

Tax rates and related information

2018

Income tax rates

Different rates and bands apply to non-savings and non-dividend income of 'Scottish taxpayers'

Rate %	Taxable income 2017/18 £	Taxable income 2018/19 £
0 (1)	Up to 5,000	Up to 5,000
20 (2)	Up to 33,500	Up to 34,500
40 (3)	33,501 - 150,000	34,501 - 150,000
45 (4)	Over 150,000	Over 150,000

(1) Starting rate applies to savings income only.

(2) 7.5% for dividend income.

(3) 32.5% for dividend income.

(4) 38.1% for dividend income.

Rate of income tax for discretionary trusts: 38.1% for dividend income
45% for non-dividend income

Capital gains tax

	2017/18	2018/19
Tax rates		
Individuals - basic rate (1)	10%	10%
Individuals - higher/additional rate (1)	20%	20%
Trusts and personal representatives (1)	20%	20%
Companies	see CT rates	see CT rates
Annual exempt amounts		
Individuals and personal representatives	£11,300	£11,700
Trusts (maximum)	£5,650	£5,850
Chattels proceeds exemption	£6,000	£6,000
Capital gains tax entrepreneurs' relief		
Lifetime limit (entrepreneurs)	£10,000,000	£10,000,000
Lifetime limit (external investors)	£10,000,000	£10,000,000
Rate	10%	10%

(1) An 18%/28% rate applies to disposals of residential property and carried interest.

Income tax allowances

Allowance	2017/18 £	2018/19 £
Personal allowance (1)	11,500	11,850
Transferable tax allowance (2)	1,150	1,190
Personal savings allowance		
Basic-rate tax payers	1,000	1,000
Higher-rate tax payers	500	500
Additional-rate tax payers	0	0
Dividend allowance	5,000	2,000
Married couple's allowance (MCA) (3)		
Allowance	8,445	8,695
Minimum amount	3,260	3,360
Income limit for MCA (4)	28,000	28,900
Blind person's allowance	2,320	2,390
'Rent-a-room'	7,500	7,500

(1) Personal allowance is reduced by £1 for every £2 exceeding £100,000 of 'adjusted net income'. This is irrespective of age or date of birth.

(2) Neither spouse or civil partner liable at higher or additional rates, and not in receipt of MCA.

(3) If one spouse/civil partner born before 6 April 1935. Relief is restricted to a 10% tax credit.

(4) MCA is reduced by £1 for every £2 of 'adjusted net income' over this limit, until reduced to the minimum amount (but also see note (1)).

Remittance basis charge

	2018/19 £
UK resident for less than 7 of the past 9 tax years	nil
UK resident for at least 7 of the past 9 tax years	30,000
UK resident for at least 12 of the past 14 tax years	60,000
UK resident for at least 15 of the past 20 tax years (1)	nil

(1) Taxpayers resident for at least 15 of the past 20 tax years will be deemed domiciled for income tax, capital gains tax and inheritance tax.

Inheritance tax

	2018/19
Tax rates	
Estate	40%
Reduced rate (leaving 10% or more to charity)	36%
Lifetime transfer	20%
Nil rate bands	
Nil rate band limit (1)	325,000
Residential nil rate band limit (1)	125,000
Exempt amounts	
Annual exemption	3,000
Small gifts exemption	250
Wedding gifts exemption (Gifts made by)	
- parent	5,000
- more remote ancestor	2,500
- party to marriage	2,500
- other person	1,000

(1) Unused proportion can be transferred to surviving spouse or civil partner.

Inheritance tax tapering relief

Rates for transfers on death also apply to gifts within seven years of death subject to tapering relief.

Years between gift and death	Reduction in charge
0 - 3	NIL
3 - 4	20%
4 - 5	40%
5 - 6	60%
6 - 7	80%

Tax-privileged pension savings

	2018/19
Lifetime allowance	1,030,000
Money purchase annual allowance	4,000
Contributions: tax relief given up to higher of	- £3,600; or - 100% of relevant earnings (capped at £40,000) (1)
Maximum tax-free lump sum (up to a maximum of 25% of the lifetime allowance)	25% of the fund

(1) The allowance is reduced by £1 for every £2 of income above £150,000 subject to a minimum allowance of £10,000.

ISA limits

	2017/18 £	2018/19 £
ISA subscription limit	20,000	20,000
Junior ISA limit	4,128	4,260
Child trust fund subscription limit	4,128	4,260

High income child benefit charge

2017/18	Weekly £	Annual £
Eldest/Only child	20.70	1,076.40
Other children	13.70	712.40

For taxpayers with income between £50,000 and £60,000 a charge of 1% applies for every £100 of income over £50,000 and 100% where income exceeds £60,000 for each week they, or their partner, are in receipt of child benefit.

Other tax rates can be found on our website at

smithandwilliamson.com

Corporation tax

Financial year from	1 April 2017	1 April 2018
Tax rate	19%	19%

Capital allowances

	2017/18	2018/19
Plant and machinery		
- annual investment allowance (1)	£200,000	£200,000
- main rate pool (2)	18%	18%
- long life assets (2)	8%	8%
- integral features (2)	8%	8%
Cars - CO ₂ emissions up to 75g/km	100%	100%
Cars - CO ₂ emissions 76 - 130g/km	18%	18%
Cars - CO ₂ emissions over 130g/km	8%	8%
Certain expenditure (3)	100%	100%

(1) 100% annual investment allowance up to stated limit for qualifying expenditure incurred on certain plant and machinery for each unlinked unincorporated business or corporate group.

(2) Reducing balance.

(3) This applies for certain renovation, conversion, innovative and environmentally efficient expenditure.

Value added tax

2017/18 and 2018/19	
Standard rate	20%
Reduced rate	5%
VAT fraction (where included in cost)	1/6
Registration threshold	£85,000
De-registration threshold	£83,000

Optional flat-rate scheme for small businesses is available.

Research and development tax relief

Rates for deduction from	1 April 2017	1 Jan 2018
SME rate	230%	230%
Tax credit rates	1 April 2017	1 Jan 2018
SME rate (surrender of losses)	14.5%	14.5%
Large company (taxable RDEC)	11%	12%

Patent box

	2017/18	2018/19
Effective rate on qualifying IP rights	10%	10%

Annual charge on enveloped dwellings

The normal return and payment dates are 30 April in the year of assessment or 30 days from in year acquisition.

Property value	2017/18 (1)	2018/19 (1)
£500,000 - £1 million	£3,500	£3,600
£1 million - £2 million	£7,050	£7,250
£2 million - £5 million	£23,550	£24,250
£5 million - £10 million	£54,950	£56,550
£10 million - £20 million	£110,100	£113,400
More than £20 million	£220,350	£226,950

(1) At 1 April 2017 or date of purchase if later.

Stamp duty land tax

Land and Buildings Transaction Tax replaced SDLT in Scotland from 1 April 2015.

Land Transaction Tax replaced SDLT in Wales from 1 April 2018. An additional SDLT surcharge of 3% applies on the purchase of a second, or subsequent residential property.

Percentages applying on the acquisition of property in the UK

Residential consideration £	Band at %	Non-residential consideration £	Band at %
0 - 125,000	NIL	0 - 150,000	NIL
125,001 - 250,000	2	150,001 - 250,000	2
250,001 - 925,000	5*	Over 250,000	5
925,001 - 1,500,000	10*		
Over 1,500,000	12*		

*15% where purchased through a company or certain other structures where value exceeds £500,000.

A 0% rate applies on the first £300,000 paid if purchasee qualifies for first time buyer relief provided value does not exceed £500,000.

Percentages applying on the rental stream arising from the grant of a new lease in the UK

Residential relevant rental value £	Band at %	Non-residential relevant rental value £	Band at %
0 - 125,000	NIL	0 - 150,000	NIL
Over 125,000	1*	150,001 - 5,000,000	1*
		Over 5,000,000	2*

*The tax rate only applies to the relevant rental value which exceeds the nil rate band.

Stamp duty

Stamp duty was abolished from 1 December 2003 on all transactions except for the following.

- Transfer of shares and securities* (rate unchanged at 0.5%).
- Certain transactions involving partnership land.

*From 28 April 2014 shares quoted on 'growth markets' such as AIM are not subject to stamp duty.

Car and fuel benefits 2018/19

Cars	
Minimum	20% of list price (emissions level 95g/km CO ₂) (lower rates where emissions below this level)
Increments	1% for each additional 5g/km CO ₂ emissions over 95g/km CO ₂
Diesel cars	4% surcharge
Electric cars	13% of list price
Maximum	37% of list price

Emissions levels for most cars can be found on www.vca.gov.uk CO₂ level rounded down to nearest 5g.

If no emissions rating	Registered before	Registered after
	1 Jan 98	1 Jan 98
1400cc or less	16%	18%
1401 - 2000cc	27%	28%
2001cc or more	37%	37%

Fuel

Private fuel provided with company car - percentages as above for cars x £23,400.

Approved mileage rates for business mileage in own car

Cars and vans	Per mile
0 - 10,000 miles	45p
Over 10,000 miles	25p

Advisory mileage rates for business mileage in company car

From 1 Dec 2017

Petrol/LPG	Diesel	
	Petrol	LPG
1400cc or less	11p	7p
1401 - 2000cc	14p	9p
2001cc or more	21p	14p

Hybrid cars are treated as either petrol or diesel cars for this purpose.

National insurance contributions

Employees' class 1 contributions 2018/19

Total weekly earnings	Over 21s	Under 21s / Apprentice under 25
Below £162 (1)	NIL	NIL
£162 - £892	12%	12%
Over £892	2%	2%

Married women's reduced rate 5.85% on earnings between £162 and £892 per week plus 2% on earnings above £892 per week

(1) Between £116 per week and £162 per week a zero rate applies to protect employees' contributory benefit entitlement.

Employers' class 1 contributions 2018/19

Total weekly earnings	Over 21s	Under 21s / Apprentice under 25
Below £162	NIL	NIL
£162 - £892	13.8%	NIL
Over £892	13.8%	13.8%

Annual employment allowance (per employer) £3,000

Class 2 - self employed	Flat rate £2.95 per week if earnings exceed £6,205 per annum
Class 3 - voluntary	Flat rate £14.65 per week
Class 4 - self employed	9% of profits between £8,424 and £46,350 per annum plus 2% on the excess

Apprenticeship Levy 2018/19

Allowance (per employer)	£15,000
Rate	0.5%

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