

2018/19

TAX CARD



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darby**

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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* |
|---|---------|

* 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% | | |