

Proposed tax rates and allowances for 2018/19

The following tables contain the proposed tax rates and allowances for 2018/19. Please be aware that these rates are not yet final.

For those of you planning ahead for 2018/19 the proposed rates are a useful point of reference. Maybe you are considering remuneration planning options or perhaps looking to purchase a new car? If so then the information on the income tax and NIC bands, reduced dividend allowance, increased car benefits rates and revised limits on car CO₂ emissions for capital allowances will be particularly useful.

Why are the rates and allowances only proposals?

The Spring Statement will take place on Tuesday 13 March 2018 at which time the government will respond to the updated OBR forecast for the economy and the public finances. The Chancellor has said that the government will consider longer-term fiscal challenges and start consultations on how these can be addressed. Importantly, the government has stated that it will retain the option to make changes to fiscal policy at the Spring Statement if the economic circumstances require it. All of this means that whilst the majority of the figures and bands for the tax system are now available and as detailed, the Spring Statement could change these.

We will be providing you with the finalised 2018/19 rates and allowances following the Spring Statement. Please contact us if you require advice in the meantime.

Proposed Rates and Allowances 2018/19

These rates are mainly derived from the Westminster Autumn Budget, the Scottish Draft Budget and announcements made by the Welsh Assembly. These may be subject to change before the start of the new tax year.

INCOME TAX RATES

Income tax rates (other than dividend income)

| 2018/19 | | 2017/18 | |
|------------------|--------|------------------|--------|
| Band £ | Rate % | Band £ | Rate % |
| 0 - 34,500 | 20 | 0 - 33,500 | 20 |
| 34,501 - 150,000 | 40 | 33,501 - 150,000 | 40 |
| Over 150,000 | 45 | Over 150,000 | 45 |

Scotland income tax rates

| 2018/19 | | 2017/18 | |
|------------------|--------|-------------------|--------|
| Band £ | Rate % | Band £ | Rate % |
| 0 - 2,000 | 19 | 0 - 31,500* | 20 |
| 2,001 - 12,150 | 20 | 31,501* - 150,000 | 40 |
| 12,151 - 32,423 | 21 | Over 150,000 | 45 |
| 32,424 - 150,000 | 41 | | |
| Over 150,000 | 46 | | |

* Savings and dividend income are taxed using UK rates.

STARTING RATES FOR SAVINGS INCOME

| | 2018/19 | 2017/18 |
|---------------------------------|---------|---------|
| Starting rate for savings | 0% | 0% |
| Starting rate limit for savings | £5,000 | £5,000 |

DIVIDEND RATES

2018/19 and 2017/18

| | |
|--------------------------|-------|
| Dividend ordinary rate | 7.5% |
| Dividend upper rate | 32.5% |
| Dividend additional rate | 38.1% |

PENSIONS TAX RELIEF

| | 2018/19 | 2017/18 |
|---|------------|------------|
| Lifetime Allowance limit | £1,030,000 | £1 million |
| Annual Allowance limit | £40,000 | £40,000 |
| Tapered Annual Allowance (applies to income over this amount) | £150,000 | £150,000 |
| Money Purchase Annual Allowance | £4,000 | £4,000 |

INDIVIDUAL SAVINGS ACCOUNT (ISA)

| | 2018/19 | 2017/18 |
|---|---------|---------|
| The ISA limit | £20,000 | £20,000 |
| Lifetime ISA | £4,000 | £4,000 |
| Help to Buy ISA monthly subscription limit (initial deposit limit £1,000) | £200 | £200 |
| Junior ISA | £4,260 | £4,128 |

INCOME TAX ALLOWANCES

| | 2018/19 | 2017/18 |
|--|---------|---------|
| Personal allowance | £ | £ |
| Personal allowance | 11,850 | 11,500 |
| Income limit for personal allowance | 100,000 | 100,000 |
| Income limit for married couple's allowance | 28,900 | 28,000 |
| Marriage allowance | 1,185 | 1,150 |
| Married couple's allowance for those born before 6 April 1935 | | |
| Maximum amount of married couple's allowance | 8,695 | 8,445 |
| Minimum amount of married couple's allowance | 3,360 | 3,260 |
| Blind person's allowance | 2,390 | 2,320 |
| Dividend allowance | 2,000 | 5,000 |
| Personal savings allowance | | |
| Personal savings allowance for basic rate taxpayers | 1,000 | 1,000 |
| Personal savings allowance for higher rate taxpayers | 500 | 500 |

VAT

| | 2018/19 |
|--|---------|
| Standard rate | 20% |
| Reduced rate | 5% |
| Annual Registration Limit - from 1.4.18 (1.4.17 £85,000) | £85,000 |
| Annual Deregistration Limit - from 1.4.18 (1.4.17 £83,000) | £83,000 |

CAPITAL ALLOWANCES

| Annual Investment Allowance | £200,000 | |
|--|---|-----|
| | % | |
| Main Rate Pool Writing Down Allowance | 18 | |
| Special Rate Pool Writing Down Allowance | 8 | |
| Enhanced Capital Allowances | 100 | |
| Cars purchased on or after 1 April 2018 | Cars purchased before 1 April 2018 | |
| Exceeds 110gm/km | Exceeds 130gm/km | 8 |
| Does not exceed 110gm/km | Does not exceed 130gm/km | 18 |
| Does not exceed 50gm/km | Does not exceed 75gm/km | 100 |

NATIONAL INSURANCE

2018/19 Class 1 (employed) rates

| Employee | | Employer** | |
|-------------------|------|---------------------|--------|
| Earnings per week | % | Earnings per week** | % |
| Up to £162 | Nil* | Up to £162 | Nil |
| £162.01 - £892 | 12 | Over £162 | 13.8** |
| Over £892 | 2 | | |

*Entitlement to contribution-based benefits retained for earnings between £116 and £162 per week.
**The rate is 0% for employees under 21 and apprentices under 25 on earnings up to £892 per week.

| | |
|--------------------------------|--|
| Class 1A (employers) | 13.8% on employee taxable benefits |
| Class 1B (employers) | 13.8% on PAYE Settlement Agreements |
| Class 2 (self-employed) | flat rate per week £2.95 small profits threshold £6,205 p.a. |
| Class 3 (voluntary) | flat rate per week £14.65 |
| Class 4 (self-employed) | 9% on profits between £8,424 and £46,350 plus 2% on profits over £46,350 |

CAR BENEFIT

| Company cars 2018/19 | | Notes |
|--------------------------------------|---------------------------------|---|
| Percentage of car's list price taxed | CO ₂ emissions gm/km | For diesel cars add a 4% supplement but maximum still 37%. For cars registered before 1 January 1998 the charge is based on engine size. The list price includes accessories and is not subject to an upper limit. The list price is reduced for capital contributions made by the employee up to £5,000. Special rules may apply to cars provided for disabled employees. *If the CO ₂ figure does not end in a 5 or 0 round down to the nearest 5 or 0. |
| 13 | 0-50 | |
| 16 | 51-75 | |
| 19 | 76-94 | |
| additional 1% | for every additional 5* | |
| up to 37% (max.) | 180 and above* | |

CAR FUEL BENEFITS

| | 2018/19 | 2017/18 |
|------------------------|---------|---------|
| Fuel charge multiplier | £23,400 | £22,600 |

VAN BENEFITS

| | 2018/19 | 2017/18 |
|--------------|---------|---------|
| Van benefit | £3,350 | £3,230 |
| Fuel benefit | £633 | £610 |

INHERITANCE TAX

| Death rate | Lifetime rate | Chargeable transfers 2018/19 and 2017/18 |
|-------------------------------|---------------|--|
| Nil | Nil | 0 - £325,000 |
| 40% | 20% | Over £325,000 |
| | | 2018/19 2017/18 |
| Residence nil rate band limit | | £125,000 £100,000 |
| Reliefs | | |
| Annual exemption | £3,000 | Marriage - parent £5,000 |
| Small gifts | £250 | - grandparent £2,500 |
| | | - bride/groom £2,500 |
| | | - other £1,000 |

CORPORATION TAX RATES

| | Year to 31.3.19 | Year to 31.3.18 |
|-------------|-----------------|-----------------|
| All profits | 19% | 19% |

CGT RATES AND ANNUAL EXEMPTION

| Individuals | 2018/19 | 2017/18 |
|---------------|---------|---------|
| Exemption | £11,700 | £11,300 |
| Standard rate | 10% | 10% |
| Higher rate | 20% | 20% |
| Trusts | 2018/19 | 2017/18 |
| Exemption | £5,850 | £5,650 |
| Rate | 20% | 20% |

Higher rates (18/28%) may apply to the disposal of certain residential property and carried interest.

Gains which qualify for Entrepreneurs' Relief or Investors' Relief are charged at 10% for the first £10m of qualifying gains.

STAMP DUTY LAND TAX

Land and buildings in England, Wales* and N. Ireland

| Rate | Residential | Non-residential | Rate |
|------|---------------------|-------------------|------|
| % | £ | £ | % |
| 0 | 0 - 125,000 | 0 - 150,000 | 0 |
| 2 | 125,001 - 250,000 | 150,001 - 250,000 | 2 |
| 5 | 250,001 - 925,000 | Over 250,000 | 5 |
| 10 | 925,001 - 1,500,000 | | |
| 12 | Over 1,500,000 | | |

* Up to 31 March 2018

LAND AND BUILDINGS TRANSACTION TAX

Land and buildings in Scotland

| Rate | Residential | Non-residential | Rate |
|------|-------------------|-------------------|------|
| % | £ | £ | % |
| 0 | 0 - 145,000 | 0 - 150,000 | 0 |
| 2 | 145,001 - 250,000 | 150,001 - 350,000 | 3 |
| 5 | 250,001 - 325,000 | Over 350,000 | 4.5 |
| 10 | 325,001 - 750,000 | | |
| 12 | Over 750,000 | | |

LAND TRANSACTION TAX

Land and buildings in Wales from 1 April 2018

| Rate | Residential | Non-residential | Rate |
|------|---------------------|---------------------|------|
| % | £ | £ | % |
| 0 | 0 - 180,000 | 0 - 150,000 | 0 |
| 3.5 | 180,001 - 250,000 | 150,001 - 250,000 | 1 |
| 5 | 250,001 - 400,000 | 250,001 - 1,000,000 | 5 |
| 7.5 | 400,001 - 750,000 | Over 1,000,000 | 6 |
| 10 | 750,001 - 1,500,000 | | |
| 12 | Over 1,500,000 | | |