

## SUPPLEMENTARY INSTRUCTIONS

1. You should assume that the tax rates and allowances for the tax year 2014/15 and for the financial year to 31 March 2015 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	Dividend
		rates	rates
Basic rate	£1 – £31,865	20%	10%
Higher rate	£31,866 to £150,000	40%	32.5%
Additional rate	£150,001 and over	45%	37.5%

A starting rate of 10% applies to savings income where it falls within the first £2,880 of taxable income.

## Personal allowances

### Personal allowance

Born on or after 6 April 1948	£10,000
Born between 6 April 1938 and 5 April 1948	£10,500
Born before 6 April 1938	£10,660

### Income limit

Personal allowance	£100,000
Personal allowance (born before 6 April 1948)	£27,000

## 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

## 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:

75 grams per kilometre or less	5%
76 grams to 94 grams per kilometre	11%
95 grams per kilometre	12%

### Car fuel benefit

The base figure for calculating the car fuel benefit is £21,700.

### New individual savings accounts (NISAs)

The overall investment limit is £15,000.

### Pension scheme limits

Annual allowance – 2014/15	£40,000
– 2011/12 to 2013/14	£50,000
Lifetime allowance	£1,250,000
Maximum contribution that can qualify for tax relief without any earnings	£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 95 grams per kilometre	100%
CO <sub>2</sub> emissions between 96 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	£500,000

### Cap on income tax reliefs

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

### Corporation tax

Financial year	2012	2013	2014
Small profits rate	20%	20%	20%
Main rate	24%	23%	21%
Lower limit	£300,000	£300,000	£300,000
Upper limit	£1,500,000	£1,500,000	£1,500,000
Standard fraction	1/100	3/400	1/400

### Marginal relief

Standard fraction x (U – A) x N/A

**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	£81,000
Deregistration limit	£79,000

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

	£	
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	
6 April 2002 to 5 April 2003	250,000	
6 April 2001 to 5 April 2002	242,000	
6 April 2000 to 5 April 2001	234,000	
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**

Rates of tax – Lower rate	18%
– Higher rate	28%
Annual exempt amount	£11,000
Entrepreneurs' relief – Lifetime limit	£10,000,000
– Rate of tax	10%

**National insurance contributions  
(Not contracted out rates)**

Class 1	Employee	£1 – £7,956 per year	Nil
		£7,957 – £41,865 per year	12%
		£41,866 and above per year	2%
Class 1	Employer	£1 – £7,956 per year	Nil
		£7,957 and above per year	13·8%
		Employment allowance	£2,000
Class 1A			13·8%
Class 2		£2·75 per week	
		Small earnings exception limit	£5,885
Class 4		£1 – £7,956 per year	Nil
		£7,957 – £41,865 per year	9%
		£41,866 and above per year	2%

**Rates of interest (assumed)**

Official rate of interest	3·25%
Rate of interest on underpaid tax	3%
Rate of interest on overpaid tax	0·5%

**Stamp duty land tax**

£150,000 or less (1)	Nil
£150,001 – £250,000	1%
£250,001 – £500,000	3%
£500,001 – £1,000,000	4%
£1,000,001 – £2,000,000 (2)	5%
£2,000,001 or more (2)	7%

(1) For residential property, the nil rate is restricted to £125,000.

(2) The 5% and 7% rates apply to residential properties only. The 4% rate applies to all non-residential properties where the consideration is in excess of £500,000.

**Stamp duty**

Shares	0·5%
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