years of death.

If the value of the lifetime transfer falls within the nil rate band, the above relief may have no effect.

Trusts

Transfers to trusts (other than charitable trusts, trusts for people who are disabled and trusts established on death) are taxed as lifetime transfers.

Discretionary trusts and most trusts created on or after 22 March 2006 are subject to an IHT charge of up to 6% every 10 years, and exit charges. Since 6 April 2008 existing A&M trusts which do not provide that assets will pass to a beneficiary absolutely at 18 have been subject to an IHT charge every 10 years, subject to special rules for trusts that provide for assets to go to a beneficiary absolutely by age 25.

Interest in possession trusts in existence on 22 March 2006 will be subject to an IHT charge every 10 years, and exit charges, where changes to beneficiaries' entitlements are made after 5 October 2008, and in certain situations following the death of the life tenant. Charges may arise in other circumstances.

Exemptions and reliefs

	£
Normal expenditure out of income	Exempt
Annual exemption	3,000
Small gifts to same person – per year	250
Spouses and civil partners both with UK domicile	Exempt
Spouses and civil partners where donee is not UK domiciled	325,000
Marriage gifts made by:	
– parent	5,000
– grandparent	2,500
– other person	1,000
Gifts to charities and qualifying political parties	Exempt
Transfers of qualifying heritage assets (subject to various undertakings)	Exempt
Agricultural property relief	%
Transfers with vacant possession (or right to obtain within 12 months)	100
Land let under a tenancy for more than 12 months made on or after 1 September 1995	100
Most other cases	50
Business property relief (subject to exclusions)	
Unincorporated businesses	100
Unquoted shares	100
Quoted shares (controlling holding)	50
Land, buildings, machinery or plant used by qualifying businesses	50

Tax payments on chargeable lifetime transfers

Inheritance tax on chargeable lifetime transfers and transfers becoming chargeable on death is due 6 months after the end of the month of transfer or death.

Pre-owned assets

A charge to income tax may arise on benefits received by individuals having free or low cost enjoyment of assets they formerly owned or funded, subject to some exemptions, including a de minimis of £5,000 a year of the taxable value of the benefit.

For land and buildings the taxable benefit is the open market rent. For chattels and intangible property, the taxable benefit is determined by applying the official rate of interest to the capital value of the asset. Most assets are to be revalued every 5 years.

CORPORATION TAX

Rates

	Year from 1 April	
	2015	2014
	%	%
Small companies rate	20	20
Main rate	20	21
Marginal relief fractions for profits between marginal limits are: £300,001 – £1,500,000	N/A	1/400
Effective rates of tax on such profits are: £300,001 – £1,500,000	20	21.25

Close Investment Holding Companies are subject to corporation tax at the main rate.

Limits

	Year from 1 April	
	2015	2014
	£	£
Small companies rate limit	300,000	300,000
Upper marginal relief limit	1,500,000	1,500,000

Marginal relief limits are divided equally between associated companies.

Tax payments

Quarterly payments on account – for large companies (including members of large groups)	Period from start of accounting period
First	6 months and 14 days
Second	9 months and 14 days
Third	12 months and 14 days
Fourth	15 months and 14 days

Small and medium companies

Due date	Period from end of accounting period
9 months and 1 day	

Growing companies do not have to pay by instalments in the period in which they become large if their profits are less than £10 million.

Tax returns

The filing date is twelve months after the end of the accounting period. Special rules apply for periods of account of longer than twelve months.

CAPITAL ALLOWANCES

First year / Initial allowances

The following expenditure is eligible for 100% writing down allowance in the first year:

- Annual Investment Allowance ("AIA") (note 1)
- Designated energy saving plant and machinery (note 2)
- Designated water efficient equipment (note 2)
- New low emission cars (emissions below 75g/km)
- Equipment for re-fuelling vehicles with natural gas, biogas or hydrogen fuel
- Research and development
- Renovation of vacant business properties in disadvantaged areas

Annual writing down allowances ("WDA")

	% of reducing balance
Special rate pool	8
– Long life assets (life of at least 25 years)	
– Integral features of a building	
– Cars (emissions of 130g/km and above)	
– Thermal insulation	
– Solar panels	
Main rate pool	18
– Other plant and machinery	
– Cars (emissions below 130g/km)	
Patents and know-how	25

Notes:

(1) From 1 April 2014 (for corporation tax) or 6 April 2014 (for income tax) to 31 December 2015, the AIA is £500,000. From 1 January 2016, the AIA will reduce to £25,000.

(2) Loss making companies investing in energy saving plant and machinery or water efficient equipment can surrender losses from such expenditure for a cash payment of 19% of the expenditure, subject to a cap of the higher of £250,000 and the company's PAYE/NIC liability.

For purchases of land and buildings, a joint election must be entered into between the purchaser and the seller determining the amount of the purchase price attributable to the fixtures for capital allowances purposes. The seller must also have pooled the relevant expenditure on the fixtures in order for the purchaser to claim allowances.

CAR & FUEL BENEFITS

Company car benefits

The benefit is calculated using a percentage of the list price when new. This percentage is determined as follows:

CO ₂ emissions (g/km)	2015/16	2014/15
	%	%
No emissions	5	Nil
1 - 50	5	5
51 - 75	9	5
76 - 94	13	11
95 - 99	14	12
100 and above	Increased by 1% for each 5g/km over 95g/km	

Notes:

- 1 The maximum percentage is 37% (2014/15 - 35%).
- 2 For diesel cars, the percentage is increased by 3%, still subject to the above maximum.
- 3 Different rules apply for vehicles which meet the definition of a company van.

Fuel benefit scale rates

The benefit is calculated by applying the percentage as determined for car benefits to the fixed amount of £22,100 for 2015/16 and £21,700 for 2014/15. The fuel benefit scale charge is reduced to nil if the employee is required to, and does, make good the cost of all fuel provided for private use.

Authorised annual mileage rates

Tax free mileage allowances are 45p per mile on the first 10,000 miles, and 25p thereafter. For National Insurance purposes the mileage allowance is 45p per mile irrespective of annual mileage.

VALUE ADDED TAX

Rates

	%
Standard	20.0
Reduced	5.0

Thresholds

	From 1 April 2015	1 April 2014
	£	£
Registration threshold (for supplies in previous 12 months or next 30 days)*	82,000	81,000
Deregistration threshold*	80,000	79,000
Cash accounting scheme	1,350,000	1,350,000
Annual accounting scheme	1,350,000	1,350,000
Flat rate scheme	150,000	150,000

De minimis limits for partial exemption (provided exempt input tax is less than 50% of total input tax)

625 pcm	625 pcm
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Partially exempt businesses with residual input tax are required to apply an annual adjustment.

* Not available to non-established taxable persons.

STAMP DUTY & STAMP DUTY RESERVE TAX

Shares and marketable securities - standard rate	0.5%
- higher rate	1.5%

Transfers of shares or marketable securities traded on recognised growth markets are not subject to stamp taxes. Stamp duty reserve tax does not apply to transfers of holdings in unit trusts or open ended investment companies, except for non pro-rata redemptions in specie.

STAMP DUTY LAND TAX

Residential property	On consideration falling within each band
Consideration (incl VAT where applicable)	From 4 December 2014
	%
£0 – £125,000	Nil
£125,000 – £250,000	2
£250,000 – £925,000	5
£925,000 – £1,500,000	10
More than £1,500,000	12

A charge of 15% applies to purchases of residential property by 'non-natural persons' (predominantly companies) for consideration in excess of £500,000 subject to certain exclusions.

Non-residential property	On whole consideration
Consideration (incl VAT where applicable)	%
£0 – £150,000	Nil
£150,001 – £250,000	1
£250,001 – £500,000	3
More than £500,000	4

Lease rentals and premiums

On leases the charge is 1% of the discounted rental value under the lease on the excess over £125,000 (£150,000 for non-residential property).

Returns and payments

Stamp duty returns must be filed within 30 days of the effective date of the transaction which is also the due date for payment of any tax.

ANNUAL TAX ON ENVELOPED DWELLINGS

Property Value	Annual tax	
	2015/16	2014/15
	£	£
£1 million - £2 million	7,000	-
£2 million - £5 million	23,350	15,400
£5 million - £10 million	54,450	35,900
£10 million - £20 million	109,050	71,850
£20 million and over	218,200	143,750

The tax is payable by a company or other corporate body owning a high value residential property on 1 April 2015. The return and payment are due by 30 April 2015.

The tax will apply to properties worth more than £500,000 from 1 April 2016.

TAX DATES: RETURNS & PAYMENTS

Personal and trust tax returns	2015/16	2014/15
2014/15 paper return		By 31 October 2015
2014/15 online return		By 31 January 2016
Tax payments	2015/16	2014/15
First interim income tax payment	31 January 2016	31 January 2015
Second interim income tax payment	31 July 2016	31 July 2015
Final balancing income tax payment	31 January 2017	31 January 2016
Capital gains tax payment	31 January 2017	31 January 2016