

THE BUDGET 22 November 2017

PERSONAL TAX

	2018-19	Value of restricted Allowance	2017-18	Value of restricted Allowance
	£	£	£	£
PERSONAL ALLOWANCES				
Personal allowance	11,850		11,500	
Blind person	2,390		2,320	
Upper income limit	100,000		100,000	
Married couple (one spouse born pre 6 April 1935)	8,695	869.50	8,445	844.50
Upper income limit for marriage allowance	28,900		28,000	
INCOME TAX RATES				
20%	0 - 34,500		0 - 33,500	
40%	34,500 - 150,000		33,500 - 150,000	
45%	Over 150,000		Over 150,000	

A 0% band applies for interest income only falling in the first £5,000 of taxable income. This is only available if your only source of taxable income is from savings income. A savings allowance means that the first £1,000 of interest on savings (£500 for higher rate taxpayers) will be tax free. A new property and trading allowance for each will apply from April 2017 meaning that no tax will be payable if income (before expenses) from these sources is below £1,000.

The zero rate dividend allowance of £5,000 remains for 2017-18 but will be reduced to £2,000 from 6 April 2018. Dividends over £2,000 will be taxed at the appropriate rates of 7.5%, 32.5% and 38.1%.

The personal allowance is reduced £1 for every £2 of income over £100,000 up to a maximum of the full personal allowance. No personal allowance will be given to those earning over £123,700. A spouse who earns less than the personal allowance (£11,850) can transfer up to £1,185 to their spouse tax free, providing the recipient is not a higher rate taxpayer. Claims only online, for the MA can be backdated for up to four years. The personal allowance will increase to £12,500 in 2020-2021 with the basic rate band eventually going up to £37,500 giving basic rate on income up to £50,000 (£46,350 for 2018-19).

SAVERS

The limit to investments in ISA's will remain at £20,000 any combination of 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. No tax is payable on any interest, dividends or capital gains in ISA investments.

Junior ISA allowance has increased to £4,260 p.a. The lifetime ISA allowance remains at £4,000 p.a. with the government putting in a 25% bonus at the end of every tax year. Contributions can be made from the age of 18 to 50. Help to buy ISA for first time home buyers, aged 18 to 40. Can start with a deposit of £1,200 then a max of £200 per month. The government add their 25% bonus (£3,000 max) and you need to have saved £12,000 taking 4.5 years, to achieve this. Need to be between 18 and 40. You can contribute to lifetime ISA and a buy to let ISA at the same time. The maximum property price you can buy is £250,000 outside London and £450,000 in London. Alternatively the lifetime ISA can be used for retirement but cannot be withdrawn until 60 years of age. A new NS&I 2.2% bond max £3,000 for 3 years will be available from April 2018.

NATIONAL LIVING WAGE

For 25 and over year old workers the new national living wage applies from April 2018 of £7.83 an hour (prev £7.50)

For 21 to 24 year old workers the rate is £7.38 an hour. (prev £7.05)

For 18 to 20 year old workers the rate is £5.90 an hour. (prev £5.60)

For 16 to 17 year old workers the rate is £4.20 an hour. (prev £4.05)

Apprentices are entitled to a wage of £3.70 an hour (prev £3.50)

SOCIAL SECURITY BENEFITS		2018-19	2017-18
		£ per week	£ per week
Pension	Single 3% increase (2.5%)	125.95	122.30
	Married	201.47	195.60
Jobseekers allowance	New single pension from 6 Apr 2016	164.37	159.35
	over 25's	73.10	73.10
Child benefit	first child	20.70	20.70
	subsequent	13.70	13.70
Incapacity benefit	Long-term	T.B.A.	106.40

NATIONAL INSURANCE

CLASS 1 2018-19

Employee - contracted in

Up to £162 p.w. (£8,424 pa)

Nil

Up to £162 p.w.

£162.01 to £892.00 p.w.

12%

Above £892 p.w. (£46,384 pa)

2%

Above £162 p.w.

13.8%

Employer - contracted in

Nil

For 2018-19, the monthly earnings before national insurance is due is estimated at £702 per month (£8,424 pa).

CLASS 2 Self employed— delayed abolition until Apr 2019

On earnings over £6,205 (£6,025)

2018-19
£ per week
2.95

2017-18
£ per week
2.85

CLASS 3 Voluntary - flat rate

14.65

14.25

CLASS 4 Self employed

9% of profits between £8,424 and £46,350
2% of profits above £46,350

STATUTORY SICK PAY (SSP)

Flat rate

2018-19
£ per week
T.B.A.

2017-18
£ per week
89.35

STATUTORY MATERNITY PAY (SMP)

First 6 weeks (% of average weekly earnings)

90%

90%

Remaining weeks - max 33

T.B.A.

140.98

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

STATUTORY PATERNITY PAY (SPP)

Two weeks (as 33 weeks SMP payments)

T.B.A.

140.98

STATUTORY REDUNDANCY PAY

The current statutory redundancy pay amount is the lower of either the actual weekly wage or £489 per week.

INHERITANCE TAX

The nil rate band for Inheritance tax remains at £325,000 with amounts over £325,000 being taxed at 40%. A main residence nil rate allowance was introduced in 2017/18 £100,000 in 2018/19 this was increased to £125,000 and only applies, this will be increased by £25,000 each year until it is £175,000 in 2020-21. This will bring the total nil rate band to £500,000 by 2020-21.

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.

CORPORATION TAX	2018-19 Profit	2018-19	2017-18 Profit	2017-18
	£000's		£000's	
Small profits' rate	0 - 300	19%	0 - 300	19%
Upper marginal rate	300-1,500	19%	300-1,500	19%
Standard rate	over 1,500	19%	over 1,500	19%

Corporation tax rates will reduce to 17% from 1 April 2020.

Indexation allowance for corporate capital gains will be frozen from 1 January 2018.

CAPITAL ALLOWANCES

The Annual Investment Allowance (AIA) remains at £200,000 giving 100% relief for the first £200,000 of expenditure on plant and machinery. Writing Down Allowances (WDA) will remain at 18%. 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 75g/km of CO2 emissions attract a 100% allowance.

VALUE ADDED TAX

	New	Previous
Annual net turnover (effective 1 April 2018) registration limit (<u>also Frozen for the next two years</u>)	£85,000	£85,000
Annual net turnover (effective 1 April 2017) deregistration limit	£83,000	£83,000
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%.

MAKING TAX DIGITAL (MTD)

HMRC have now pushed back the timings for the implementation of MTD (the online 'digital tax account'). Businesses that are VAT registered will have to comply with completing a more detailed (I would assume) electronic VAT records from April 2019. With the full-blown quarterly digital returns not being required to be filed with HMRC until the earliest of April 2020 (but this could be delayed again) for the self-employed, landlords and partnerships with turnover above the VAT threshold (currently £85,000). The time scales for companies have not changed, with the requirement of filing the full-blown returns starting in April 2020.

LANDLORD'S: MORTGAGE INTEREST AND RENT A ROOM

Mortgage interest relief on buy to let properties for residential properties will be restricted to basic rate tax. For 2018-19 50% allowable as higher rate relief with the balance allowable at basic rate - 20%. No wear and tear allowance for 2018-19 for fully furnished properties instead cost of replacement of furnishings allowable. Rent a room relief remains at £7,500.

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

	2018-19	2017-18
Personal annual exemption (trustees)	£11,700 (5,850)	£11,300 (5,650)

Basic rate tax payers pay Capital Gains tax at 10% and higher rate tax payers at 20%.

There is an 8% surcharge for residential property reverting to the basic rate and higher rate levels 18% and 28% respectively.

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. The relief also applies to shareholdings in

ENTERPRISE INVESTMENT SCHEME (EIS)

EIS allowed to invest up to £2 million in knowledge-intensive companies, with up to £600,000 tax relief.

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

Seed EIS has been made permanent allowing investors to commit up to £100,000 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%	Next £100,000	2%
	Next £675,000	5%	Anything over £250,000	5%
	Next £575,000	10%		
	Anything over £1.5m	12%		
Shares	Stamp duty will be abolished for first-time buyers purchasing properties valued at up to £300,000, or on the first £300,000 of a property priced up to £500,000. The extra £200,000 will be taxed at 2%. On a purchase price of £500,000 stamp duty will be £10,000 a saving of			
	0.5% (No duty on amounts <£1,000)			
	0.0% (On shares traded on growth markets such as AIM and ISDX)			

Buy to let or additional home purchases will still face a 3% increase to the above rates. A 15% stamp duty tax rate is applicable on residential properties worth over £500,000 that are purchased through companies.

EXCISE DUTY CHANGES

Alcohol and tobacco

Cigarettes (pack of 20)	35p increase
Beer (per pint)	no change
Wine (per 75cl bottle)	no change
Spirits (per bottle)	no change

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 (vehicles registered before 1 April 2017)

Vehicles registered before	Standard	Standard
(VED Band) - CO2 Change Band	Petrol & Diesel (£)	(VED Band) - CO2 Band Change Petrol & Diesel (£)
(A) - <100g (no change)	0	(G) - 151-165g +£5 195
(B) - 101-110g (no change)	20	(H) - 166-175g +£10 230
(C) - 111-120g (no change)	30	(I) - 176-185g +£10 250
(D) - 121-130g +£5	120	(J) - 186-200g +£10 290
(E) - 131-140g +£5	140	(K) - 201-225g +£10 315
(F) - 141-150g +£5	155	(L) - 226-255g +£20 540
		(M) - Over 255g +£20 555

Road Fund Licence (vehicles registered after 1 April 2017)

From 1 April 2017 a new banding system will come into effect for new vehicles. There will be a single standard rate of £140 except for cars with zero emission (£0) or cars worth over £40,000 which attract an additional supplement of £310 per year for the first 5 years.

PENSION SCHEME

Instead of buying an annuity there is an option for those with defined contribution pensions to drawdown from their funds, paying tax on this income their income rates of tax. The lifetime allowance for pension schemes has increased to £1.03 million.

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. The official HMRC interest rate on these loans from 6 April 2018 will be announced but previously it was 3%.

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 13% (below 50g/km) and 37% (over 180g/km) of the list price. There will be a supplementary charge for diesel cars of 3% upto a maximum of 37% (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 £3,350, (previously £3,230), from 6 April 2018. There will be an additional charge of £633 (previously £610) 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 £23,400, previously £22,600, from 6 April 2018. 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 13% and 37% of £22,600.

APPROVED MILEAGE RATES 2018-19

	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 Dec 2017	Deadline for submission of tax return for 2016-17 if you wish the tax to be collected in your tax code.
31 Jan 2018	Final deadline for electronic submission of 2016-17 tax return if self assessed. Final payment of tax due for 2016-17. First interim payment of tax due for 2017-18.
31 May 2018	Forms P60 to be given to employees by employers
6 July 2018	Forms P9D/P11D to be given to employees and to HM Revenue & Customs. Class 1A NIC payable by 19 July.
31 July 2018	Second interim payment of tax due for 2017-18
31 Oct 2018	Deadline for paper submission of 2017-18 tax return if self assessed
31 Dec 2018	Deadline for submission of tax return if you wish the tax to be collected in your tax code.
31 Jan 2019	Final deadline for electronic submission of 2017-18 tax return if self assessed. Final payment of tax due for 2017-18. First interim payment of tax due for 2018-19.