

TAX RATES 2018/19

INCOME TAX

Personal Allowance (PA) and Reliefs:	2018/19	2017/18
Personal allowance*	£11,850	£11,500
Dividend allowance	£2,000	£5,000
Personal savings allowance (Basic rate tax payer)	£1,000	£1,000
Personal savings allowance (Higher rate tax payer)	£500	£500
Personal savings allowance (Additional rate tax payer)	Nil	Nil
Personal Allowance reduced by income over*	£100,000	£100,000

*PA is reduced by £1 for every £2 of additional income over £100,000.

Dividend allowance and personal savings allowance utilise the income rate bands.

Income thresholds:

Basic rate threshold on income upto (after PA)	£34,500	£33,500
Higher rate threshold on income upto	£150,000	£150,000
Additional rate on income over	£150,000	£150,000

General tax rates:

Income tax rates for Basic rate tax payers	20%	20%
Income tax rates for Higher rate tax payers	40%	40%
Income tax rates for Additional rate tax payers	45%	45%

Savings income upto £5,000 will attract 0% tax if non-savings income does not exceed combined amount of the personal allowance and £5,000.

Tax rates for Dividend income:

Dividends for: Basic rate tax payers	7.5%	7.5%
Higher rate tax payers	32.5%	32.5%
Additional rate tax payers	38.1%	38.1%

Child benefit charge:

From 7 January 2013, people who get child benefit and whose income (or partner's income) is more than £50,000 in a tax year will pay child benefit charge equal to 1% of child benefit for each £100 of income over £50,000 for the tax year i.e. Income over £60,000 will result in child benefit charge equal to the child benefits received.

NATIONAL INSURANCE CONTRIBUTIONS 2018-19

Class 1 rates*:

	Employee	Employer
NIC rate	12%	13.8%
No NICs on the first	£162 pw/ £702 pm/ £8,424 pa	£162 pw/ £702 pm/ £8,424 pa
NICs charged at 12% / 13.8% upto (per annum)	£46,350	No limit
2% NICs on earnings over (per annum)	£46,350	N/A

*Special rules for employees under 21 years old and apprentices under 25 years old.

Class 1A Employer-On car, fuel & most other benefits 13.8%

Self-Employed:

Class 2 Flat rate	£2.95 pw
Small earnings exemption	£6,205 pa
Class 4	9% on annual profits between £8,424 and £46,350 pa and then 2% for profits over £46,350 pa
Class 3 Voluntary Flat rate	£14.65 pw

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TAX FREE INDIVIDUAL SAVINGS ACCOUNTS (ISAs) LIMITS

	2018/19	2017/18
Maximum investment - Cash & Stock combined	£20,000.00	£20,000.00
Cash in a junior ISA (Under 18s)	£4,260.00	£4,128.00

TAX FREE MILEAGE ALLOWANCE - OWN VEHICLE

	2018/19	2017/18
Cars up to 10,000 business miles:	45p per mile	45p per mile
Over 10,000 business miles:	25p per mile	25p per mile
Motorcycles	24p per mile	24p per mile
Bicycles	20p per mile	20p per mile

Unless the employee is reimbursed at a higher rate, the payments do not need to be reported on a P11D. If the employer pays less than these rates, it is possible for the employee to claim income tax relief for the shortfall.

CAPITAL GAINS TAX

	2018/19	2017/18
Tax Rates - Individuals:		
Basic rate taxpayers	10%	10%
Higher rate taxpayers	20%	20%

A rate of 18% for basic rate taxpayer & 28% for higher rate taxpayer applies to chargeable gains arising on disposal of residential property and certain other assets.

Tax Rate - Trusts and Estates	20%	20%
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Annual Exemptions:

Individuals	£11,700.00	£11,300.00
Trusts generally half	£5,850.00	£5,650.00

You only need to include in your tax return any gain on the disposal of a chattel where the disposal proceeds were more than £6,000 and the chattel is not exempt from Capital Gains Tax.

Entrepreneurs' Relief*:

Gains taxed at	10%	10%
Lifetime limit	£10m	£10m

**For qualifying trading businesses and companies.*

CORPORATION TAX

	2018/19	2017/18
Tax rate on taxable profits	19%	19%

Rates will be reduced to 17% from 1 April 2020.

CAPITAL ALLOWANCES

	2018/19	2017/18
Annual Investment Allowance: 100% allowance for expenditure on plant and machinery (excluding cars) upto:	£200,000.00	£200,000.00
First Year Allowances on qualifying assets (such as New car with CO2 emissions 75g/km or less (or car is electric))	100%	100%
Writing down allowances per annum (on a reducing balance basis):		
Special pool	8%	8%
General pool	18%	18%

VAT

	2018/19	2017/18
Standard rate	20%	20%
Reduced rate, e.g. on domestic fuel	5%	5%
Registration threshold (More than annual turnover of)	£85,000.00	£85,000.00
Deregistration threshold (Less than annual turnover of)	£83,000.00	£83,000.00
Cash accounting registration threshold (Less than annual turnover of)	£1,350,000.00	£1,350,000.00
Annual accounting registration threshold (Less than annual turnover of)	£1,350,000.00	£1,350,000.00

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STAMP DUTIES

Stamp duty Land Tax based on consideration	2018/19	2017/18
Residential* (Rates if you've bought a home before)		
Upto £125,000	Nil	Nil
The next £125,000 (the portion from £125,001 to £250,000)	2%	2%
The next £675,000 (the portion from £250,001 to £925,000)	5%	5%
The next £575,000 (the portion from £925,001 to £1.5 million)	10%	10%
The remaining amount (the portion above £1.5 million)	12%	12%
<i>*From 22 November 2017, From 22 November 2017 a first-Time Buyer exemption may apply on residential purchases up to £300,000 and for the first £300,000 of purchases up to £500,000.</i>		
<i>You'll usually have to pay 3% on top of the normal SDLT rates on purchase of additional residential property.</i>		
<i>In certain cases, 15% rate applies to Corporate bodies buying residential properties valued at over £500,000.</i>		
Commercial		
Upto £150,000	Nil	Nil
The next £100,000 (the portion from £150,001 to £250,000)	2%	2%
The remaining amount (the portion above £250,000)	5%	5%
Stamp Duty and SDRT: Stocks and marketable securities	0.5%	0.5%
No charge to stamp duty unless amount due exceeds £5.		

INHERITANCE TAX

	2018/19	2017/18
Nil-rate band*	£325,000.00	£325,000.00
Rate of tax on excess**	40%	40%
Annual exempt gifts	£3,000.00	£3,000.00
Business Property Relief (BPR) for qualifying businesses, unlisted and AIM companies, certain farmland/buildings	100%	100%
Business Property Relief for certain other business assets	50%	50%
Taper relief - Reduced tax charge on gifts within 7 years of death		
Years before death	0-3	3-4
	4-5	5-6
	6-7	
% of death tax charge	100%	80%
	60%	40%
	20%	
Effective tax rate	40%	32%
	24%	16%
	8%	

Lifetime gifts to most trusts are, subject to the nil rate band, chargeable at half the death rate increasing on the above scale if death occurs within seven years.

** Up to 100% of the unused proportion of a deceased spouse's nil-rate band can be claimed on the survivor's death.*

*** 36% where at least 10% of net estate left to charity at death.*

REGISTERED PENSIONS

	2018/19	2017/18
Lifetime benefit allowance	£1,030,000	£1,000,000
Permitted pension contribution (irrespective of salary)	£3,600	£3,600
Annual contribution allowance*	£40,000	£40,000
<i>*Reduced by £1 for every £2 of income above £150,000, to a minimum allowance of £10,000.</i>		
<i>Contributions in excess of Annual allowance is added to your taxable income and you pay income tax on it.</i>		
Maximum pension commencement lumpsum (PCLS)	25% of pension pot	

Note to the reader:

Whilst the information provided above is believed to be true, it is provided without acceptance by PD Accountants of any responsibility whatsoever, and any use you wish to make of the information is, therefore, entirely at your own risk.