



An A* Guide from A Star Accounting Services Ltd

Think Ahead

ACCA

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A friendly qualified accountancy services to small and medium sized businesses "**together we are more**"

	2015/16	2016/17
	£	£
Income tax rates - (non-dividend income)		
10% lower rate tax - savings rate only	Up to 5,000	Up to 5,000
20% basic rate tax	Up to 31,785	Up to 32,000
40% higher rate tax	31,786 - 150,000	32,001 to 150,000
45% additional rate tax	Above £150,000	Above £150,000
<i>From 2008-09 10% starting rate applies to savings income only and will not apply if non-savings income exceeds threshold.</i>		
Income tax rates - (dividend income)		
10% rate	Up to 31,785	n/a
32.5% higher dividend rate	31,786 - 150,000	n/a
37.5% additional dividend rate	Above £150,000	n/a
Income tax rates – (dividend income new rules from 5/4/2016)		
Up to £ 5000	n/a	0%
£ 5000 - £ 32,000	n/a	7.5%
£32,001 – £150,000	n/a	32.5%
Above £ 150,000	n/a	38.1%
<i>From April 2016, notional 10% tax credit on dividends will be abolished</i>		
Child benefit/Guardian's allowance rates		
Higher rate (eldest child only) (per week)	20.70	20.70
Other children	13.70	13.70
Guardian's allowance	16.55	16.55
<i>An income tax charge will apply to taxpayers with income exceeding £50,000 in a tax year, when child benefit is also received by them or their partner. The charge will reduce the financial benefit of receiving child benefit for those with income between £50,000 and £60,000 and remove it completely for taxpayers with income above £60,000.</i>		
Personal allowances		
Personal allowance those born after 5 April 1948	10,600	11,000
Personal allowance those born between 6 April 1938 and 5 April 1948 – note 2	10,600	n/a
Personal allowance those born before 6 April 1938 – note 2	10,660	n/a
Married couple's allowance those born before 6 April 1935 – note 3	8,355	8,355
Married couple's allowance – minimum amount – note 3	3,220	3,220
Transferable married allowance	1,060	1,100
Micro entrepreneurs allowance		
Individuals making property or trading incomes below the level of the allowance would no longer need to declare or pay tax, while those who exceeded the level from their online activity can benefit by simply deducting the allowance instead of calculating their exact expenses.	n/a	Allowance - £ 1,000
Income limit – note 2	100,000	100,000
Income limit for personal allowances (born before 6 April	27,700	n/a

1948)		
Blind person's allowance	2,290	2,290
Rent-a-room relief	4,250	7,500
Transferable tax allowance for married couples and civil partners	1,060	1,100
Personal savings allowance for basic rate tax payers – note 4	n/a	1,000
Personal savings allowance for higher rate tax payers – note 4	n/a	500
<p><i>1 Abatement of personal allowance will apply of £1 for every £2 of taxable income in excess of income limit.</i></p> <p><i>2 From 2016-17 onwards, all individuals will be entitled to the same personal allowance, regardless of the individuals' date of birth. This allowance is subject to the £100,000 income limit which applies regardless of the individual's date of birth</i></p> <p><i>3 This allowance is subject to the £27,700 income limit. The individual's married couple's allowance is reduced by £1 for every £2 above the limit. That reduction only applies after any reduction to their personal allowance. The relief for this allowance is given at 10%</i></p> <p><i>4 Basic rate tax will no longer be deducted from personal savings interest.</i></p>		

National insurance		
Lower earnings limit, primary Class 1 (per week)	112	112
Upper earnings limit, primary Class 1 (per week)	815	827
Apprentice upper secondary threshold (AUST) for under 21s/ 25s	815	827
Primary threshold (per week)	155	155
Secondary threshold (per week)	156	156
Employment allowance (per year per employer) – note 2	2,000	3,000
Employee's primary Class 1 rate between primary threshold and upper earnings limit	12%	12%
Employee's primary Class 1 rate above upper earnings limit	2%	2%
Married woman's reduced rate between primary threshold and upper earnings limit	5.85%	5.85%
Married woman's rate above upper earnings limit	2.00%	2.00%
Employer's secondary Class 1 rate above secondary threshold	13.80%	13.80%
Employer's secondary Class 1 rate above secondary threshold (contracted out)	10.40%	n/a
Class 2 rate (per week where profits are above small profits threshold)	2.80	2.80
Class 2 small profits threshold (per year)	5,965	5,965
Special Class 2 rate for share fishermen (per week)	3.45	3.45
Special Class 2 rate for volunteer development workers	5.60	5.60
Class 3 rate (per week)	14.10	14.10
Class 4 lower profits limit	8,060	8,060
Class 4 upper profits limit	42,385	43,000
Class 4 rate between lower profits limit and upper profits limit	9.00%	9.00%



Class 4 rate above upper profits limit	2.00%	2.00%	
<p><i>1 From April 2016 employers of apprentices under the age of 25 will no longer be required to pay secondary Class 1 (employer) National Insurance contributions (NICs) on earnings up to the Upper Earnings Limit (UEL), for those employees.</i></p> <p><i>2 From April 2016, companies where the director is the sole employee will no longer be able to claim the Employment Allowance</i></p>			
Pensions			
Annual allowance	40,000	40,000	
Lifetime allowance	1,250,000	1,000,000	
<p><i>The Finance Bill 2015 provides that from tax year 2016/17 the annual allowance for those earning above £150,000 is to be reduced on a tapering basis so that it reduces to £10,000 for those earning above £210,000. For every £2 of income above £150,000, an individual's annual allowance will reduce by £1.</i></p>			
Relief's and incentives			
Enterprise Investment Scheme (EIS) - maximum	1,000,000	1,000,000	
Venture Capital Trust (VCT) - maximum	200,000	200,000	
Enterprise Management Incentive Scheme (EMI) - employee limit	250,000	250,000	
Seed Enterprise Investment Scheme (SEIS) - maximum	100,000	100,000	
Income tax relief on EIS schemes	30%	30%	
Income tax relief on VCT schemes	30%	30%	
Income tax relief on SEIS schemes	50%	50%	
Individual Savings Account (ISA):			
New ISA (NISA) limits			
New ISA (NISA) annual limit	15,240	15,240	
New Junior ISA investment annual limit	4,080	4,080	
New child value of Child Trust Fund annual limit	4,080	4,080	
Capital gains tax			
Rate	- basic rate tax payer – note 1	18%	10%
	- higher rate tax payer – note 1	28%	20%
Annual exemptions – individuals (per year)	11,100	11,100	
Certain trusts for disabled persons (per year)	11,100	11,100	
Other trusts (per year)	5,550	5,550	
Entrepreneurs Relief lifetime limit	10,000,000	10,000,000	
Entrepreneurs Rate	10%	10%	
Chattels exemption - up to	6,000	6,000	
<p><i>1 The 2016/17 reduction does not apply to residential property (where not covered by PPR relief)</i></p>			
Inheritance tax			
Single persons nil rate band	1 - 325,000	1 - 325,000	
Single persons 40% band	over 325,000	over 325,000	
Married couples or civil partnerships allowance nil rate band	650,000	650,000	
Gifts to charities	Exempt	Exempt	
Small gifts to same person	250	250	
General gifts	3,000	3,000	
Wedding gifts:			
From:	Parent	5,000	5,000
	Grandparent/party	2,500	2,500



	Other person	1,000	1,000
<i>From 6 April 2012 a reduced rate of IHT of 36% will be introduced where 10% or more of the net estate is left to charity.</i>			
Business Property Relief			
Business or interest in a business and transfer if unquoted shareholdings		100%	100%
Transfers out of a controlling shareholding in quoted companies, land and buildings, plant and machinery used in a qualifying company or partnership		50%	50%
Taxation of trusts			
Accumulation or discretionary trusts:			
Trust income up to £1,000 – dividend type income		10%	Not confirmed
Trust income up to £1,000 – all other income		20%	20%
Trust income over £1,000 – dividend type income		37.5%	Not confirmed
Trust income over £1,000 – all other income		45%	45%
Bare trusts:			
Dividend type income		10%	Not confirmed
All other income		20%	20%
Corporation tax			
All profits and gains (excluding determination agreements and diverted profits)		20%	20%
Capital Allowances			
Main writing down allowance (reducing balance)		18%	18%
Special rate writing down allowance (reducing balance)		8%	8%
First year allowances for certain energy-saving/water efficient products		100%	100%
Annual investment allowance		100%	100%
<i>AIA level set permanently from 1 January 2016 at £200,000 pa</i>			
Research and Development Tax Credit Rates			
SME Rate		230%	230%
Large company rate		130%	130%
Large companies expenditure credit scheme (LCEC) scheme		10%	n/a
Research and development expenditure credit (RDEC) scheme		n/a	11%
<i>The RDEC scheme replaces the LCEC scheme from April 2016</i>			
Patent Box			
Patent box		10%	10%
<i>The Patent box regime will phased in from April 2013 with companies able to claim the benefit of 60% for 2013/14, 70% for 2014/15, 80% for 2015/16, 90% for 2016/17 and 100% from 2017/18 onwards</i>			
VAT			
Standard rate		20%	20%
Reduced rate		5%	5%
Zero rate		0%	0%
Normal scheme registration threshold		82,000	83,000
Deregistration threshold		80,000	81,000
Cash accounting scheme -maximum to join		1,350,000	1,350,000
Cash accounting scheme - exit threshold		1,600,000	1,600,000



Annual accounting scheme – maximum to join	1,350,000	1,350,000
Annual accounting scheme – exit threshold	1,600,000	1,600,000
Flat rate scheme – maximum allowed to join	150,000	150,000
Flat rate scheme exit threshold	230,000	230,000
Annual Tax on Enveloped Dwellings (ATED)		
More than £0.5m but not more than £1m	n/a	£3,500
More than £1m but not more than £2m	£7,000	£7,000
More than £2m but not more than £5m	£23,350	£23,350
More than £5m but not more than £10m	£54,450	£54,450
More than £10m but not more than £20m	£109,050	£109,050
More than £20m	£218,200	£218,200

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