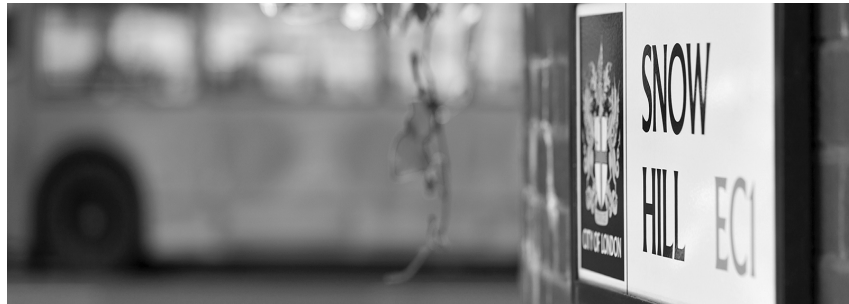


TRAVERS SMITH



Tax Facts

2014/15

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April 2014

Income Tax

Income Tax Rates

	Bands	Rate	Tax on Band
Basic Rate	Up to £31,865	20%	£6,373
Higher Rate	£31,866– £150,000	40%	£47,254
Additional Rate	Over £150,000	45%	-

Personal Allowance *

2014/2015	£10,000**
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* The personal allowance decreases for those with an income over £100,000 (£1 less for every £2 over £100,000), irrespective of age.

** The personal allowance is higher for those born before 6 April 1948.

Income Tax Reliefs and Incentives

Enterprise Investment Scheme (EIS)	<ul style="list-style-type: none">- £1,000,000 maximum investment p.a. (£5,000,000 limit for 'qualifying companies')- 30% income tax relief on qualifying share subscriptions
Seed EIS (SEIS)	<ul style="list-style-type: none">- £100,000 maximum investment p.a. per individual- £150,000 cap on investment per company- 50% income tax relief on qualifying investments (subject to £100,000 cap)- CGT relief on 50% of qualifying gains accruing to individuals in tax year 2014/15 and subsequent years where such gains are reinvested in SEIS shares (subject to £100,000 cap)- Applies to shares issued on or after 6 April 2012
Venture Capital Trust (VCT)	<ul style="list-style-type: none">- £200,000 maximum investment p.a. (relief restricted to 30%): shares must be held for at least five years
Individual Savings Account (ISA)*	<ul style="list-style-type: none">- Maximum total investment: £11,880- Maximum stocks and shares component: £11,880- Maximum cash component: £5,940

* From 1 July 2014 the ISA is to be reformed into a single product (the New ISA or "NISA") with an overall annual investment limit for cash, stocks and shares of £15,000 per individual.

Dividend income is charged at 10% for Basic Rate taxpayers, 32.5% for Higher Rate taxpayers and 37.5% for Additional Rate taxpayers and trusts. Dividend income carries a non-refundable tax credit which satisfies in full the liability of a Basic Rate taxpayer in respect of the dividend and reduces the effective rate of taxation on the cash amount received to 25% for a Higher Rate taxpayer and 30.6% for an Additional Rate taxpayer.

Loans to employees

An income tax charge arises on the difference between the actual interest paid, if any, and the interest which would have been charged had the loan been made at the official Treasury interest rate (currently 3.25%). The charge does not apply to loans totalling less than £10,000.

Pensions

Employee contributions (with income tax relief)	Up to amount of taxable earnings
Annual allowance (employee and employer pension input)	£40,000 – tax charge on excess
Standard lifetime allowance	£1,250,000 – tax charge on excess
Earnings cap (if applied by scheme rules in accordance with historic HMRC formula)	£145,800 or £146,400 – depending on how calculation formula is expressed

Note that the annual allowance applies by reference to "pension input periods" that end in any given tax year, which may not be the same as the tax year itself, and that there is a three year "carry forward" facility for unused annual allowances up to £50,000 for years to 5 April 2014 or up to £40,000 for years from 6 April 2014 onwards.

Capital Gains Tax

Annual Exemption

Individuals:	£11,000	Most trustees:	£5,500
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CGT Rates and Entrepreneurs' Relief

Basic Rate taxpayers	18% where total taxable income and gains fall within the Basic Rate upper limit
Higher and Additional Rate taxpayers	28% to the extent that taxable income and gains fall above the Basic Rate upper limit (£31,865)
All taxpayers - Entrepreneurs' Relief*	10% on first £10,000,000 of lifetime gains

* Applies to lifetime gains made by an individual/trustee on the disposal of certain qualifying assets (including shares in a trading company in which the individual held at least a 5% qualifying interest and is an officer/employee).

Corporation Tax

Financial year 2014	Profit Band (£)	Rate (%)
Small Companies' Rate	Up to 300,000	20
Marginal Rate	300,001 - 1,500,000	21.25
Main Rate	Over 1,500,000	21*

* This is to be reduced to 20% for FY 2015 (so that from 1 April 2015, there will be a unified corporation tax rate of 20%).

National Insurance Contributions

Class 1

Total Weekly Earnings	Contracted In	Contracted Out
Employee		
£153 or less	NIL	Rebate of 1.4% (on weekly earnings between £111 and £770)
£153.01 - £805	12%	
Over £805	2%	
Employer*		
£153 or less	NIL	3.4% rebate (on weekly earnings between £111 and £770)
Over £153	13.8%	

* From 6 April 2014, certain employers can reduce their Class 1 NICs by up to £2,000 per annum.

Class 1A (Benefits in kind)

Employers are liable to pay Class 1A NIC at 13.8% on most benefits in kind that are subject to income tax

Class 1B (PAYE Settlement Agreements)

Where employers settle tax liabilities under a PAYE settlement agreement, they are also liable to pay Class 1B NIC at 13.8%

Class 2 (Self-Employed)

Weekly rate of £2.75
Small earnings annual exemption of £5,885

Class 3 (Voluntary)

Weekly rate of £13.90

Class 4 (Self-Employed)

9% annual profits between £7,956 and £41,865
2% annual profits above £41,865

Employee Share Plans

Plan	Maximum Participation	Tax Treatment	Reporting Obligations
CSOP	£30,000	Capital Gains Tax (CGT) if qualifying exercise	From 6 April 2014 an online registration and reporting requirement applies. All share scheme returns for 2014-15 onwards must be filed electronically by 6 July after the tax year end. EMI grant notifications must be made online from 6 April 2014.
SAYE	£500 per month	CGT if qualifying exercise	
SIP	Free shares: £3,600 per tax year Partnership shares: £1,800 per tax year Matching shares: £3,600 per tax year	Tax free on qualifying holding	
EMI	£250,000	CGT if qualifying exercise (entrepreneurs' relief available)	
Unapproved	Not applicable	Income tax and, possibly, employee and employer NIC on option gain	
Employee Shareholder Status (employees working under an employee shareholder contract)	No maximum; shares must have a minimum value of £2,000 on receipt	No Income Tax or NIC on the first £2,000 of share value, normal rules apply on any value received above this. Capital Gains Tax exemption on disposal of up to £50,000 worth of shares (subject to the employee shareholder having no 'material interest' in the company)	

Filing and Returns

Form	Deadline
P11D	6 July after tax year end
P14 / P35	No longer required; real time reporting used
RTI	Full Payment Submission (FPS) on or before your last payday in the tax year; Employer Payment Summary (EPS) if no payments made within a pay period
P45 / P46	No longer required to be filed with HMRC-update FPS on employee leaving P45 to be provided to employees
P60	31 May after tax year end

PAYE and NICs are normally due for payment within 14 days of the end of the tax month (17 days if made electronically). Interest and penalties may be levied for late filing and/or payment. Corporation Tax must be paid electronically and Company Tax Returns must also be filed online (including supporting documents).

VAT

Rate	From 1 April 2014
Standard Rate	20%
Reduced Rate: Limited range of goods and services including fuel and power for domestic and non-business charity use; installation of energy saving material in homes; certain residential conversions and renovations	5%
VAT fraction of gross price	1/6
Annual Turnover Limits: - Registration - Deregistration	£81,000 £79,000

The information contained in this booklet is based on information available at the time of publication. Travers Smith LLP has made every effort to ensure the accuracy of the information in this booklet. However, readers should always obtain professional advice before deciding to take any action (or not, as the case may be) in relation to information contained in this booklet.

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