



Tax Facts

2015/16

April 2015

Income Tax

INCOME TAX RATES

	BANDS	RATE	TAX ON BAND
Basic Rate	Up to £31,785	20%	£6,357
Higher Rate	£31,786– £150,000	40%	£47,286
Additional Rate	Over £150,000	45%	-

PERSONAL ALLOWANCE *

2015/2016 £10,600**

* 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 slightly higher for those born before 6 April 1938.

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 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)	£200,000 maximum investment p.a. (relief restricted to 30%); shares must be held for at least five years
Individual Savings Account (ISA)	Maximum total investment: £15,240

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 (the official Treasury interest rate reduced from 3.25% to 3% from 6th April 2015). 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 (new £10,000 money purchase annual allowance also applies to individuals who have accessed the new pension flexibilities)
Standard lifetime allowance	£1,250,000 – tax charge on excess
Earnings cap (if applied by scheme rules in accordance with historic HMRC formula)	£149,400 or £150,000 – 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: £11,100 **MOST TRUSTEES:** £5,550

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 and trustees	28% to the extent that taxable income and gains fall above the Basic Rate upper limit (£31,785)
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 2015	RATE (%)
Main Rate	20*

* From FY 2015, the Small Companies' Rate and Marginal Rate have been abolished and replaced with a unified corporation tax rate.

National Insurance Contributions

CLASS 1

TOTAL WEEKLY EARNINGS	CONTRACTED IN	CONTRACTED OUT
EMPLOYEE		
£155 or less	NIL	Rebate of 1.4% (on weekly earnings between £112 and £770)
£155.01 - £815	12%	
Over £815	2%	
EMPLOYER*		
£156 or less	NIL	3.4% rebate (on weekly earnings between £112 and £770)
Over £156**	13.8%	

*Since 6 April 2014, certain employers have been able to reduce their Class 1 NICs by up to £2,000.

**From 6 April 2015, the rate of employer Class 1 NICs for employees under the age of 21 on earnings between £156 and £815 will be nil.

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 £2.80

Small earnings annual exemption of £5,965

CLASS 3 (VOLUNTARY)

Weekly rate of £14.10

CLASS 4 (SELF-EMPLOYED)

9% annual profits between £8,060 and £42,385

2% annual profits above £42,385

Employee Share Plans

PLAN	MAXIMUM PARTICIPATION	TAX TREATMENT	REPORTING OBLIGATIONS
CSOP	£30,000	CGT if qualifying exercise	Since 6 April 2014 an online registration and reporting requirement has applied. All share scheme returns must be filed electronically by 6 July after the tax year end. EMI grant notifications must be made online.
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. CGT 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 2015
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	£82,000
▪ Deregistration	£80,000

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