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Tax facts

Tax rates and allowances
2016/2017

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Income tax

Rates	2016/17	2015/16
Starting rate of 0% on savings income up to*	£5,000	£5,000
Savings allowance at 0% tax: Basic rate taxpayers	£1,000	n/a
Higher rate taxpayers	£500	n/a
Additional rate taxpayers	£0	n/a
Basic rate 20% on income up to [†]	£32,000	£31,785
Maximum tax at basic rate	£6,400	£6,357
Higher rate 40% on income up to £150,000 from [†]	£32,001	£31,786
Tax on first £150,000	£53,600	£53,643
Additional rate of 45% on income over [†]	£150,000	£150,000
Dividend tax credit	n/a	10%
Dividend allowance at 0% tax – all individuals	£5,000	n/a
Tax rate on dividends based on	Dividend	Dividend & tax credits
	Basic rate taxpayers	7.5%
	Higher rate taxpayers	32.5%
	Additional rate taxpayers	38.1%
Trusts: Standard rate band generally	£1,000	£1,000
Rate applicable to trusts: Dividends	38.1%	37.5%
Other income	45%	45%

*Not available if taxable non-savings income exceeds the starting rate band.

[†]For Scottish taxpayers, 10% of the rate is payable to The Scottish Government.

Child benefit charge

1% of benefit for each £100 of income between £50,000 and £60,000.

Main personal allowances and reliefs	2016/17	2015/16
Personal (basic)	£11,000	£10,600
Personal reduced by £1 for every £2 of net income over	£100,000	£100,000
Married couples/civil partners' transferable tax allowance	£1,100	£1,060
Personal (age) if born before 6 April 1938*	n/a	£10,660
Married couples/civil partners' allowance at 10%* (if at least one was born pre 6 April 1935) – maximum	£8,355	£8,355
– minimum	£3,220	£3,220
Blind person's allowance	£2,290	£2,290
Rent-a-room tax-free income	£7,500	£4,250

*Reduced by £1 for every £2 of income over £27,700 (personal (age) subject to £10,600 minimum in 2015/16).

Non-domicile remittance basis charge after UK residence in at least:

7 of the last 9 tax years	£30,000	£30,000
12 of the last 14 tax years	£60,000	£60,000
17 of the last 20 tax years	£90,000	£90,000

Registered pensions

	2016/17	2015/16
Lifetime allowance	£1,000,000	£1,250,000
Annual allowance	£40,000*	£80,000 [†]
Annual allowance charge on excess	20%–45%	20%–45%
Max. pension commencement lump sum	25% of pension benefit value	
Lifetime allowance charge if excess drawn as cash 55% / income 25%		

*Reduced for those with income over £110,000 or have taken flexible drawdown.

[†]Annual allowance is available up to £80,000, depending on specific circumstances.

National insurance contributions

Class 1	Employee	Employer
NICs rate	12%	13.8%
No NICs on the first	£155 pw	£827 pw
– Age under 21/25 for apprentices	£155 pw	£156 pw
– Age 21/25 & over	£827 pw	No limit
NICs charged up to	£827 pw	N/A
2% NICs on earnings over	£827 pw	13.8%
Certain married women	5.85%	
Employment allowance		£3,000
Payable per business – not available if a director is the sole employee.		
Limits and thresholds	Weekly	Monthly
Lower earnings limit	£112	£486
Primary earnings threshold	£155	£672
Secondary earnings threshold	£156	£676
Upper earnings limit and upper secondary earnings threshold (under 21 or apprentice under 25)	£827	£3,583
Class 1A Employer On car & fuel benefits and most other taxable benefits provided to employees and directors		£43,000
Class 2 (self-employed) Flat rate		13.8%
Self-employed Small profits threshold	£2.80 pw	£145.60 pa
Class 4 (self-employed) On profits	£8,060–£43,000 pa	£5,965 pa
	Over £43,000 pa	9%
Class 3 (voluntary) flat rate	£14.10 pw	29%
Class 3A (voluntary)		£733.20 pa
If reached state pension age pre 6 April 2016		Amount depending on age

State pension

2016/17	Weekly	Annual
Single person*	£119.30	£6,203.60
Spouse/civil partner*	£71.50	£3,718.00
Single tier [†]	£155.65	£8,093.80

*State pension age before 6 April 2016 [†]State pension age after 5 April 2016

Pension credit – standard minimum guarantee	Weekly	Annual
Single	£155.60	£8,091.20
Couple	£237.55	£12,352.60

Property transaction taxes

Residential property value (on slices of value)	% Rate	Scotland: Land and Buildings Transaction Tax (LBTT)	% Rate
UK (excl. Scotland): Stamp Duty Land Tax (SDLT)			
Up to £125,000	0	Up to £145,000	0
£125,001–£250,000	2	£145,001–£250,000	2
£250,001–£925,000	5	£250,001–£325,000	5
£925,001–£1,500,000	10	£325,001–£750,000	10
Over £1,500,000	12	Over £750,000	12

Second UK properties costing over £40,000 – add 3% to SDLT/LBTT

from 1 April 2016

UK properties bought by companies etc over £500,000 – 15% on total value

Commercial property value (on slices of value)	% Rate	Scotland: LBTT	% Rate
UK (excl. Scotland): SDLT			
Up to £150,000	0	Up to £150,000	0
£150,001–£250,000	2	£150,001–£350,000	3
Over £250,000	5	Over £350,000	4.5

Stamp Duty/Stamp duty reserve tax: Stocks and marketable securities 0.5%
No charge to stamp duty unless amount due exceeds £5.

Tax incentivised investment

	2016/17	2015/16
Individual Savings Account (ISA)	£15,240	£15,240
Junior ISA and Child Trust Fund	£4,080	£4,080
Help to Buy ISA (from 1 December 2015)	£1,000 initial and £200 per month	
Venture Capital Trusts (VCT) at 30%	£200,000	£200,000
Enterprise Investment Scheme (EIS) at 30%	£1,000,000	£1,000,000
EIS eligible for CGT reinvestment deferral relief	No limit	No limit
Seed EIS (SEIS) at 50%	£100,000	£100,000
SEIS CGT reinvestment relief	50%	50%

Capital gains tax

Rates	2016/17	2015/16
Up to basic rate limit	10%	18%
Above basic rate limit/trusts and estates	20%	28%
Residential property and carried interest	28%*	n/a

* 18% up to basic rate limit for individuals.

Exemptions		
Individuals, estates, etc	£11,100	£11,100
Trusts generally	£5,550	£5,550
Chattels (gains restricted to 1/3rds of excess proceeds exceeding limit)	£6,000	£6,000

Entrepreneurs' relief 10% on lifetime limit of	£10,000,000	£10,000,000
For trading businesses and companies (minimum 5% employees/officers shareholding) held for at least one year.		

Investors' relief 10% on lifetime limit of	£10,000,000	n/a
Shares issued after 16 March 2016 in unlisted trading companies held for at least three years (not by employees/officers of the company).		

Inheritance tax

	2016/17	2015/16
Nil-rate band*	£325,000	£325,000
Rate of tax on excess	40%	40%
Rate if at least 10% of net estate left to charity	36%	36%
Lifetime transfers to and from certain trusts	20%	20%
Overseas domiciled spouse/civil partner exemption	£325,000	£325,000
100% relief: businesses, unlisted and AIM companies, certain farmland/buildings		
50% relief: certain other business assets e.g. farmland let before 1 September 1995		
Annual exempt gifts of: £3,000 per donor £250 per donee		

*Up to 100% of the unused proportion of a deceased spouse's/civil partner's nil-rate band can be claimed on the survivor's death.

Tax charge on gifts within seven years of death					
Years before death	0-3	3-4	4-5	5-6	6-7
% of death tax charge	100	80	60	40	20

Corporation tax

All profits	Rate to 31 March 2017	20%	Rate to 31 March 2016	20%
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Value added tax

Standard rate	20%	Reduced rate e.g. on domestic fuel	5%
Registration level from 1 April 2016			£83,000
Deregistration level from 1 April 2016			£81,000
Flat rate scheme turnover limit			£150,000
Cash and annual accounting schemes turnover limit			£1,350,000

Car and fuel scale benefits

Taxable amount based on car's list price when new.
Charge varies according to CO₂ emissions in grams per kilometre.

CO ₂ emissions g/km	Petrol %	Diesel %	CO ₂ emissions g/km	Petrol %	Diesel %
0-50	7	10	145-149	26	29
51-75	11	14	150-154	27	30
76-94	15	18	155-159	28	31
95-99	16	19	160-164	29	32
100-104	17	20	165-169	30	33
105-109	18	21	170-174	31	34
110-114	19	22	175-179	32	35
115-119	20	23	180-184	33	36
120-124	21	24	185-189	34	37
125-129	22	25	190-194	35	37
130-134	23	26	195-199	36	37
135-139	24	27	200 & over	37	37
140-144	25	28			

Fuel benefit (taxable amount for private use)	
Multiply the CO ₂ percentage charge used for car benefit by	£22,200

Vans (for private use)

	2016/17	2015/16
Zero emission: chargeable amount	£634	£630
Other vans: chargeable amount	£3,170	£3,150
Fuel: flat charge	£598	£594

Tax-free business mileage allowance – own vehicle

Cars first 10,000 miles:	45p per mile;	thereafter 25p per mile
Qualifying passenger	5p per mile	
Motorcycles	24p per mile	Bicycles 20p per mile

Main capital and other allowances

Plant and machinery 100% annual investment allowance (first year):			
To 31 December 2015	£500,000	From 1 January 2016	£200,000
Enterprise zone plant and machinery (Max €125m per investment project)			100%
Plant and machinery (annual reducing balance)			18%
Patent rights and know-how (annual reducing balance)			25%
Certain long-life assets, integral features of buildings (annual reducing balance)			8%
Energy and water-efficient equipment			100%
Electric vans			100%
Business premises renovations			100%

Motor cars			
CO ₂ emissions of g/km:	75 or less*	76-130	131 or more
Capital allowance:	100% first year	18%†	8%†

*New cars only. †Reducing balance.

Research and development	
Capital expenditure	100%
Revenue expenditure	— Small-/Medium sized companies 230%
	— Large companies 130%*

*Available until 31 March 2016. From 1 April 2016 the 'Above the Line' tax credit will become mandatory, replacing the 130% enhanced-deduction scheme.

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