

## Capital Gains Tax (CGT)

The annual CGT exemption for 2018–19 is £11,700

- For individuals the flat rate of CGT that applies to gains in excess of the annual exemption is 10% up to the higher rate tax threshold
- Chargeable gains in excess of the higher rate threshold: 20%
- £5,850 CGT exemption for Trusts, 20% rate applies thereafter
- Additional 8% for residential property (where applicable)

## Tax-free savings for individuals

- Overall ISA limit £20,000
- Junior ISA allowance £4,260
- Lifetime ISA £4,000
- Help to Buy ISA £2,400 (£3,400 in year 1)

## Some tax relief options for individuals

### Venture Capital Trusts (VCTs)

- Relief on investments in certain quoted companies up to £200,000 per annum
- Income tax relief at 30%, provided shares held at least five years
- Capital gains tax exemption on disposal (only if income tax relief received)
- Dividends received from VCTs may be exempt from income tax

### Enterprise Investment Schemes (EIS)

- Relief on investments in certain unquoted trading companies up to £2m per annum (any excess over £1m must be in knowledge intensive companies)
- Income tax relief at 30%
- Capital gains tax exemption on disposal
- Unlimited amounts of capital gains from the disposal of other assets may be able to be deferred by making an EIS investment

## Corporation Tax

- The Corporation Tax for company profits is currently 19%, to be reduced to 17% by April 2020

## Inheritance Tax (IHT)

- The nil rate IHT band is £325,000, with 40% IHT normally payable above this threshold
- A lower rate of IHT (36%) applies if you leave 10% of your net assets to charity
- Residence nil rate band of £125,000 where a residence is passed on death to a direct descendant (increases to £150,000 in 2019–20 and £175,000 in 2020–21)







The proportion of the threshold 'unused' on the first death of husband or wife (or civil partners) is effectively transferable to the surviving partner and serves to increase his or her threshold by a corresponding percentage.

Chargeable lifetime transfers and potentially exempt transfers attract taper relief, if made up to seven years before death on the amount of gift over the nil rated band.

Certain gifts are IHT-free however soon death occurs, including:

- Gifts between UK domiciled husband and wife or between civil partners
- Total gifts up to £3,000 in a year (can be carried forward one year)
- Small gifts to other recipients (up to £250 per recipient in year)
- Gifts in consideration of marriage or civil partnership ranging from £5,000 from each parent of the couple, to £1,000 from anyone else

## Self Assessment dates

	<b>31 Jan 2018</b>	Deadline for filing 2016–17 returns, balancing payment due for 2016–17, first payment due for 2017–18
	<b>31 Jul 2018</b>	Second payment on account for 2017–18 due to HMRC
	<b>05 Oct 2018</b>	Deadline to notify chargeability and advise HMRC of need to register for Self Assessment
	<b>31 Oct 2018</b>	Deadline for submitting paper Self Assessment returns to HMRC
	<b>30 Dec 2018</b>	Deadline for filing online return with HMRC if tax is to be collected through PAYE
	<b>31 Jan 2019</b>	Deadline for filing 2017–18 returns, balancing payment due for 2017–18, first payment due for 2018–19

**NOTE: Online tax accounts will replace most tax returns by 2020**

The information contained in this leaflet is based on our understanding of the Budget proposals, which are subject to change. No action should be taken without further advice being sought. We can accept no responsibility for any errors or omissions.

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## Taxation changes to note

- Stamp Duty abolished from 22/11/17 for first-time buyers purchasing properties worth up to £300,000. To help those in expensive areas, the first £300,000 of the cost of a maximum £500,000 purchase will be exempt from Stamp Duty, with the excess of up to £200,000 incurring 5% duty (not applicable in Scotland)
- Pension lifetime allowance to increase in April 2018 to £1,030,000
- Higher rate tax threshold to increase to £46,350 from April 2018
- JISA and CTF allowance will be uprated in line with CPI to £4,260 in 2018/19
- The tax-free Personal Allowance will rise with inflation to £11,850 from April 2018
- Capital Gains Tax relief for overseas buyers of UK commercial property to be phased out

## Tax on residential property purchase

- First time homebuyers (excl. Scotland) from 22 November 2017: 0% on first £300,000 for properties up to £500,000. A rate of 5% applies between £300,000 and £500,000
- Stamp Duty Land Tax (SDLT) in England and Northern Ireland, Land and Buildings Transaction Tax (LBTT) in Scotland. Land Transaction Tax (LTT) in Wales (proposed from 1/4/18)
- SDLT is payable on portions of the property price within each tax band above £125,000; LBTT similarly above £175,000 (announced in Scottish Draft Budget)

Property value (£) for SDLT	Tax rate	Property value (£) for LBTT*
0-125,000	0%	0-175,000
125,001-250,000	2%	175,001-250,000
250,001-925,000	5%	250,001-325,000
925,001-1,500,000	10%	325,001-750,000
1,500,000+	12%	750,000+

Second or further residential properties over £40,000 – a supplement of 3% applicable on the whole purchase price.

\*Scottish Draft Budget published 14/12/17

## Personal Allowances

Rate of tax	2018-19
Personal Allowance	£11,850
Personal Savings Allowance (basic rate taxpayer)	£1,000
Personal Savings Allowance (higher rate taxpayer)	£500
Rent-a-room tax-free income	£7,500
Dividend allowance	£2,000

- The Personal Allowance for those with adjusted net income over £100,000 reduces by £1 for every £2 of income
- Interest on savings is tax-free to a threshold of £1,000 for basic rate taxpayers and £500 for those who pay higher rate tax
- Married couple's allowance is given at 10%, claimants must be born before 6 April 1935; tax relief applies to the first £8,695
- Spouses or civil partners are able to transfer £1,185 of their unused Personal Allowance to their partner; this is available provided neither partner pays tax at the higher rate and is not available if the couple are in receipt of married couple's allowance

## Income Tax rates

The following allowances and rates will apply in 2018-19 for the UK (excluding Scotland\*)

Rate of tax		2018-19
Starting rate (savings income only)	0%	£0-£5,000
Basic rate	20%	£0-34,500
Higher rate	40%	£34,500-£150,000
Additional rate	45%	£150,000+
Basic rate on dividends	7.5%	Over the £2,000 dividend allowance
Higher rate on dividends	32.5%	
Additional rate on dividends	38.1%	

- Income tax is paid on the amount of taxable income remaining after allowances have been deducted
  - The £5,000 tax-free dividend allowance is being reduced to £2,000 from April 2018
  - Dividends received by pensions and ISAs tax-free
- \*Scottish Draft Budget published 14/12/17

## National Insurance rates

The following Class 1 rates will apply for employees (weekly figures):

2018-19 rates	Limit	Employee	Employer
Primary threshold	£162	12%	13.8%
Upper earnings limit	£892	2%	(above £162 pw)

Annual 'employment allowance' reduces Class 1 NIC liability by £3,000. No employer's contribution payable for under-21s up to Upper Secondary Threshold (£892).

Class 4 contributions for the self-employed (annual figures):

2018-19 rates	Limit	Rate payable to limit
Lower profits limit	£8,424	Nil
Upper profits limit	£46,350	9%
Rate above upper limit 2%		

## Pension Allowances

- The annual allowance for 2018-19 is £40,000, pension funding exceeding the allowance in a tax year can offset against any unused annual allowance from the previous 3 tax years
- Individuals with threshold income in excess of £110,000 and adjusted income of more than £150,000 in a tax year will be subject to a tapered annual allowance in that tax year. £1 of annual allowance is lost for every £2 of adjusted income over £150,000. Individuals with adjusted income of £210,000 or more will be subject to an annual allowance of £10,000 in the tax year
- The standard lifetime allowance increases in April 2018 to £1,030,000

## State Pension entitlement

- A flat rate, single tier state pension of £164.35 per week is payable from 6 April 2018 (35 qualifying years of National Insurance contributions needed for full rate), available to those reaching state pension age (SPA) on or after 6 April 2016
- For those who reached SPA before 6 April 2016, the basic state pension of £125.95 applies (30 qualifying years needed for full rate), plus any additional state pension

## Principal state benefits

Weekly benefits	2018-19
Statutory Sick Pay	£92.05
Statutory Maternity Pay - first 6 weeks	90% of weekly earning
- next 33 weeks	£145.18*
Ordinary Statutory Paternity Pay - 2 weeks	£145.18*
Additional Statutory Paternity Pay - variable period	£145.18*

\* or 90% of earnings, if lower