

MOORE STEPHENS

Tax rates
2017/18

PRECISE. PROVEN. PERFORMANCE.

Many of the rates and allowances shown in this card are subject to a range of exceptions and special rules that apply in different circumstances. The details set out below should be taken only as a general guide.

Personal tax

Income tax rates

General rate	Dividend rate	Taxable income 2017/18	Taxable income 2016/17
20% ⁽¹⁾	7.5%	£0 to £33,500	£0 to £32,000
40%	32.5%	£33,501 to £150,000	£32,001 to £150,000
45%	38.1%	Over £150,000	Over £150,000

Certain trusts taxed at 45% (38.1% on dividend income).

1. Savings income of up to £5,000 taxable at 0% in certain circumstances.

Main allowances and reliefs

	2017/18	2016/17
Personal allowance ⁽¹⁾	£11,500	£11,000
Dividend allowance ⁽²⁾	£5,000	£5,000
Personal savings allowance ⁽²⁾		
Basic rate taxpayer	£1,000	£1,000
Higher rate taxpayer	£500	£500
Additional rate taxpayer	Nil	Nil

1. Withdrawn at a rate of £1 of allowance for every £2 of income over £100,000.

2. The dividend allowance and personal savings allowance utilise the basic and higher rate bands.

Capital gains tax

	2017/18	2016/17
Basic rate taxpayers	10%	10%
Higher rate taxpayers	20% ⁽¹⁾	20% ⁽¹⁾
Trustees	20% ⁽¹⁾	20% ⁽¹⁾
Entrepreneurs' relief	10%	10%
Annual exemption (individuals and personal representatives)	£11,300	£11,100
Annual exemption (trustees)	£5,650	£5,550

1. A rate of 28% applies to chargeable gains accruing on the disposal of residential property and certain other assets.

Individual savings accounts (ISAs)

	2017/18	2016/17
Maximum investment	£20,000	£15,240
Cash in a junior ISA (Under 18s)	£4,128	£4,080

Registered pension schemes: tax relief

	2017/18	2016/17
Annual contribution allowance 100% of salary up to	£40,000 ⁽¹⁾	£40,000 ⁽¹⁾
Permitted pension contribution (irrespective of salary)	£3,600	£3,600
Lifetime benefit allowance	£1,000,000	£1,000,000

1. Broadly, reduced by £1 for every £2 of income above £150,000, to a minimum allowance of £10,000.

Inheritance tax

Tax rate on death

	2017/18	2016/17
Nil	Up to £325,000	Up to £325,000
40%	Above £325,000	Above £325,000

For 2017/18 an additional 'residence nil rate band' of £100,000 can be used, broadly, against the transfer of residential property or proceeds to a child or grandchild.

Lifetime gifts

Most lifetime gifts to individuals are charged to inheritance tax only if made within 7 years before the donor's death. Subject to the nil rate band they are charged on the following scale:

Years before death	0-3	3-4	4-5	5-6	6-7
% of death charge	100	80	60	40	20
% effective rate	40	32	24	16	8

Lifetime gifts to most trusts are, subject to the nil rate band, chargeable at half the death rate increasing on the above scale if death occurs within seven years.

Business tax

Corporation tax

	FY2017	FY2016
Taxable profits	19%	20%

Capital allowances

Annual investment allowance	2017/18	2016/17
100% allowance for expenditure on plant and machinery (excluding cars) up to:	£200,000	£200,000
First year allowances		
Qualifying assets	100%	100%
Writing-down annual allowances (on a reducing balance basis)		
Integral features, long life plant and machinery, and certain cars	8% pa	8% pa
Other plant and machinery	18% pa	18% pa

Indirect taxes

VAT

	FY2017	FY2016
Standard rate	20%	20%
Fraction	1/6	1/6
Registration ⁽¹⁾ – annual turnover limit	£85,000	£83,000
De-registration – annual turnover limit	£83,000	£81,000
Cash accounting turnover limit	£1,350,000	£1,350,000
Annual accounting turnover limit	£1,350,000	£1,350,000

1. The threshold is nil for non-UK established businesses making taxable supplies in the UK.

National insurance contributions 2017/18

Class 1 Employees' rates

Weekly earnings	Rate
Below £157	nil
£157 to £866	12%
Over £866	2%

Class 1 Employers' rates

Weekly earnings	Rate
Below £157	nil
Over £157 ⁽¹⁾	13.8%
Annual allowance for most employers	£3,000

1. Special rules for employees under 21 years old, or apprentices under 25 years old.

- Class 1A Employer** 13.8% on most benefits in kind not within Class 1.
- Class 2 Self-employed** Flat rate £2.85 pw (if earnings exceed £6,025).
- Class 3 Voluntary** Flat rate £14.25 pw.
- Class 4 Self-employed** 9% on annual profits between £8,164 and £45,000
2% on annual profits above £45,000.

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We believe the information in *Tax rates 2017/18* to be correct at the time of going to press, but we cannot accept any responsibility for any loss occasioned to any person as a result of action or refraining from action as a result of any item herein.

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