

2018/19

TAX CARD



CAMPBELL & McCONNACHIE

chartered financial planners

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TAXABLE INCOME BANDS AND TAX RATES

	2018/19	2017/18
Starting rate* of 0% on savings up to	£5,000	£5,000
Basic rate band	£34,500	£33,500
Higher rate band	£34,501 – £150,000	£33,501 – £150,000
Additional rate band	Over £150,000	Over £150,000
Basic rate	20%	20%
Higher rate	40%	40%
Additional rate	45%	45%
Dividend ordinary rate	7.5%	7.5%
Dividend upper rate	32.5%	32.5%
Dividend additional rate	38.1%	38.1%

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

Income tax in Scotland

	2018/19	2018/19 rates	2017/18	2017/18 rates
Starter rate band	£2,000*	19%		
Basic rate band	£2,001 – £12,150	20%	£31,500	20%
Intermediate rate band	£12,151 – £31,580	21%		
Higher rate band	£31,581 – £150,000	41%	£31,501 – £150,000	40%
Top/additional rate band	Above £150,000	46%	Above £150,000	45%

* Assumes individuals are in receipt of the personal allowance.

Allowances that reduce taxable income or are not taxable

	2018/19	2017/18
Personal allowance*	£11,850	£11,500
Personal savings allowance	Basic rate taxpayer	£1,000
	Higher rate taxpayer	£500
	Additional rate taxpayer	£0
Dividend allowance at 0%	£2,000	£5,000
Marriage/civil partner transferable allowance**	£1,185	£1,150
Trading allowance and property allowance each***	£1,000	£1,000
Rent a room allowance	£7,500	£7,500
Blind person's allowance	£2,390	£2,320

* The personal allowance is reduced by £1 for each £2 of income from £100,000 to £123,700 (2017/18, £123,000).

** Any unused personal allowance may be transferred to a spouse or civil partner who is not liable to higher or additional rate tax.

*** Note that landlords and traders with gross income from each of these sources in excess of £1,000 can deduct the allowance from their gross income as an alternative to claiming expenses.

Allowances that reduce tax

	2018/19	2017/18
Married couples'/civil partners' allowance (MCA) tax reduction	£869.50	£844.50

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 £28,900 (2017/18, £28,000) until £336 (2017/18, £326) is reached.

High income child benefit charge

	2018/19	2017/18
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%.

VEHICLE AND FUEL BENEFITS IN KIND

The taxable benefits in kind (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). Diesel cars which are certified to RDE2 standard are treated as petrol-fuelled.

Emissions	Petrol	Diesel
0 – 50g/km	13%	17%
51 – 75g/km	16%	20%
76 – 94g/km	19%	23%
Over 94g/km	add 1% for every 5g/km or part thereof	
180g/km* and over	37% maximum	

* Over 159g/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 £23,400 (2017/18, £22,600).

Vans where private use is more than home to work travel; £3,350 (2017/18, £3,230) benefit and £633 (2017/18, £610) for private fuel. Payments by employees for private use may reduce these BIK. Vans with zero emissions have a benefit of £1,340 (2017/18, £646).

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.

CAPITAL GAINS TAX

		2018/19	2017/18
Main rates	Individual basic rate	10%	10%
	Individual above basic rate	20%	20%
	Trusts and estates	20%	20%
Gains on residential property not eligible for PPR relief and carried interest - surcharge		8%	8%
Annual exemption	Individuals	£11,700	£11,300
	Trusts	£5,850	£5,650
Entrepreneurs' relief	Applicable rate	10%	10%
	Lifetime limit	£10m	£10m
Investors' relief	Applicable rate	10%	10%
	Lifetime limit	£10m	£10m

INHERITANCE TAX

	2018/19	2017/18
Nil-rate band threshold*	£325,000	£325,000
Main residence nil-rate band**	£125,000	£100,000
Combined threshold limit for married couples and civil partners, including main residence nil-rate band	£900,000	£850,000

* Up to 100% of any unused part of a deceased person's nil-rate band can be claimed by the surviving spouse/civil partner on their death. This also applies to the main residence nil-rate band, albeit the main residence nil-rate is subject to the taper withdrawal below.

** For estates worth in excess of £2m, a 50% taper withdrawal applies.

Tax rates

	2018/19	2017/18
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 shown in the next table.

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

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

UK COMPANY TAXATION

Financial year from 1 April	2018	2017
Corporation tax rate	19%	19%
Loan to participators	32.5%	32.5%
Diverted profits tax	25%	25%

MAIN CAPITAL ALLOWANCES

Initial allowances

First-year allowance: for certain environmentally beneficial equipment, new and unused electric and low CO ₂ emission cars (up to 50g/km)	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	51g/km – 110g/km	18%
	Over 110g/km	8%
Patent rights and know-how – annual reducing balance	25%	

VALUE ADDED TAX

From 1 April	2018	2017
Standard rate	20%	20%
VAT fraction	1/6	1/6
Reduced rate e.g. on domestic fuel	5%	5%
VAT fraction	1/21	1/21

Taxable turnover limits

From 1 April	2018	2017
Registration (last 12 months or next 30 days) over	£85,000	£85,000
Deregistration (next year) under	£83,000	£83,000
Registration for distance selling into the UK (last 12 months or next 30 days) over	£70,000	£70,000
Annual and cash accounting schemes turnover limit	£1.35m	£1.35m
Flat rate scheme	£150,000	£150,000

RESEARCH AND DEVELOPMENT COSTS

Research and development (R&D)	
Revenue expenditure – SMEs	230%
Capital expenditure – all companies	100%
Large company R&D taxable expenditure credit*	12%

* Effective from 1 January 2018, replacing previous rate of 11%.

TAX-EFFICIENT INVESTMENTS

Annual investment limit	2018/19	2017/18
ISA	£20,000	£20,000
Lifetime ISA	£4,000	£4,000
Help to Buy ISA	£1,000 initial and £200 per month	
Junior ISA and Child Trust Fund	£4,260	£4,128
Venture Capital Trust at 30%	£200,000	£200,000
Enterprise Investment Scheme (EIS) at 30%	£2m*	£1m
Seed EIS (SEIS) at 50%	£100,000	£100,000
SEIS capital gains tax reinvestment relief	50%	50%
Social investment tax relief at 30%	£1m	£1m

* Amounts over £1m must be in a knowledge-intensive company.

REGISTERED PENSIONS

Lifetime allowance limit	£1.03m
Money purchase annual allowance	£4,000
Annual allowance limit	£40,000*
Minimum age for accessing benefits	55
On cumulative benefits exceeding	£1.03m

* Tapered at a rate of 50% of income down to £10,000 if threshold income over £110,000 and adjusted income over £150,000.

Subject to certain conditions, the unused amount of the annual allowance can be carried forward up to 3 years and used once the current year annual allowance has been fully utilised.

NATIONAL INSURANCE

Class 1			
Employee		Employer	
Earnings per week			
Up to £162	nil*	Up to £162	nil
From £162.01 to £892	12%	Over £162	13.8%**
Over £892	2%		
Over state pension age	0%	Over state pension age	13.8%

* Entitlement to contribution-based benefits are retained for earnings between £116 and £162 per week.

** 0% for employees under 21 and apprentices under 25 on earnings up to £892 per week.

Class 1A	
On relevant benefits, including car and fuel benefits	13.8%

Class 2	
Self-employed above small profits threshold	£2.95 per week
Small profits threshold	£6,205 per annum

Class 3	
Voluntary	£14.65 per week

Class 4*	
Self-employed on profits £8,424 – £46,350	9%
Over £46,350	2%

* Exemption applies if the state retirement age is reached by 6 April 2018.

Employment allowance

Per employer, per year (excluding 1-person companies)	£3,000*
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* 1 claim only for companies in a group or under common control. Not available where the director is the only employee paid earnings above the secondary threshold for class 1 national insurance contributions.

Apprenticeship levy

A levy of 0.5% applies where the pay bill exceeds £3m. There is an allowance of £15,000. Further conditions apply so please consult with us.

IMPORTANT NOTICE

These rates and allowances are based on autumn announcements made by the UK and Northern Ireland, Scottish and Welsh governments and are for information only. They are subject to change before 6 April and are subject to confirmation by the various governments.

Rates apply to the UK and Northern Ireland unless indicated otherwise.

PROPERTY TAXES

The incremental rate of tax is only payable on the part of the property price within each band.

An additional 3% rate applies to certain second properties above £40,000 for all 3 taxes.

England, Wales and Northern Ireland – stamp duty land tax

From 22 November 2017 (reverts to land transaction tax in Wales from 1 April 2018).

On the transfer of residential property		On the transfer of non-residential property	
£0 – £125,000	0%	Less than £150,000	0%
£125,001 – £250,000	2%	£150,001 – £250,000	2%
£250,001 – £925,000	5%	Over £250,000	5%
£925,001 – £1.5m	10%		
Over £1.5m	12%		

First-time buyers pay nothing on the first £300,000 and then 5% on the next £200,000. If the property is over £500,000, the rates in the table above apply.

For purchases by companies and other non-natural persons in excess of £500,000 a rate of 15% applies, subject to certain exclusions.

Scotland – land and buildings transaction tax

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%		

First-time buyers pay nothing on the first £175,000 from June 2018 (subject to consultation).

Wales from 1 April 2018 – proposed land transaction tax

On the transfer of residential property		On the transfer of non-residential property	
£0 – £180,000	0%	£0 – £150,000	0%
£180,001 – £250,000	3.5%	£150,001 – £250,000	1%
£250,001 – £400,000	5%	£250,001 – £1m	5%
£400,001 – £750,000	7.5%	Over £1m	6%
£750,000 – £1.5m	10%		
Over £1.5m	12%		

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