

Tax rates and allowances

Income Tax Allowances

	2018/19	2017/18
	£	£
Personal allowance	11,850	11,500
Income limit	100,000	100,000
Transferable marriage allowance¹	1,185	1,150
Married couple's allowance² (relief at 10%)		
Either partner born before 6.4.1935	8,695	8,445
Income limit	28,900	28,000
Minimum where income exceeds limit	3,360	3,260
Blind person's allowance	2,390	2,320
Dividend allowance	2,000	5,000
Personal savings allowance		
Basic rate taxpayers	1,000	1,000
Higher rate taxpayers	500	500

Income Tax Rates

Taxable Income £	Rate %	Dividend rate %
2018/19		
0 – 34,500	20	7.5
34,501 – 150,000	40	32.5
Over 150,000	45	38.1
2017/18		
0 – 33,500	20	7.5
33,501 – 150,000	40	32.5
Over 150,000	45	38.1

A 0% starting rate for savings income only applies to the extent that such income falls within the first £5,000 of taxable income. If taxable non-savings income exceeds the limit, the starting rate does not apply. A 0% rate applies to savings income falling within the personal savings allowance. Income taxable at the starting rate for savings does not fall within the personal savings allowance.

A 0% rate applies to dividend income within the dividend allowance.

The trust rate of income tax is 45%. The dividend trust rate is 38.1%

Scottish taxpayers. The Scottish government will publish proposed Scottish basic, higher and additional rates and rate bands for 2018/19 on 14 December 2017. The Scottish rates and bands apply only to non-savings, non-dividend income. For 2017/18, the Scottish rates and bands are the same as the UK rates and bands except that the basic rate limit is £31,500.

¹ Available for civil partners.

National Insurance Contributions

2018/19
Class 1 (Earnings related)

Employees

<i>Weekly earnings</i>	
First £162	Nil
£162.01 – £892	12%
Over £892	2%

Employers

<i>Weekly earnings</i>	
First £162	Nil
Over £162	13.8%

Employees' rates are reduced to 5.85% for married women with valid certificates of election but the 2% rate above £892 still applies. Rates are nil for employees over state pensionable age. Normal employers' contributions are still payable. Employers' rates for employees under 21 and apprentices under 25 are nil on earnings up to £892 per week.

Employment allowance

(per employer) – £3,000 a year.

Class 1A and Class 1B – 13.8%

Class 2 (Self-employed) – Flat rate £2.95 a week.

Small profits threshold £6,205 a year.

Class 3 (Voluntary contributions) – £14.65 a week.

Class 4 (Self-employed) – 9% of profits between £8,424 and £46,350 a year. 2% of profits above £46,350 a year.

Inheritance Tax

	2018/19	2017/18
Nil-rate band ¹	£325,000	£325,000
Residence nil-rate band ¹	£125,000	£100,000
Rate of tax on excess	40% ²	40% ²
Chargeable lifetime transfers	20%	20%

Annual gifts of up to £3,000 per donor are exempt.

¹ Unused nil rate band is transferable to spouse or civil partner.

² 36% where 10% or more of the net estate is left to charity.

Capital Gains Tax

Annual exempt amounts 2018/19	£
Individuals, disabled trusts, personal representatives for year of death and two years thereafter	11,700
Trusts generally	5,850

Rates 2018/19

<i>Individuals: Standard rate</i>	10%
Higher rate	20%
<i>Trustees and personal representatives</i>	20%
<i>Gains on residential property and carried interest</i>	18%/28%
<i>Gains to which entrepreneurs' relief applies¹</i>	10%

Corporation Tax

Financial Year to Rate	31/3/2019	31/3/2018
	19%	19%

Stamp Taxes

Shares and marketable securities	0.5% ²
Transfers of land and buildings³	

Residential (on band of consideration)^{4, 5, 6}

£0 – £125,000	0%
£125,001 – £250,000	2%
£250,001 – £925,000	5%
£925,001 – £1,500,000	10%
Over £1,500,000	12%

Non-residential (on band of consideration)

£0 – £150,000	0%
£150,001 – £250,000	2%
Over £250,000	5%

Leases (Rent – on band of net present value)³

Residential	Non-residential	
£0 – £125,000	£0 – £150,000	0%
	£150,001 – £5,000,000	1%
Over £125,000	Over £5,000,000	2%
N/A		

Premiums³

Duty on premiums is the same as for transfers of land.

¹ Subject to lifetime limit on gains of £10 million.

² Rounded up to the nearest multiple of 5p. Transactions of £1,000 or less exempt.

³ Transfers of land and leases in Scotland are chargeable to land and buildings transaction tax. Different rates of tax may apply. See www.revenue.scot

⁴ Where the consideration exceeds £500,000 and the purchase is by – or by a partnership including – a company or collective investment scheme enveloping the property, the rate is 15% of the total consideration.

⁵ Where the consideration is no more than £500,000 and the purchaser is a first-time buyer, the 0% band is increased to £300,000 (and the 5% rate applies to any consideration above £300,000).

⁶ Rates are increased by 3 percentage points for certain purchases, including purchases of additional residential properties by individuals. Transactions under £40,000 are excluded.

Car Benefit

CO ₂ emissions (2018/19) grams per km	% of list price	
	Petrol	Diesel
0-50	13	17
51-75	16	20
76-94	19	23
95-99	20	24
100-104	21	25
105-109	22	26
110-114	23	27
115-119	24	28
120-124	25	29
125-129	26	30
130-134	27	31
135-139	28	32
140-144	29	33
145-149	30	34
150-154	31	35
155-159	32	36
160-164	33	37
165-169	34	37
170-174	35	37
175-179	36	37
180 or more	37	37

The diesel rates do not apply to cars meeting the RDE2 standard.

Car Fuel Benefit

For 2018/19, car fuel benefit is calculated by applying the above car benefit percentage to a figure of £23,400.

Tax-Free Mileage Allowances

Employee's own vehicle

Motorcars and vans	2018/19
Up to 10,000 business miles	45p
Over 10,000 business miles	25p
Each passenger making same trip	5p
Motorcycles	24p
Cycles	20p

Advisory fuel rates for company car from 1 September 2017

Cylinder capacity	Petrol	Diesel	LPG
0-1,400 cc	11p	-	7p
0-1,600 cc	-	9p	-
1,401 cc - 2,000 cc	13p	-	8p
1,601 cc - 2,000 cc	-	11p	-
Over 2,000 cc	21p	12p	13p

Fixed Rate Deductions: Unincorporated Businesses

Vehicle expenditure	Amount per mile
Motorcars and goods vehicles	
Up to 10,000 business miles	45p
Over 10,000 business miles	25p
Motorcycles	24p

Business use of home	Amount per month
Hours worked per month	
25 or more	£10
51 or more	£18
101 or more	£26

Private use of business premises	Disallowable amount per month
Number of occupants	
1	£350
2	£500
3 or more	£650

Individual Savings Accounts

Limits	2018/19	2017/18
Annual limit	£20,000	£20,000
Junior ISA annual limit	£4,260	£4,128
Lifetime ISA annual limit	£4,000	£4,000
Help to Buy ISA monthly limit	£200	£200

Investment Reliefs

	Investment limit	Income tax relief rate
Enterprise investment scheme ¹	£1,000,000	30%
Venture capital trusts	£200,000	30%
Seed enterprise investment scheme	£100,000	50%
Social investment relief	£1,000,000	30%

Value Added Tax

Standard rate	20%
Reduced rate	5%

Registration threshold from 1 April 2018	£85,000 pa
Deregistration limit from 1 April 2018	£83,000 pa
Annual accounting scheme turnover limit	£1,350,000 pa
Cash accounting scheme turnover limit	£1,350,000 pa
Flat rate scheme turnover limit	£150,000 pa

¹Investment limit is £2,000,000 if any amount over £1,000,000 is invested in knowledge-intensive companies.

Capital Allowances

Dredging	Rate %
(straight-line basis)	
Writing-down allowance	4

Know-how	
(reducing balance basis)	
Writing-down allowance	25

Mineral extraction	
(reducing balance basis)	
Writing-down allowances	
General	25
Acquisition of mineral asset	10

Patent rights	
(reducing balance basis)	
Writing-down allowance	25

Plant and machinery	
(reducing balance basis)	
Annual investment allowance (max £200,000)	100

First-year allowances	
Energy-saving or environmentally beneficial assets	100
New cars with CO ₂ emissions 50 g/km or less	100
New gas refuelling stations	100
New zero-emission goods vehicles	100

New assets for use in designated areas of enterprise zones (companies only)	100
New electric charge-point equipment	100

Writing-down allowances	
General	18
Cars (other than low-emission cars)	8

Special rate expenditure (including integral features and thermal insulation)	8
Long-life assets	8

Research and development	
Allowance	100

Registered Pension Schemes

Individual contributions
Maximum tax-relievable contributions are the higher of:

- 100% of taxable UK earnings; or
- £3,600 (where the scheme applies tax relief at source).

2018/19	
Annual allowance	£40,000
Income limit	£150,000
Minimum where income exceeds limit	£10,000
Lifetime allowance	£1,030,000

2017/18	
Annual allowance	£40,000
Income limit	£150,000
Minimum where income exceeds limit	£10,000
Lifetime allowance	£1,000,000
Any unused annual allowance can be carried forward for up to three years.	

Tax Credits

Annual amounts 2018/19	£
Child tax credit	
Family element	545
Child element (for each child)	2,780
Disabled child element	3,275
Severely disabled child element	4,600

Working tax credit	
Basic element	1,960
Lone parent and couple element	2,010
30-hour element	810
Disability element	3,090
Severe disability element	1,330
Childcare element (up to 70% of costs)	Weekly
maximum eligible cost (1 child)	175
maximum eligible cost (2 or more)	300

Income thresholds	
Income threshold eligible for child tax credit only	6,420
Withdrawal rate	41%
Income rise disregard	2,500
Income fall disregard	2,500