

# TAX RATES & ALLOWANCES

(For 2015-16 and 2016-17 Tax Years)

## IMPORTANT DATES

### 31 July 2016

Second interim payment of income tax due for 2015-16, where required.

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### 31 October 2016

Deadline for submission of 2015-16 paper tax returns.

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### 31 January 2017

Deadline for submission of 2015-16 tax returns where submitted online. Balancing payment of income tax and capital gains tax due for 2015-16. First interim payment of income tax due for 2016-17, where required.

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### 31 July 2017

Second interim payment of income tax due for 2015-16, where required.



## PENSIONS

	2015-16	2016-17
Lifetime allowance	£1,250,000	<b>£1,000,000</b>
Annual allowance*	£40,000**	<b>£40,000</b>

\* Income tax relief available on higher of £3,600 or relevant earnings, subject to annual allowance limit. Potential to bring forward unused relief from the previous three years, subject to certain limits.

\*\* Reduced from 6 April 2016 by £1 for every £2 income over £150,000 to a minimum of £10,000, and to £10,000 maximum if certain pension drawings made.

<b>Basic State Pension</b>	2015-16	2016-17
Single person per year*	£6,029.40	<b>£8,093.80</b>

\* If you reach state pension age on or after 6 April 2016, your state pension figure will be calculated using the full level of new state pension of £155.65.

You may get more or less than the indicated full new state pension, this is based on your National Insurance record. However, you will not receive less than the amount you would have received on the last day of the old scheme (5 April 2016).

## INDIVIDUAL SAVINGS ACCOUNTS

	2015-16	2016-17
Maximum subscription	£15,240	<b>£15,240</b>
Junior ISA	£4,080	<b>£4,080</b>

From 2015-16 an additional ISA investment is allowable where a spouse or civil partner dies on or after 3 December 2014. The allowance is set at the value within the deceased person's ISA at the date of their death.

## CAPITAL GAINS TAX

Basic Rate Tax Payer **10%**

Higher Rate Tax Payer **20%**

Residential Property Sales - Basic Rate Tax Payer **18%**

Residential Property Sales - Higher Rate Tax Payer **28%**

<b>Annual Exemptions</b>	2015-16	2016-17
Small companies rate (£0-£300,000)	£11,100	<b>£11,100</b>
Personal representatives/trustees for disabled people	£11,100	<b>£11,100</b>
Other Trustees	£5,500	<b>£5,550</b>

**Chattels exemption £6,000**

## VAT

	From 1.4.15	From 1.4.16
Standard rate	20%	<b>20%</b>
Registration level	£82,000	<b>£83,000</b>
De-registration limit	£80,000	<b>£81,000</b>

## INCOME TAX

	2015-16	2016-17
0% starting rate for savings*	£5,000	<b>£5,000</b>
10% starting rate for savings*	-	-
20% on income up to	£31,785	<b>£32,000</b>
40% on income over	£31,785	<b>£32,000</b>
45% on income over	£150,000	<b>£150,000</b>

\* Restricted to savings income and not available if non-savings income exceeds starting rate limit.

\*\* A standard rate band of £1,000 applies, below this level income will be taxed at no more than 20%.

From April 2016 the 10% tax credit on dividends is removed. A £5,000 dividend allowance is introduced (effectively a 0% rate. Above £5,000 dividends will be taxed at 7.5% (for basic and standard rate taxpayers), 32.5% (for higher rate taxpayers) and 38.1% (for additional and trust rate taxpayers)

Gift Aid: basic rate band increased by gross gift.

## MAIN INCOME TAX RELIEFS

	2015-16	2016-17
Personal allowance (for income up to £100,000)*	£10,600	<b>£11,000</b>
Personal allowance (born 6.4.38 to 5.4.48)*	£10,600	<b>£11,000</b>
Personal allowance (born before 6.4.38)**	£10,660	<b>£11,000</b>
Married couple's allowance (born before 6.4.35)***	£8,355	<b>£8,355</b>
Transferable marriage allowance****	£1,060	<b>£1,100</b>
Income limit for age-related allowances	£27,700	<b>£27,700</b>
Blind person's allowance	£2,290	<b>£2,290</b>

\* The allowance is reduced by £1 for every £2 income above £100,000 irrespective of age.

\*\* The allowance is reduced by £1 for every £2 income above the income limit subject to a minimum allowance of £10,600 for 2015-16 (£10,000 for 2014-15) unless income exceeds £100,000.

\*\*\* Available to spouses/civil partners and may be reduced subject to income levels (minimum allowance of £3,220 for 2015-16, £3,140 for 2014-15). Relief given at 10%.

\*\*\*\* Available to spouses/civil partners who have unused personal allowance and are born after 5 April 1935.

## REDUCED TAX CHARGE ON GIFTS MADE WITHIN THE SEVEN YEARS BEFORE DEATH

Years before death	0-3	3-4	4-5	5-6	6-7
% of inheritance tax payable	100%	80%	60%	40%	20%

## INHERITANCE TAX

	2015-16	2016-17
Free of tax up to*	£325,000	<b>£325,000</b>
Tax on excess**	40%	<b>40%</b>
Transfers to certain trusts	20%	<b>20%</b>
Annual gifts exemption	£3,000	<b>£3,000</b>
Gifts to charities	Exempt	<b>Exempt</b>
Small gifts to same person	£250	<b>£250</b>
Marriage/civil partnership gifts by:		
- Parent	£5,000	<b>£5,000</b>
- Grandparent/party to marriage/civil partnership	£2,500	<b>£2,500</b>
- Other person	£1,000	<b>£1,000</b>

\* Frozen at this level until April 2018.

\*\* A reduced rate of 36% applies where 10% or more of a net chargeable estate is left to charity.

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## INHERITANCE TAX PAYMENTS

- **On death:** 6 months after end of month of death.
- **Lifetime transfer 6 April - 30 Sept:** 30 April in following year.
- **Lifetime transfer 1 Oct - 5 April:** 6 months after end of month of transfer.

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## STAMP DUTY LAND TAX (SDLT)

On documents transferring residential property.\*

Consideration paid:	Rate:**
Value up to £125,000	0%
£125,001 - £250,000	2%
£250,001 - £925,000	5%
£925,001 - £1,500,000	10%
Over £1,500,001	12%
Enveloped properties over £500,000 (slab basis)	15%

3% supplement to residential rates for second or buy to let homes above £40,000.

For residential leases - 1% on present value of rents above £125,000.

\* Not applicable to property in Scotland from 1 April 2015. Land and Buildings Transaction Tax applies to Scottish property from that date.

\*\* The rates apply to consideration falling within each band.

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## BUSINESS PROPERTY RELIEF

A business or interest in a business (including a partnership share)	100%	<b>100%</b>
Transfers of unquoted shareholdings (including AIM shares)	100%	<b>100%</b>
Transfers out of a controlling shareholding in quoted companies, land or buildings, machinery or plant used in qualifying company or partnership	50%	<b>50%</b>

# NATIONAL INSURANCE CONTRIBUTIONS

## Class 1 - From 6 April 2016 contracting out ceases

Employer Earnings per week	Rate
Earnings up to £156.00	0%
£156.01 - £827.00	13.8%
Over £827.00	13.8%

Employee Earnings per week	Rate
Earnings up to £155.00	0%
£155.01 - £827.00	12%
Over £827.00	2%

## Class 1A and 1B (employers only)

13.8%

## Class 2 (self employed)

£2.80 per week (Small earnings exception of £5,965)

## Class 3 (voluntary)

£14.10 per week

## Class 4\* (self employed on annual profits)

Rate

Profits from up to £8,060	0%
Profits from £8,061 to £43,000	9%
Profits above £43,000 per annum	2%

\*Exemption applies if state pension age was reached by 6 April 2016.

The information within this guide is sourced from HMRC and Government legislation and is correct to the best of our knowledge.



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