

Capital Gains Tax (CGT)

- The annual CGT exemption for 2017–18 is £11,300
- For individuals the flat rate of CGT that applies to gains in excess of the annual exemption is 10% (2017–18) up to the higher rate tax threshold
- Standard capital gains tax of 18% and higher capital gains tax of 28% applicable on residential property (on the sale of second homes only)
- Chargeable gains in excess of the higher rate threshold: 20% (2017–18)
- £5,650 CGT exemption for Trusts, 20% rate applies thereafter

Tax-free savings for individuals

- Overall ISA limit £20,000 from April 2017
- Junior ISA allowance £4,128
- Lifetime ISA £4,000
- Help to Buy ISA £2,400 (£3,400 in year 1)

Some tax relief options for individuals

Venture Capital Trusts (VCTs)

Relief on investment in certain qualifying companies up to £200,000 per annum

- Income tax relief at 30%
- Capital gains exemption on disposal

Dividends received from VCTs may be exempt from income tax

Enterprise Investment Schemes (EIS)

- Relief on investments in certain unquoted trading companies up to £1m per annum
- Income tax relief at 30%
- Capital gains exemption on disposal

Unlimited amounts of capital gains from the disposal of other assets may be able to be deferred by making an EIS investment

Corporation Tax

- The Corporation Tax for company profits is currently 19%, to be reduced to 17% by April 2020

Inheritance Tax (IHT)

- The nil rate IHT band is £325,000, with 40% IHT payable above this threshold
- A lower rate of IHT (36%) applies if you leave 10% of your net assets to charity
- An additional main residence allowance introducing an additional nil rate band where a residence is passed on death to a direct descendant commences 6 April 2017
- This allowance will be phased: £100,000 2017–18, £125,000 2018–19, £150,000 2019–20, £175,000 2020–21






The proportion of the threshold 'unused' on the first death of husband or wife (or civil partners) is effectively transferable to the surviving partner and serves to increase his or her threshold by a corresponding percentage.

Chargeable lifetime transfers and potentially exempt transfers attract taper relief, if made up to seven years before death on the amount of gift over the nil rated band.

Certain gifts are IHT-free however soon death occurs, including:

- Gifts between UK domiciled husband and wife or between civil partners;
- Total gifts up to £3,000 in a year (can be carried forward one year);
- Small gifts to other recipients (up to £250 each in year);
- Gifts in consideration of marriage or civil partnership ranging from £5,000 from each parent of the couple, to £1,000 from anyone else.

Self Assessment dates

 31 st JUL 2017	• Second payment on account for 2016–17 due to HMRC
 5 th OCT 2017	• Deadline to notify chargeability and advise HMRC of need to register for Self-Assessment
 31 st OCT 2017	• Deadline for submitting paper Self-Assessment returns to HMRC
 30 th DEC 2017	• Deadline for filing online return with HMRC if tax to be collected through PAYE
 31 st JAN 2018	• Deadline for filing 2016–17 returns, balancing payment due for 2016–17, first payment due for 2017–18

NOTE: Online tax accounts will replace most tax returns by 2020

The information contained in this leaflet is based on our understanding of the Budget proposals, which are subject to change. No action should be taken without further advice being sought. We can accept no responsibility for any errors or omissions.

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TAX GUIDE

2017–18

Taxation changes to note

- The Lifetime ISA available from 6 April 2017, allowing under-40s (from age 18) to save for their first home or retirement
- Overall ISA limit increase to £20,000 from April 2017
- Personal allowance increase to £11,500 April 2017, then to £12,500 by 2020
- From April 2017, employers and employees using salary sacrifice schemes will pay the same tax as anyone else, with the exception of pension arrangements, childcare, ultra-low emission cars and cycle to work schemes
- Tax-free dividend allowance will be reduced from £5,000 to £2,000 from April 2018
- From 6 April 2018 Class 2 contributions will be abolished and Class 4 contributions reformed
- The higher rate threshold will rise to £50,000 by 2020

Tax on residential property purchase

Stamp Duty Land Tax (SDLT) in England, Wales and Northern Ireland, Land and Buildings Transaction Tax (LBTT) in Scotland.

SDLT is payable on portions of the property price within each tax band above £125,000; LBTT similarly above £145,000.

Property value (£) for SDLT	Tax Rate	Property value (£) for LBTT
0-125,000	0%	0-145,000
125,001-250,000	2%	145,001-250,000
250,001-925,000	5%	250,001-325,000
925,001-1,500,000	10%	325,001-750,000
1,500,001+	12%	750,001+

Increased SDLT and LBTT came into effect (1 April 2016) on the purchase of additional residential properties above £40,000. A supplement of 3% will normally be applicable to the whole purchase price, not just the portion above £40,000.

Personal Allowances

	2017-18
Personal allowance	£11,500
Personal savings allowance (basic rate taxpayer)	£1,000
Personal savings allowance (higher rate taxpayer)	£500
Dividend allowance	£5,000

- There is one income tax personal allowance regardless of an individual's date of birth (this commenced 2016-17)
- The personal allowance for those with adjusted net income over £100,000 reduces by £1 for every £2 of income
- Interest on savings is tax free to a threshold of £1,000 for basic rate taxpayers and £500 for those who pay higher rate tax
- Married couple's allowance is given at 10%, claimants must be born before 6 April 1935. Tax relief applies to the first £8,445

Income Tax Rates

The following allowances and rates will apply in 2017-18

Rate of Tax		2017-18
Starting Rate (Savings income only)	0%	£0-£5,000
Basic Rate	20%	£0-33,500
Higher Rate	40%	£33,501-£150,000
Additional Rate	45%	£150,000+
Basic rate on dividends	7.5%	Over the £5,000 dividend allowance
Higher rate on dividends	32.5%	
Additional rate on dividends	38.1%	

- Income tax is paid on the amount of taxable income remaining after allowances have been deducted
- The £5,000 tax free dividend allowance is being reduced to £2,000 from April 2018
- Dividends received by pensions and ISAs will be unaffected

National Insurance Rates

The following Class 1 rates will apply for employees (weekly figures):

2017-18 rates	Limit	Employee	Employer
Primary threshold	£157	12%	13.8%
Upper earnings limit	£866	2%	(above £157 p.w.)

Employment allowance of £3,000 is available to all businesses and charities to offset against their employer Class 1 NICs

No employer's contribution normally payable for under-21s.

Class 4 contributions for the self employed (annual figures):

2017-18 rates	Limit	Rate payable to limit
Lower profits limit	£8,164	Nil
Upper profits limit	£45,000	9%
Rate above upper limit 2%		

Pension Allowances

- The annual allowance for 2017-18 is £40,000, pension funding exceeding the allowance in a tax year can offset against any unused annual allowance from the previous 3 tax years
- Individuals with threshold income in excess of £110,000 and adjusted income of more than £150,000 in a tax year will be subject to a tapered annual allowance in that tax year. £1 of annual allowance is lost for every £2 of adjusted income over £150,000. Individuals with adjusted income over £210,000 or more will be subject to an annual allowance of £10,000 in the tax year
- The standard lifetime allowance is £1m (reduced from £1.25m 2015-16). From April 2018 it will be increased in line with the Consumer Prices Index

State Pension Entitlement

- Basic and additional state pensions were replaced by a flat-rate, single tier state pension which is £159.55 per week from 6 April 2017 (35 qualifying years of National Insurance contributions needed for full rate), available to those reaching state pension age (SPA) after 6 April 2016
- For those who reached SPA before 6 April 2016, the basic state pension of £122.30 applies, plus any additional state pension (30 qualifying years needed for full rate)

Principal State Benefits

Weekly benefits	2017-18
Statutory sick pay	£89.35
Statutory maternity pay - first 6 weeks	90% of weekly earning
- next 33 weeks	£140.98*
Ordinary statutory paternity pay - 2 weeks	£140.98*
Additional statutory paternity pay - variable period	£140.98*

* or 90% of earnings, if lower