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CLEVER ACCOUNTANTS FOR SMART BUSINESSES

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TAX RATES  
POCKET GUIDE  
2018/19

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## Income tax allowances

- A personal allowance gives an individual an annual amount of income free from tax.
- The personal allowance will be reduced if an individual's 'adjusted net income' is above £100,000. The allowance is reduced by £1 for every £2 of income above £100,000.
- A married individual born before 6 April 1935 may be entitled to a married couple's allowance. This is not deducted from income but reduces the tax bill.
- Marriage Allowance - 10% of the personal allowance may be transferable between spouses where neither pays tax above the basic rate. This Marriage Allowance is not available to couples entitled to the married couple's allowance.
- Reference to spouses includes registered civil partners.

Income tax personal allowances	2018/19	2017/18
	£	£
<b>Personal Allowance</b>	11,850	11,500
<b>Marriage Allowance</b>	1,190	1,150
<b>Blind person's allowance</b>	2,390	2,320
<b>Married couple's allowance</b>		
Maximum reduction in tax bill	869.50	844.50
Minimum reduction in tax bill	336.00	326.00
Reduce married couple's allowance by £1 for every £2 of 'adjusted net income' over limit	28,900	28,000

## Income tax rates

- Income tax applies to the amount of income after deduction of personal allowances.
- Income is taxed in a specific order with savings and dividend income taxed last.
- Personal allowances may be allocated against whichever types of income results in the lowest overall tax liability.
- There are three main bands – basic rate (BR), higher rate (HR) and additional rate (AR).
- There is also a starting rate band (SRB) of £5,000 which is only applicable to savings income. The band is not available if the taxable amount of non-savings income exceeds the SRB.

### Income tax rates (other than dividend income)

2018/19		2017/18	
Band £	Rate %	Band £	Rate %
0 - 34,500	20	0 - 33,500	20
34,501 - 150,000	40	33,501 - 150,000	40
Over 150,000	45	Over 150,000	45

## Income tax rates - Scotland

- Scottish resident taxpayers are liable on non-savings and non-dividend income as set out below.
- Savings income and dividend income are taxed using UK rates and bands.

### Scotland

2018/19		2017/18	
Band £	Rate %	Band £	Rate %
0 - 2,000	19	0 - 31,500	20
2,001 - 12,150	20	31,501 - 150,000	40
12,151 - 31,580	21	Over 150,000	45
31,581 - 150,000	41		
Over 150,000	46		

## Other allowances for specific types of income

Savings and Dividend Allowances are available.

- These allowances tax relevant income falling within the allowance at 0%. The income still forms part of total income of an individual.

Savings Allowance	2018/19	2017/18
BR taxpayer	1,000	1,000
HR taxpayer	500	500
AR taxpayer	0	0

Dividend Allowances	2018/19	2017/18
- available to all taxpayers	2,000	5,000

Dividends above Dividend Allowance which fall into:

	Rate%
BR band	7.5
HR band	32.5
AR band	38.1

### Trade Allowance

Income up to £1,000	Profits assessable NIL
Income over £1,000	Election to deduct £1,000 allowance rather than the actual expenses

There is an equivalent rule for certain miscellaneous income from providing assets or services which applies to the extent that the £1,000 allowance is not used against trading income.

### Property Allowance

Income up to £1,000	Profits assessable NIL
Income over £1,000	Election to deduct £1,000 allowance rather than the actual expenses

Trade and Property Allowances do not apply to 'rent a room' or partnership income.

## Individual Savings Account (ISA)

ISA limits	2018/19	2017/18
The overall annual investment limit	£20,000	£20,000
Lifetime ISA annual limit	£4,000	£4,000
Help to Buy ISA monthly subscription limit (initial deposit limit £1,000)	£200	£200
Junior ISA	£4,260	£4,128

## Tax reliefs for individuals

The following schemes provide income tax relief and capital gains tax breaks for individuals prepared to invest in new and growing companies and social enterprises.

### Enterprise Investment Scheme (EIS)

Maximum investment per annum	£1,000,000
Additional investment limit where investing in knowledge-intensive companies	£1,000,000
Income tax relief	30%
Capital gains treatment on disposal if held for 3 years	Exempt

Capital gains from the disposal of other assets may be deferred by making an EIS investment.

### Seed Enterprise Investment Scheme (SEIS)

Maximum investment per annum	£100,000
Income tax relief	50%
Capital gains treatment on disposal of SEIS investment held for 3 years	Exempt

An individual who makes a capital gain on another asset and uses the amount of the gain in making a SEIS investment will not pay capital gains tax on 50% of the gain subject to certain conditions.

### Venture Capital Trusts (VCTs)

Maximum investment per annum	£200,000
Income tax relief	30%
Dividend income	Exempt
Capital gains treatment on disposal if held for 5 years	Exempt

VCTs operate by indirect investment into smaller high-risk unquoted trading companies.

### Social Investment Tax Relief (SITR)

Maximum investment per annum	£1,000,000
Income tax relief	30%
Capital gains treatment on disposal if held for 3 years	Exempt

SITR is designed to encourage private individuals to invest in social enterprises including charities.

Capital gains from the disposal of other assets may be deferred by making a qualifying social investment.

All these tax reliefs for individuals are subject to detailed conditions being met.

## Child Benefit

Child Benefit is receivable by a person responsible for each child under 16, or under 20 if they stay in education or training.

If the person (or their spouse or partner) has 'adjusted net income' above £50,000 the person with the highest income has to pay some of the Child Benefit as a tax charge.

If their adjusted net income is more than £60,000 a year, the tax charge equals the Child Benefit received.

Rates per week	2018/19 and 2017/18
Eldest/Only Child	£20.70
Other Children	£13.70

## State Pension

Weekly State Pension	2018/19	2017/18
Basic - single person	£125.95	£122.30
Basic - married couple	£201.45	£195.60
New state pension	£164.35	£159.55

## Tax relief on pension contributions

- Tax relief available for personal contributions is the higher of £3,600 (gross) or 100% of relevant earnings.
- Any contributions in excess of £40,000, whether personal or by the employer, may be subject to income tax on the individual.
- The limit may be reduced to £4,000 once money purchase pensions are accessed.
- Where the £40,000 limit is not fully used it may be possible to carry the unused amount forward for three years.
- The annual allowance is tapered for those with 'adjusted income' over £150,000 if they also have 'threshold income' over £110,000. Both 'adjusted income' and 'threshold income' for this purpose have specific detailed conditions. For every £2 of income over £150,000 an individual's annual allowance will be reduced by £1, down to a minimum of £10,000.
- Employers will obtain tax relief on employer contributions if they are paid and made 'wholly and exclusively' for the purposes of the business. The tax relief for large contributions may be spread over several years.

## Self assessment - Key dates

**31 January 2018** - Deadline for filing electronic tax returns for 2016/17. Balancing payment due for 2016/17 tax year. First payment on account due for 2017/18 tax year.

**31 July 2018** - Second payment on account for 2017/18 tax year.

**5 October 2018** - Deadline for notifying HMRC of new sources of income (including the Child Benefit charge) if no tax return has been issued for 2017/18 tax year.

**31 October 2018** - Deadline for submission of 2017/18 non-electronic returns.

**30 December 2018** - Deadline for submission of 2017/18 electronic tax returns if 'coding out' of certain underpayments is required.

**31 January 2019** - Deadline for filing electronic tax returns for 2017/18. Balancing payment due for 2017/18 tax year. First payment on account due for 2018/19 tax year.

## National insurance contributions (NICs) - rates and allowances

- Employees start paying Class 1 NICs from age 16 (if sufficient earnings).
- Employers pay Class 1 NICs in accordance with the table below.
- Employer NICs for apprentices under the age of 25 and employees under the age of 21 are reduced from the normal rate of 13.8% to 0% on earnings up to the upper secondary threshold (UST).
- Employees' Class 1 NICs stop when they reach their State Pension age. The employer's contribution continues.

Employee Class 1 - Earnings per week			
2018/19	Rate %	2017/18	Rate %
Up to £162	Nil*	Up to £157	Nil*
£162.01 - £892	12	£157.01 - £866	12
Over £892	2	Over £866	2

\*Entitlement to State Pension and other contribution-based benefits is retained for earnings between £116 and £162 per week (£113 and £157 for 2017/18).

Employer Class 1 - Earnings per week			
2018/19	Rate %	2017/18	Rate %
£162	Nil	£157	Nil
Over £162	13.8	Over £157	13.8
*UST up to £892	0	*UST up to £866	0

\*The UST is applicable to under 21s and apprentices under 25.



## Other NICs payable by employers

**Class 1A** - 13.8% on broadly all taxable benefits provided to employees

**Class 1B** - 13.8% on PAYE Settlement Agreements

## Self-employed - Class 2 and 4

- A self-employed person starts paying Class 2 and Class 4 NICs from age 16 (if sufficient profits).
- Class 4 NICs stop from the start of the tax year after the one in which the person reaches State Pension age.
- Class 2 NICs will be abolished from April 2019.

Class 2	2018/19	2017/18
Flat rate per week	£2.95	£2.85
Small Profits Threshold	£6,205	£6,025 per year

Class 4			
2018/19	Rate %	2017/18	Rate %
Up to £8,424	Nil	Up to £8,164	Nil
£8,424.01 - £46,350	9	£8,164.01 - £45,000	9
Over £46,350	2	Over £45,000	2

## Class 3

Generally a person needs 35 years (30 years if State Pension age is before 6 April 2016) of NICs to get a full State Pension.

Class 3 voluntary contributions can be paid to fill or avoid gaps in an individual's NICs record.

Class 3	2018/19	2017/18
Flat rate per week	£14.65	£14.25

## Capital allowances

### Plant and machinery - Annual Investment Allowance (AIA)

The AIA gives a 100% write-off on most types of plant and machinery costs, including integral features and long life assets but not cars.

Any costs over the AIA fall into the normal capital allowance pools below. The AIA may need to be shared between certain businesses under common ownership and is not available to mixed partnerships with corporate partners.

### Other plant and machinery allowances

The annual rate of allowance is 18%. An 8% rate applies to expenditure incurred on integral features and on long life assets.

A 100% first year allowance may be available on certain energy efficient plant and cars.

#### Capital Allowances

Annual Investment Allowance from 1 January 2016	£200,000
	%
Main Rate Pool Writing Down Allowance (WDA)	18
Special Rate Pool WDA	8
Enhanced Capital Allowances (ECA)	100

Cars purchased from April 2018	before April 2018	%
> 110 g/km	> 130 g/km	8
< 110 g/km	< 130 g/km	18
ECA < 50 g/km	ECA < 75 g/km	100

## Corporation tax rates

Corporation tax rates are set for each Financial Year. A Financial Year runs from 1 April to the following 31 March.

If the accounting period of a company straddles the 31 March, the profits are apportioned on a time basis to each Financial Year.

The Northern Ireland Executive has committed to setting the rate of corporation tax at 12.5% in April 2018 (subject to demonstrating its finances are on a sustainable footing).

	Year to 31.3.19	Year to 31.3.18
All profits	19%	19%

## VAT

VAT - rates and limits	2018/19
Standard rate	20%
Reduced rate	5%
Annual Registration Limit - from 1.4.18 (1.4.17 £85,000)	£85,000
Annual Deregistration Limit - from 1.4.18 (1.4.17 £83,000)	£83,000

## Car benefits

- The car benefit is calculated by multiplying the car's list price, when new, by a percentage linked to the car's CO<sub>2</sub> emissions.
- For cars generally add a 4% (3% 2017/18) supplement unless the car is registered on or after 1 September 2017 and meets the Euro 6d emissions standard but the maximum is still 37%.
- The list price includes accessories.
- The list price is reduced for capital contributions made by the employee up to £5,000.
- Special rules may apply to cars provided for disabled employees.
- For cars registered before 1 January 1998 and cars with no agreed CO<sub>2</sub> emissions the charge is based on engine size.

CO <sub>2</sub> emissions (g/km)	Appropriate %		CO <sub>2</sub> emissions (g/km)	Appropriate %	
	2018/19	2017/18		2018/19	2017/18
0 - 50	13	9	140 - 144	29	27
51 - 75	16	13	145 - 149	30	28
76 - 94	19	17	150 - 154	31	29
95 - 99	20	18	155 - 159	32	30
100 - 104	21	19	160 - 164	33	31
105 - 109	22	20	165 - 169	34	32
110 - 114	23	21	170 - 174	35	33
115 - 119	24	22	175 - 179	36	34
120 - 124	25	23	180 - 184	37	35
125 - 129	26	24	185 - 189	37	36
130 - 134	27	25	190 and above	37	37
135 - 139	28	26			

## Car fuel benefit

- Car fuel benefit applies if an employee has the benefit of private fuel for a company car.
- The benefit is calculated by applying the percentage used to calculate the car benefit by a 'fuel charge multiplier'.
- The charge is proportionately reduced if provision of private fuel ceases part way through the year. The fuel benefit is reduced to nil only if the employee pays for all private fuel.

Car fuel benefit	2018/19	2017/18
Fuel charge multiplier	£23,400	£22,600

## Van benefit

- Van benefit is chargeable if the van is available for an employee's private use.
- A fuel benefit may also be chargeable if an employee has the benefit of private fuel paid for in respect of a company van.

- The charges do not apply to vans if a 'restricted private use condition' is met throughout the year.
- A reduced benefit charge may apply to vans which cannot emit CO<sub>2</sub> when driven.

Van benefits	2018/19	2017/18
Van benefit	£3,350	£3,230
Fuel benefit	£633	£610

## Mileage Allowance Payments (MAPs) for employees

- MAPs are what an employee can receive from their employer for using their own vehicle for business journeys.
- If the employee receives less than the statutory rate, tax relief can be claimed on the difference.

### MAP rates per business mile 2018/19 and 2017/18

Cars and vans	Rate per mile
Up to 10,000 miles	45p
Over 10,000 miles	25p
<b>Bicycles</b>	20p
<b>Motorcycles</b>	24p

## Statutory payments for employees

Employees need average weekly earnings of £116 (£113).

Type		2018/19	2017/18
Statutory Sick Pay		£92.05	£89.35
Statutory Maternity Pay	First 6 weeks	90% of weekly earnings	90% of weekly earnings
	Next 33 weeks	£145.18 <sup>1</sup>	£140.98 <sup>1</sup>
Statutory Paternity Pay	One or two complete weeks	£145.18 <sup>1</sup>	£140.98 <sup>1</sup>

Type		2018/19	2017/18
Statutory Adoption Pay	First 6 weeks	90% of weekly earnings	90% of weekly earnings
	Next 33 weeks	£145.18 <sup>1</sup>	£140.98 <sup>1</sup>
Shared Parental Pay	Balance of unused SMP period	£145.18 <sup>1</sup>	£140.98 <sup>1</sup>

<sup>1</sup> Or 90% of weekly earnings if lower.

## National Minimum Wage and National Living Wage rates

Age	25+	21-24	18-20	16 & 17	Apprentices <sup>1</sup>
From 1.4.17	£7.50	£7.05	£5.60	£4.05	£3.50
From 1.4.18	£7.83	£7.38	£5.90	£4.20	£3.70

<sup>1</sup> Rate applies to apprentices under 19, or 19 and over in the first year of apprenticeship.

## Capital gains tax (CGT)

- CGT is payable by individuals, trustees and personal representatives (PRs). Companies pay corporation tax on their capital gains.
- There are annual tax free allowances (the 'annual exempt amount') for individuals, trustees and PRs. Companies do not have an annual exempt amount.
- For individuals net gains are added to total taxable income to determine the appropriate rate of tax. The standard rate applies only to the net gains which, when added to total taxable income, do not exceed the basic rate band.
- Gains which qualify for Entrepreneurs' Relief or Investors' Relief are charged at 10% for the first £10m of qualifying gains.
- Higher rates (18/28%) may apply to the disposal of certain residential property and carried interest.

## CGT rates and annual exemption

<b>Individuals</b>	<b>2018/19</b>	<b>2017/18</b>
Exemption	£11,700	£11,300
Standard rate	10%	10%
Higher rate*	20%	20%

  

<b>Trustees</b>	<b>2018/19</b>	<b>2017/18</b>
Exemption	£5,850	£5,650
Rate	20%	20%

## Inheritance tax (IHT)

- IHT may be payable when an individual's estate is worth more than the IHT nil rate band when they die.
- For 2018/19, a further nil rate band of £125,000 may be available in relation to current or former residences.
- The IHT threshold available on death may be increased for surviving spouses as there may have been a nil rate band not used, or not fully used, on the previous death.
- There are reliefs for some business and farming assets which reduce their value for IHT purposes.
- IHT may also be payable on gifts made in an individual's lifetime but within seven years of death. Any tax due is payable at death rates subject to a tapered reduction for transfers between 3 and 7 years before death.
- Some lifetime gifts are exempt.
- Transfers of assets into trust made in an individual's lifetime may be subject to an immediate charge but at lifetime rates.
- There are also charges on some trusts.

Death rate	Lifetime rate	Chargeable transfers 2018/19 and 2017/18
Nil	Nil	0 - £325,000
40%	20%	Over £325,000

Reliefs				
Annual exemption	£3,000	Marriage	- parent	£5,000
Small gifts	£250		- grandparent	£2,500
			- bride/groom	£2,500
			- other	£1,000

## Stamp duty

- When you buy shares, you usually pay a tax or duty of 0.5% on the transaction. Stamp Duty Reserve Tax is payable on electronic purchases or Stamp Duty for share purchases over £1,000 via a stock transfer form.

## Stamp Duty Land Tax (SDLT)

Land and buildings in England and Northern Ireland.

Rate <sup>†</sup>	Residential	Non-residential	Rate
%	£	£	%
0	0 - 125,000	0 - 150,000	0
2	125,001 - 250,000	150,001 - 250,000	2
5	250,001 - 925,000	Over 250,000	5
10	925,001 - 1,500,000		
12	Over 1,500,000		

The rates apply to the portion of the total value which falls within each band.

<sup>†</sup>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.

<sup>†</sup>Rates may be increased by 3% where further residential properties costing £40,000 or over are acquired.



## Land and Buildings Transaction Tax (LBTT)

Land and buildings in Scotland.

Rate <sup>♦</sup>	Residential	Non-residential	Rate
%	£	£	%
0	0 - 145,000	0 - 150,000	0
2	145,001 - 250,000	150,001 - 350,000	3
5	250,001 - 325,000	Over 350,000	4.5
10	325,001 - 750,000		
12	Over 750,000		

The rates apply to the portion of the total value which falls within each band.

♦Rates may be increased by 3% where further residential properties costing £40,000 or over are acquired.

♦Proposed relief for first-time buyers on residential purchases up to £175,000.

## Land Transaction Tax (LTT)

Land and buildings in Wales from 1 April 2018.

Rate <sup>♦</sup>	Residential	Non-residential	Rate
%	£	£	%
0	0 - 180,000	0 - 150,000	0
3.5	180,001 - 250,000	150,001 - 250,000	1
5	250,001 - 400,000	250,001 - 1,000,000	5
7.5	400,001 - 750,000	Over 1,000,000	6
10	750,001 - 1,500,000		
12	Over 1,500,000		

The rates apply to the portion of the total value which falls within each band.

♦Rates may be increased by 3% where further residential properties costing £40,000 or over are acquired.

**Disclaimer:** Rates are for guidance only. No responsibility for loss occasioned by any person acting/refraining from action as a result of this information can be accepted by the authors or firm.

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