

THE BUDGET 18 MARCH 2015

PERSONAL TAX

	2015-16	Value of restricted Allowance	2014-15	Value of restricted Allowance
	£	£	£	£
PERSONAL ALLOWANCES				
Personal allowance	10,600		10,000	
Blind person	2,290		2,230	
Upper income limit	100,000		100,000	
AGE ALLOWANCES: 65 to 74				
Personal allowance	10,600		10,500	
Upper income limit	27,700		27,000	
AGE ALLOWANCES: 75 and over				
Personal allowance	10,660		10,660	
Married couple	8,355	835.50	8,165	816.50
Upper income limit	27,700		27,000	
INCOME TAX RATES				
20%		0 - 31,785		0 - 31,865
40%		31,786 - 150,000		31,866 - 150,000
45%		Over 150,000		Over 150,000

A 0% band applies for savings income falling in the first £5,000 of taxable income (previously £2,880). This is only available if your only source of taxable income is from savings income. From April 2016 a new savings allowance means that the first £1,000 of interest on savings (£500 for higher rate taxpayers) will be tax free.

Dividends will continue to be taxed at 10% up to the basic rate tax band and 32.5% of the gross dividend thereafter. Any taxable dividend income above £150,000 will be charged at the 37.5% tax rate. Higher rate tax (40%) will be payable on income over £42,385 (£31,785 plus personal allowance of £10,600).

The personal allowance is reduced £1 for every £2 of income over £100,000 up to a maximum of the full personal allowance. This means that no personal allowance will be given to those earning over £121,200. A spouse who earns less than the personal allowance (£10,600) can transfer up to £1,060 to their spouse tax free, providing the recipient is not a higher rate taxpayer.

SAVERS

The limit to investments in ISA's will increase from £15,000 to £15,240 with flexibility on whether this is in cash or stocks and shares. ISA savers will be allowed to withdraw and replace money from their cash ISA without counting towards their annual subscription as long as the repayment is made in the same tax year as the withdrawal.

Junior ISA allowance has increased from £4,000 to £4,080.

No tax is payable on any interest, dividends or capital gains in ISA investments.

A help to buy ISA is on the way for first time buyers. For every £200 you save for your deposit, the government will top it up with £50 up to a maximum of £3,000 bonus on £12,000 saved. The money will be withdrawable but the bonus can only be used for home purchase.

NATIONAL MINIMUM WAGE

The current rate is £6.50 an hour for workers aged 21 and over, increasing to £6.70 effective from 1 October 2015.

For 18 to 20 year old workers the rate is £5.13 an hour, previously £5.03 effective from 1 October 2014.

For 16 to 17 year old workers the rate is £3.79 an hour, previously £3.72, effective from 1 October 2014

Apprentices are entitled to minimum wage of £2.73 an hour, previously £2.68, effective from 1 October 2014 for apprentices under 19 or over 19 and in the first year of their apprenticeship.

Prepared by the team at C.E. Hill & Co. Ltd

CEO: C.E. Hill B.Sc., F.C.A.
 Director: D.C. Hill ACA, FCCA



SOCIAL SECURITY BENEFITS

		2015-16	2014-15
		£ per week	£ per week
Pension	Single 2.5% increase (2.7%)	115.95	113.10
	Married	185.45	180.90
Jobseekers allowance	over 25's	73.10	72.40
Child benefit	first child	20.70	20.50
	subsequent	13.70	13.55
Incapacity benefit	Long-term	105.35	104.10

People eligible to draw their state pension after 5th April 2016 will receive flat rate of £148.40 per week (£7,717 pa). The £148.40 is based on 2014-15 levels and will be indexed.

NATIONAL INSURANCE**CLASS 1 2015-16****Employee - contracted in**

Up to £155 p.w. (£8,060 pa)	Nil	Up to £156 p.w.
£155.01 to £815.00 p.w.	12%	
Above £815 p.w. (£42,385 pa)	2%	Above £156 p.w.

Employer - contracted in

		Nil
		13.8%

For 2015-16, the monthly earnings before national insurance is due is £671 per month (£8,060 pa).

In 2015-16 employment allowances of £2,000 will again be claimable and be offset against any employer's Class 1 NIC. In addition employers Class 1 NIC will be abolished for under 21 year olds.

CLASS 2 Self employed**2015-16**

2014-15

On earnings over £5,965 (£5,885)**£ per week
2.80**£ per week
2.75**CLASS 3 Voluntary - flat rate****14.10**

13.90

CLASS 4 Self employed

2015-16

9% of profits between £8,060 and £42,385

2% of profits above £42,385

Class 2 national insurance are scheduled to be abolished in the next Parliament with further review of Class 4 national insurance expected.

STATUTORY SICK PAY (SSP)**2015-16**

2014-15

Flat rate

**£ per week
88.45**£ per week
87.55**STATUTORY MATERNITY PAY (SMP)**

First 6 weeks (% of average weekly earnings)

90%

90%

Remaining weeks - max 33

139.58

138.18

Rate is lower of 90% of average weekly earnings or £139.58

STATUTORY PATERNITY PAY (SPP)

Two weeks (as 33 weeks SMP payments)

139.58

138.18

STATUTORY REDUNDANCY PAY

The current statutory redundancy pay amount is the lower of either the actual weekly wage or £464 per week.

INHERITANCE TAX

There have been no changes to the Inheritance tax bands with the nil rate band remaining at £325,000 with amounts £325,000 being taxed at 40%. The nil rate band will be frozen until 5th April 2018.

Surviving partners or spouses unused nil rate bands can be transferred on death, giving a maximum combined nil rate band for 2015-16 of £650,000. You can make gifts amounting to £3,000 in any tax year, which can be carried forward to the following tax year if previously unused, giving a maximum allowance £6,000. The 40% rate reduces to 36% for estates leaving 10% or more to charity.

CORPORATION TAX

	2015-16 Profit £000's	2015-16	2014-15 Profit £000's	2014-15
Small profits' rate	0 - 300	20%	0 - 300	20%
Upper marginal rate	300-1,500	20%	300-1,500	21.25%
Standard rate	over 1,500	20%	over 1,500	21%

CAPITAL ALLOWANCES

From April 2014 until 31 December 2015, the Annual Investment Allowance (AIA) will increase giving 100% relief for the first £500,000 (previously £250,000) of expenditure on plant and machinery. This will revert to £250,000 from 1 January 2016. Writing Down Allowances (WDA) will remain at 18% for 2015-16. Capital allowances on cars with CO2 emissions over 130g/km will be eligible for a restricted WDA of 8% with those under 130g/km eligible for the standard 18% WDA. Cars with less than 95g/km of CO2 emissions attract a 100% allowance.

VALUE ADDED TAX

	New	Previous
Annual net turnover (effective 1 April 2015) registration limit	£82,000	£81,000
Annual net turnover (effective 1 April 2015) deregistration limit	£80,000	£79,000
Flat rate registration limit	£150,000	£150,000
Flat rate deregistration limit	£230,000	£230,000
Cash and annual accounting registration limit	£1,350,000	£1,350,000
Cash and annual accounting deregistration limit	£1,600,000	£1,600,000

Prior period VAT errors can be adjusted for on the next VAT return up to a limit of £10,000 but must be disclosed to HM Revenue & Customs (HMRC) in writing. Any errors above this limit will need to be separately notified to HMRC. The standard rate of VAT will remain at 20%.

TAX RETURNS REPLACED BY REAL TIME ONLINE ACCOUNTS

Plans were announced to switch to 'digital tax accounts' by 2020. Taxpayers will be given a login and password to submit tax information regularly in real time. Businesses will be able to link their own accounting software and bank account to their digital account. HMRC will update information available to each individual's account, for example, from employers, pension providers and banks. People will be able to pay their tax at any point throughout the year or spread the cost by paying in instalments. The introduction of the digital tax accounts will commence in 2016.

VAT FUEL SCALE RATES FOR PRIVATE MOTORING ON PETROL AND DIESEL VEHICLES

Please use the following link to work out your VAT fuel scale charge. <https://www.gov.uk/fuel-scale-charge>

CAPITAL GAINS TAX

	2015-16	2014-15
Personal annual exemption (trustees)	£11,100 (5,550)	£11,000 (5,500)

Basic rate tax payers pay Capital Gains tax at 18%, and higher rate tax payers at 28%.

Entrepreneurs relief is available for the disposal of a trading business or shares in a trading company, providing the seller is an officer or employee of the company and has a minimum of 5% stake in the business. The entrepreneurs relief will reduce the effective rate to 10% on the first £10 million gains made over a lifetime.

Non residents will face capital gains tax liability on the sale of UK residential property at the relevant UK capital gains tax rates from 6 April 2015.

ENTERPRISE INVESTMENT SCHEME (EIS) AND VENTURE CAPITAL TRUSTS (VCT)

EIS and VCT investors allowed to invest up to £1 million. VCTs allowed to invest up to £1 million per company. EIS investors can make loans and invest in shares with non-cumulative dividend rights.

SEED ENTERPRISE INVESTMENT SCHEME (SEIS) AND ENTERPRISE MANAGEMENT INCENTIVES (EMI)

Seed EIS has been made permanent allowing investors to commit up to £150,000 in a single company but only 50% of the amount invested in qualifying businesses can be set off gains.

EMI schemes allows employees to hold options worth up to £250,000. Gains are charged at the 10% entrepreneurial relief rate.

STAMP DUTY AND LEASES

	Residential		Non Residential	
Property	Up to £125,000	Nil	Up to £150,000	Nil
	Next £125,000	2%	£150,001 - £250,000	2%
	Next £675,000	5%	£250,001 - £500,000	3%
	Next £575,000	10%	£500,000 +	4%
	Anything over £1.5m	12%	N/A	
Shares		0.5% (No duty on amounts <£1,000)		
			0.0% (On shares traded on growth markets such as AIM and ISDX)	

A 15% stamp duty tax rate is applicable on residential properties worth over £500,000 that are purchased through companies. The government equity loan scheme for new builds will be extended to March 2020 with the mortgage guarantee scheme ending on 31 December 2016.

EXCISE DUTY CHANGES

Alcohol and tobacco

Cigarettes (pack of 20)	16p increase
Beer (per pint)	1p decrease
Wine (per 75cl bottle)	no change
Spirits (per bottle)	18p decrease

Vehicles and fuel

Main fuel	no change
Road fuel gases	no change
Rebated gas oil (red diesel)	no change
Heavy fuel oil	no change

Road Fund Licence

	Standard	Showroom		Standard	Showroom
(VED Band) - Change	Petrol & Diesel (£)		(VED Band) - Change	Petrol & Diesel (£)	
CO2 Band			CO2 Band		
(A) - <100g (no change)	0	0	(G) - 151-165g (no change)	180	180
(B) - 101-110g (no change)	20	0	(H) - 166-175g (no change)	205	295
(C) - 111-120g (no change)	30	0	(I) - 176-185g (no change)	225	350
(D) - 121-130g (no change)	110	0	(J) - 186-200g (no change)	265	490
(E) - 131-140g (no change)	130	130	(K) - 201-225g +£5 (+£5)	290	640
(F) - 141-150g (no change)	145	145	(L) - 226-255g +£5 (+10)	490	870

PENSION SCHEME

From April 2015 instead of buying an annuity there is an option for those with defined contribution pensions to drawdown income from their funds, paying tax on this income at marginal rate of tax rather than the current 55%. From April 2016 this will be extended to pensioners who have already purchased an annuity allowing them to sell the income they receive from their annuity without unwinding the original annuity contract. The lifetime allowance for pension schemes will be reduced to £1m (previously £1.25m) from April 2016.

TAX CREDITS & CHILD BENEFITS

For those entitled to working tax credit you can claim the full amount up to annual earnings of £6,420 with the claim reduced by 41p for every £1 you earn over this figure. For child tax credit the income limit is now £16,105 (previously £16,010) with the same 41p deduction for every £1 over this limit.

Child benefit is reduced when one parent earns more than £50,000 and is tapered to nil at £60,000. The benefit will not reduce but will be clawed back via PAYE or on your tax return. You can opt to not receive the child benefit by making an election to HM Revenue & Customs. Please be in touch for details of how to do this.

From Autumn 2015 the childcare cost cap on which the government provides 20% relief will increase to £10,000 meaning that relief of up to £2,000 per child can be claimed.

BENEFICIAL LOANS TO EMPLOYEES

The taxable threshold for cheap or interest free loans to employees is £10,000. Employers will not have to report details of small loans where the outstanding balance is £10,000 or less in a tax year.

COMPANY CAR & VAN BENEFITS

The taxable benefit in respect of a car provided by an employer is calculated by reference to the car's carbon dioxide emission rating, with a scale charge varying between 5% (below 50g/km) and 37% (over 210g/km) of the list price. There will be a supplementary charge for diesel cars of 3% (except those which meet the EU standard for cleaner cars registered before 1 January 2006). For more information on your specific car benefit visit <https://www.gov.uk/calculate-tax-on-company-cars>

Taxable benefits for a van will increase to £3,150, (previously £3,090), from 6 April 2015. There will be an additional charge of £594 (previously £581) if fuel is provided for private use by the employer.

CAR FUEL BENEFIT

The additional scale charge for the provision of private fuel increases to £22,100, previously £21,700, from 6 April 2015. The figure is multiplied by the appropriate car tax percentage to determine the taxable benefit. This is calculated by reference to the car's carbon dioxide emission rating and varies between 5% and 35% of £22,100.

APPROVED MILEAGE RATES 2014-15

	Up to 10,000 miles	Over 10,000 miles
All cars and vans	45p	25p
Passenger payment (carrying fellow employees) per employee	5p	5p
Motorbike / bicycles	24p / 20p	24p / 20p

KEY DATES IN TAX CALENDER

31 May 2015	Forms P60 to be given to employees by employers
6 July 2015	Forms P9D/P11D to be given to employees and to HM Revenue & Customs. Class 1A NIC payable by 19 July.
31 July 2015	Second interim payment of tax due for 2014-15
31 Oct 2015	Deadline for paper submission of tax return if self assessed
31 Dec 2015	Deadline for submission of tax return if you wish the tax to be collected in your tax code.
31 Jan 2016	Final deadline for electronic submission of tax return if self assessed Final payment of tax due for 2014-15. First interim payment of tax due for 2015-16.