

## SUPPLEMENTARY INSTRUCTIONS

1. You should assume that the tax rates and allowances for the tax year 2017/18 and for the financial year to 31 March 2018 will continue to apply for the foreseeable future unless you are instructed otherwise.
2. Calculations and workings need only be made to the nearest £.
3. All apportionments should be made to the nearest month.
4. All workings should be shown.

## TAX RATES AND ALLOWANCES

The following tax rates and allowances are to be used in answering the questions.

Income tax		Normal rates	Dividend rates
Basic rate	£1 – £33,500	20%	7.5%
Higher rate	£33,501 to £150,000	40%	32.5%
Additional rate	£150,001 and over	45%	38.1%
Savings income nil rate band – Basic rate taxpayers			£1,000
	– Higher rate taxpayers		£500
Dividend nil rate band			£5,000

A starting rate of 0% applies to savings income where it falls within the first £5,000 of taxable income.

## Personal allowance

Personal allowance	£11,500
Transferable amount	£1,150
Income limit	£100,000

## Residence status

Days in UK	Previously resident	Not previously resident
Less than 16	Automatically not resident	Automatically not resident
16 to 45	Resident if 4 UK ties (or more)	Automatically not resident
46 to 90	Resident if 3 UK ties (or more)	Resident if 4 UK ties
91 to 120	Resident if 2 UK ties (or more)	Resident if 3 UK ties (or more)
121 to 182	Resident if 1 UK tie (or more)	Resident if 2 UK ties (or more)
183 or more	Automatically resident	Automatically resident

## Remittance basis charge

UK resident for	
Seven out of the last nine years	£30,000
12 out of the last 14 years	£60,000
17 out of the last 20 years	£90,000

## Child benefit income tax charge

Where income is between £50,000 and £60,000, the charge is 1% of the amount of child benefit received for every £100 of income over £50,000.

**Car benefit percentage**

The relevant base level of CO<sub>2</sub> emissions is 95 grams per kilometre.

The percentage rates applying to petrol cars with CO<sub>2</sub> emissions up to this level are:

50 grams per kilometre or less	9%
51 grams to 75 grams per kilometre	13%
76 grams to 94 grams per kilometre	17%
95 grams per kilometre	18%

**Car fuel benefit**

The base figure for calculating the car fuel benefit is £22,600.

**Individual savings accounts (ISAs)**

The overall investment limit is £20,000.

**Property income**

Basic rate restriction applies to 25% of finance costs.

**Pension scheme limits**

Annual allowance	£40,000
Minimum allowance	£10,000
Threshold income limit	£110,000
Income limit	£150,000
Lifetime allowance	£1,000,000

The maximum contribution that can qualify for tax relief without any earnings is £3,600.

**Authorised mileage allowances: cars**

Up to 10,000 miles	45p
Over 10,000 miles	25p

**Capital allowances: rates of allowance**

<b>Plant and machinery</b>	
Main pool	18%
Special rate pool	8%

**Motor cars**

New cars with CO <sub>2</sub> emissions up to 75 grams per kilometre	100%
CO <sub>2</sub> emissions between 76 and 130 grams per kilometre	18%
CO <sub>2</sub> emissions over 130 grams per kilometre	8%

**Annual investment allowance**

Rate of allowance	100%
Expenditure limit	£200,000

### Cash basis accounting

Revenue limit £150,000

### Cap on income tax reliefs

Unless otherwise restricted, reliefs are capped at the higher of £50,000 or 25% of income.

### Corporation tax

Rate of tax	– Financial year 2017	19%
	– Financial year 2016	20%
	– Financial year 2015	20%
Profit threshold		£1,500,000

### Patent box – deduction from net patent profit

Net patent profit x ((main rate – 10%)/main rate)

### Value added tax (VAT)

Standard rate	20%
Registration limit	£85,000
Deregistration limit	£83,000

### Inheritance tax: nil rate bands and tax rates

Nil rate band

	£	
6 April 2017 to 5 April 2018	325,000	
6 April 2016 to 5 April 2017	325,000	
6 April 2015 to 5 April 2016	325,000	
6 April 2014 to 5 April 2015	325,000	
6 April 2013 to 5 April 2014	325,000	
6 April 2012 to 5 April 2013	325,000	
6 April 2011 to 5 April 2012	325,000	
6 April 2010 to 5 April 2011	325,000	
6 April 2009 to 5 April 2010	325,000	
6 April 2008 to 5 April 2009	312,000	
6 April 2007 to 5 April 2008	300,000	
6 April 2006 to 5 April 2007	285,000	
6 April 2005 to 5 April 2006	275,000	
6 April 2004 to 5 April 2005	263,000	
6 April 2003 to 5 April 2004	255,000	
Residence nil rate band		£100,000
Rate of tax on excess over nil rate band	– Lifetime rate	20%
	– Death rate	40%

### Inheritance tax: taper relief

Years before death	Percentage reduction
More than 3 but less than 4 years	20%
More than 4 but less than 5 years	40%
More than 5 but less than 6 years	60%
More than 6 but less than 7 years	80%

### Capital gains tax

	Normal rates	Residential property
Lower rate	10%	18%
Higher rate	20%	28%
Annual exempt amount		£11,300
Entrepreneurs' relief – Lifetime limit		£10,000,000
– Rate of tax		10%

### National insurance contributions

Class 1	Employee	£1 – £8,164 per year	Nil
		£8,165 – £45,000 per year	12%
		£45,001 and above per year	2%
Class 1	Employer	£1 – £8,164 per year	Nil
		£8,165 and above per year	13.8%
		Employment allowance	£3,000
Class 1A			13.8%
Class 2		£2.85 per week	
		Small profits threshold	£6,025
Class 4		£1 – £8,164 per year	Nil
		£8,165 – £45,000 per year	9%
		£45,001 and above per year	2%

### Rates of interest (assumed)

Official rate of interest	2.5%
Rate of interest on underpaid tax	2.75%
Rate of interest on overpaid tax	0.5%

### Stamp duty land tax

#### Non-residential properties

Up to £150,000	0%
£150,001 – £250,000	2%
£250,001 and above	5%

#### Residential properties (note)

Up to £125,000	0%
£125,001 – £250,000	2%
£250,001 – £925,000	5%
£925,001 – £1,500,000	10%
£1,500,001 and above	12%

**Note:** These rates are increased by 3% in certain circumstances including the purchase of second homes and buy-to-let properties.

### Stamp duty

Shares	0.5%
--------	------