

Tax Rates 2014/15

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Income Tax

Main reliefs

Allowed at top rate of tax	2014/15	2013/14
Personal Allowance (PA)	£10,000	£9,440
Personal Allowance (born 6.4.38-5.4.48)*	10,500	10,500
Personal Allowance (born before 6.4.38)*	10,660	10,660
Blind Person's Allowance	2,230	2,160

Allowed only at 10%		
Married Couple's Allowance (MCA)* (only available if born before 6.4.35)	8,165	7,915
Age-related allowances (AA)* income limit	27,000	26,100

*AA reduced by £1 for every £2 by which income exceeds limit.

Personal AA reduced before MCA until equal to normal PA (£10,000).

MCA reduced to minimum £3,140 (2013/14: £3,040).

PA is withdrawn at £1 for every £2 by which total income exceeds £100,000

(PA is nil at income of £120,000 or more).

Rate bands

	2014/15	2013/14
Basic rate band (BRB)	31,865	32,010
Higher rate band (HRB)	31,866-150,000	32,011-150,000
Additional rate	over 150,000	over 150,000

BRB and HRB are extended by Gift Aid donations and personal pension contributions up to permitted limit.

Tax Rates

Rates differ for General/Savings/Dividend income

2014/15 unchanged from 2013/14			
	G	S	D
Basic rate	20%	20%	10%
Higher rate	40%	40%	32.5%
Additional rate	45%	45%	37.5%

General income (salary, pension, profit, rent) uses lower rate bands first, then savings (interest), then dividends. UK dividends received are 90% of taxable amount with 10% tax credit.

If taxable general income is less than £2,880 (2013/14: £2,790), savings income is taxed at a 'starting rate' of 10% until total taxable income exceeds that limit. This 'starting rate band' is part of the BRB.

Pension Contributions

Maximum annual tax-efficient gross contributions to age 75

- individuals	£3,600 or 100% of earnings to £40,000
- employers	£40,000 less employee contributions

Only current earnings count for the 100% limit. If less than max. (£50K to 2013/14) has been paid in any of the preceding 3 years, current contributions may be increased by the shortfall. Most personal pension contributions are paid net of basic rate tax. Maximum tax-efficient fund on taking benefits in 2014/15: £1.25m, unless 'protection' is claimed for an existing fund.

Annual investment limits

	2014/15	2013/14
Individual Savings Account***	£15,000	£11,520
Junior ISA***	4,000	3,720
Enterprise Investment Scheme**	1,000,000	1,000,000
Venture Capital Trust**	200,000	200,000
Seed Enterprise Investment Scheme*	100,000	100,000

*** Old ISA limits £11,880/£3,840 to 30.6.2014

** Relief at 30% * Relief at 50%

National Insurance Contributions 2014/15

Class 1 (Employees)

From 6.4.2012, only employment with a salary-related pension scheme can benefit from the lower contracted-out NIC rates.

	Contracted In	Contracted Out
Employee contributions		
- on earnings £153.01 - £770pw	12%	10.6%
- on earnings £770.01 - £805pw	12%	12%
- on earnings above £805pw	2%	2%
Employer contributions		
- on earnings £153.01 - £770pw	13.8%	10.4%
- on earnings above £770pw	13.8%	13.8%

Employer contributions (at 13.8%) are also due on most taxable benefits (Class 1A) and on tax paid on an employee's behalf under a PAYE settlement agreement (Class 1B).

Class 2 (Self-employed)

Flat rate per week	£2.75
Small earnings exception: profits per annum	£5,885

Class 3 (Voluntary)

Flat rate per week	£13.90
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Class 4 (Self-employed)

On profits £7,956 - £41,865	9%
On profits over £41,865	2%

Car Benefit 2014/15

Taxable benefit is chargeable value multiplied by chargeable percentage.

Chargeable value: initial list price of car (including accessories).

Chargeable percentage:

Electric car with no emissions: 0%

CO2 Ratings	Petrol	Diesel
1-75g/km	5%	8%
76-94g/km	11%	14%
95-99g/km	12%	15%

– increasing by 1% at 100, 105, 110 etc., until the max. 35% (at 210g/km for petrol, 195g/km for diesel)

Vans

Chargeable value of £3,090 if private use is more than home-to-work.

Fuel

Employer provides fuel for private motoring in an employer-owned:

car: CO2-based percentage from above table multiplied by £21,700.

van: £581.

Employee contributions for fuel do not reduce taxable figure unless all private fuel is paid for.

Tax-free mileage allowances

Employee's own transport

2014/15		
	Higher Rate	Lower Rate
Car	45p	25p
Motorcycle	24p	24p
Bicycle	20p	20p
Business passengers	5p	5p

Higher rate allowed up to 10,000 business miles.

Company cars

The 45p mileage rate is for business use of an employee's own car. Where the employer provides the car, allowances should not reflect costs already borne by the employer such as depreciation. HMRC publish advisory mileage rates which are accepted as covering the cost of fuel for different engine sizes and fuel types. They change four times a year, so the current rates have to be checked at www.hmrc.gov.uk/cars/fuel_company_cars.htm.

Inheritance Tax

Charges on or after 6th April 2009	Rates %
0 - £325,000 (Nil band frozen until 2017/18)	NIL
Above £325,000	40%

Lifetime chargeable transfers at half the death rate, i.e. 20%.

Business property relief of 100% for all shareholdings in qualifying unquoted trading companies and for most unincorporated trading businesses; agricultural property relief at 100% for qualifying holdings of agricultural land.

Annual exemption for lifetime gifts £3,000.

Small gifts up to £250 per donee per year are ignored.

Tapering relief applies to reduce the tax on transfers within 7 years of death.

The reduction in tax is 20% for survivorship of 3-4 years, 40% for 4-5, 60% for 5-6 and 80% for 6-7 years.

Capital Gains Tax

	2014/15	2013/14
Annual exempt amount	£11,000	£10,900
Tax rate		
- basic rate taxpayer	18%	18%
- higher rate taxpayer	28%	28%
- Entrepreneurs' Relief (ER)	10%	10%

Net gains after losses, all reliefs and annual exemption are added to taxable income to determine the applicable CGT rate. ER is available for lifetime gains of up to £10m on disposals of sole trade, interest in partnership trade, or shares in a trading company by an officer or employee owning at least 5%. Other conditions apply.

Trustees receive up to half the annual exemption and pay at a flat rate of 28%.

Value Added Tax

Standard rate (1/6 of VAT-inclusive price)	20%
Registration level from 1.4.14	£81,000 per annum
Deregistration level from 1.4.14	£79,000 per annum

Scale Charges

The scale charges for private use of business fuel are based on the CO2 emissions rating of the car. The minimum charge applies to ratings up to 120g/km, increasing in 5g/km steps to the maximum at 225g/km.

Exact figures for a 1-month, 3-month or 12-month return period have to be obtained from the table on HMRC's website: www.hmrc.gov.uk.

Corporation Tax

	Years to 31.3.2015	31.3.2014
Main rate	21%	23%

Profits above	£1.5m	£1.5m
Small profits rate	20%	20%
Profits up to	£300k	£300k
Small/large marginal band	£300k - £1.5m	£300k - £1.5m
Fraction (effective rate)	1/400 (21.25%)	3/400 (23.75%)

Main capital allowances

Plant and machinery	Allowance %
- Annual Investment Allowance (AIA): £500,000	100
- certain energy efficient plant, including cars with emissions up to 95g/km	100
- writing down allowance: general pool	18
- writing down allowance: special rate pool	8

The special rate pool includes long life assets, integral plant in buildings, thermal insulation and cars with CO2 emissions over 130g/km. The general pool contains other plant and machinery. The rate of AIA was £250,000 before 1 April 2014 (6 April for income tax) and is scheduled to reduce to £25,000 on 1 January 2016. Care is needed where a period straddles these changes of rate.

Stamp Duty Land Tax and Stamp Duty

Rates on sales:	% of Total Consideration	
Land and Buildings	Residential	Non-residential
Nil if consideration up to	£125,000	£150,000
Threshold - £250,000	1%	1%
£250,001 - £500,000	3%	3%
£500,001 - £1,000,000	*4%	4%
£1,000,001 - £2,000,000	*5%	4%
Over £2,000,000	*7%	4%
*15% on transfer to 'non-natural person' e.g. a company		
Shares (nil if consideration up to £1,000)	0.5%	

Earliest due dates for payment of tax

Income Tax	
Employment	Most tax paid under PAYE
Interest, dividends	Lower/basic rate liability usually settled before receipt
Untaxed sources, plus balance on employment and higher rates on investment income (self assessment)	Payments on account for 2014/15 on 31.1.15 and 31.7.15 based on 2013/14 tax; balance due 31.1.16 with first instalment for 2015/16.
Capital Gains Tax	31 January following the tax year with self-assessment income tax.
Inheritance Tax	Normally 6 months after month of death.
Corporation Tax	Large companies pay by instalments starting 6 1/2 months through the accounting period; small/medium companies pay 9 months and 1 day after end of period.

Useful Rates

		2014/15
Basic Retirement Pension		
Single person		£113.10
Married couple		180.9
Child Benefit		
First eligible child		20.5
Each subsequent child		13.55

High Income Child Benefit Charge (HICBC)

Where someone receives child benefit and they or their spouse/civil partner/co-habitee has 'adjusted net income' above £50,000, the HICBC becomes payable. A couple's income is not combined for these purposes. The higher income person has to self assess the tax, which is 1% of child benefit for every £100 of income above £50,000. When income equals or exceeds £60,000, 100% of the child benefit is clawed back.

National Minimum Wage

Rates per hour	from 1.10.13	from 1.10.14
Aged 21 and over	£6.31	£6.50
Aged 18 – 20	5.03	5.13
Aged 16 – 17	3.72	3.79

Lower rates may apply for apprentices.

You are advised to consult us before acting on any information contained herein.