



Waveney Tax Solutions

A Summary of the Main Tax Rates and Allowances for 2015/16

Income Tax Allowances	2015/16	2014/15
<i>Personal allowance</i>	£	£
General	10,600	10,000
Income limit	100,000	100,000
Born after 05/04/1938 but before 06/04/1948	N/A	10,500
Born before 06/04/1938	10,660	10,660
Age allowance income limit	27,700	27,000
Minimum where income exceeds age limit (subject to general income limit)	10,600	10,000
<i>Transferable marriage allowance</i>	1,060	N/A
<i>Married couple's allowance (relief at 10%)</i>		
Either partner born before 06/04/1935	8,355	8,165
Age allowance income limit	27,700	27,000
Minimum where income exceeds limit	3,220	3,140
<i>Blind person's allowance</i>	2,290	2,230

Income Tax Rates	Taxable income £	Tax rate
<i>2015/16</i>	0 – 31,785	20%
	31,786 – 150,000	40%
	Over 150,000	45%
<i>2014/15</i>	0 – 31,865	20%
	31,866 – 150,000	40%
	Over 150,000	45%

Savings Income

Savings income is generally treated as the highest part of total income. A 0% starting rate for savings income only (10% for 2014/15) applies to the extent that such income falls within the first £5,000 of taxable income (£2,880 for 2014/15). If taxable non-savings income exceeds this limit, the starting rate does not apply.

Income from dividends is taxed at 0% within the starting rate band (10% for 2014/15), at 10% in the basic rate band, at 32.5% in the higher rate band and at 37.5% thereafter (these rates are applied to the dividend grossed-up by a tax credit of 1/9).

Trusts

For 2014/15 and 2015/16 the trust rate of income tax is 45% and the dividend trust rate is 37.5%.



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National Insurance Contributions

Class 1 - Employment

	<i>Not contracted out</i>	<i>Contracted out</i>
<i>Employees – weekly earnings</i>		
First £155	Nil	Nil
£155.01 – £770	12%	10.6%
£770.01 – £815	12%	12%
Over £815	2%	2%
<i>Employers- weekly earnings</i>		
First £156	Nil	Nil
£156.01 – £770	13.8%	10.4%
Over £770	13.8%	13.8%

- Class 1A and Class 1B contributions are charged at 13.8%.
- Employee rates are nil for employees over state pensionable age, but employers' contributions are still payable.
- Employers' rates for employees under 21 are nil on earnings up to £815 per week.
- Employers receive a rebate of 3.4% for contracted out schemes on earnings from £112 to £156 per week. A rebate of 1.4% on earnings from £112 to £155 per week is given to employees (or employers where insufficient contributions have been paid for offset).
- Employment allowance (per employer) – £2,000 a year.

Classes 2 & 4 (Self-employed)

Class 2 - flat rate of £2.80 a week, with small profits threshold at £5,965 for the year.

Class 4 - 9% on profits between £8,060 and £42,385 and 2% on profits above £42,385.

Class 3 – voluntary

Flat rate of £14.10 a week.

Capital Gains Tax

Annual exempt amounts 2015/16:

- Individuals, disabled trusts, personal representatives for year of death and two years thereafter £11,100
- Trusts generally £5,550

Rates 2015/16

- Individuals - standard rate 18%, higher rate 28%
- Gains to which entrepreneurs' relief applies 10%
- Trustees and personal representatives 28%



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Tax Credits

	Annual amounts £
<i>Child tax credit</i>	
• Family element	545
• Child element (for each child)	2,780
• Disabled child element	3,140
• Severe disabled child element	1,275
<i>Working tax credit</i>	
• Basic element	1,960
• Lone parent and couple element	2,010
• 30-hour element	810
• Disability element	2,970
• Severe disability element	1,275
<i>Childcare element (up to 70% of costs) Weekly</i>	
• Maximum eligible cost (1 child)	175
• Maximum eligible cost (2 or more)	300
<i>Income thresholds</i>	
• First income threshold	6,420
• Eligible for child tax credit only	16,105
• Withdrawal rate	41%
• Income rise disregard	5,000
• Income fall disregard	2,500

Inheritance Tax

Death rates for transfers after 5 April 2015 and before 6 April 2016:

- Gross Transfer up to £325,000 – NIL
- Gross transfer over £325,000 – 40% (or 36% where 10% or more of the net estate is left to charity)

Chargeable lifetime transfers are initially charged at 20%.

Individual Savings Accounts

- Overall annual limit - £15,240
- Cash annual limit - £15,240
- Junior ISA annual limit - £4,080

Registered Pension Schemes

For individual contributions, the maximum tax-relievable amount is the higher of:

- 100% of taxable UK earnings; or
- £3,600 (where the scheme applies tax relief at source)

The annual allowance is £40,000 – any unused amount can be carried forward for up to three years.

The lifetime allowance £1,250,000.



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Investment Reliefs

Investment	Income tax limit	Relief rate
Enterprise investment scheme	£1,000,000	30%
Venture capital trusts	£200,000	30%
Seed enterprise investment scheme	£100,000	50%
Social investment relief	£1,000,000	30%

Corporation Tax

Financial Year to:	31/3/2016	31/3/2015
Full rate	20%	21%
Small profits rate	N/A	20%
20% rate limit	N/A	£300,000
Marginal relief limit	N/A	£1,500,000
Marginal relief fraction	N/A	1/400
Effective marginal rate	N/A	21.25%

Value Added Tax

- Standard rate 20%
- Lower rate 5%
- Registration threshold from 1 April 2015 £82,000 pa
- Deregistration limit from 1 April 2015 £80,000 pa
- Annual accounting scheme turnover limit £1,350,000 pa
- Cash accounting scheme turnover limit £1,350,000 pa
- Flat rate scheme turnover limit £150,000 pa

Unincorporated Businesses: Fixed Rate Deductions

Motor expenses:

Motorcars and goods vehicles – up to 10,000 business miles – 45p per mile
Over 10,000 business miles – 25p per mile

Motorcycles 24p per mile

Business use of home – amount per month:

- 25 to 50 hours worked per month - £10
- 51 to 100 hours worked per month - £18
- Over 100 hours worked per month - £26

Private use of business premises – disallowable amount per month

- Single occupant - £350
- Two occupants - £500
- Three or more occupants - £650