



## Tax rates and allowances 2016-17

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## Tax rates and allowances 2016-17

Income Tax - Allowances/Reliefs

		2016-17	2015-16
<b>Personal allowance</b>	Aged under 65 (note 5)	£11,000	£10,600
	Income limit for Personal Allowance	£100,000	£100,000
	Aged 65 to 74	n/a	n/a
	Aged 75 and over (notes 1 & 4)	£11,000	£10,660
	Transferable tax allowance for married couples (notes 2 & 7)	£1,100	£1,060
<b>Income limit for age-related allowances</b>		£27,700	£27,000
<b>Married Couple's allowance tax reduction</b> (note 4)	Either partner aged 75 or more (notes 1-4)	£8,355	£8,355
	Minimum amount of Married Couple's allowance	£3,220	£3,220
<b>Blind Person's allowance</b> (note 6)		£2,290	£2,290

**Notes**

- These age related allowances reduce by £1 for every £2 of income in excess of the income limit for age-related allowances.
- The Married Couple's Allowance. If you were married before 5<sup>th</sup> December 2005 and are living together and at least one spouse was born before 6<sup>th</sup> April 1935, the husband can claim Married Couple's Allowance. HMRC reduce your tax bill by 10% of the Married Couple's Allowance to which you're entitled.
- The Married Couple's Allowance. If you were married or in a civil partnership on or after 5<sup>th</sup> December 2005 and are living together and at least one spouse or partner was born before 6<sup>th</sup> April 1935, the person with the higher income can claim Married Couple's Allowance. HMRC reduce your tax bill by 10% of the Married Couple's Allowance to which he or she is entitled.
- Example of Calculating Married Couple's Allowance.  
You're 80, entitled to Married Couple's Allowance and have income before allowances of £31,500. HMRC subtract the income limit from your income before allowances £31,500 - £27,700 = £3,800 above the age allowance income limit. Divide this by 2 = £1,900 (allowances reduced by £1 for every £2 above the age income limit). The £1,900 is then deducted from the Married Couple's Allowance leaving a Married Couple's Allowance of £6,455 (£8,355 - £1,900).
- For 2016-17 the personal allowance is progressively withdrawn for income over £100,000 leading to a marginal tax rate of 60% on income in the band £100,000 to £122,000 (£121,200 in 2015-16). In other words for every £2 over £100,000 your personal allowance is reduced by £1 until your personal allowance becomes zero.
- Blind Person's Allowance is added to your tax free Personal Allowance so is an extra amount of income you can get each year without paying tax. If you are on a low income or even if you don't pay any tax you may be able to transfer your Blind Person's Allowance to your spouse or civil partner.
- Transferable tax allowance. To benefit as a couple you need to earn less than your partner and have an income of £11,000 or less.

If you were eligible for Married Couple's Allowance in the 2015-16 tax year you can backdate your claim to 6<sup>th</sup> April 2015.



## Tax rates and allowances 2016-17

### Income Tax - Tax Rates

Other income taxed first, then savings income and finally dividends.

2016-17				
Band (£)		Other Income	Savings	Dividends
£0 - £5,000	(note 1)	-	0%	-
£0 - £1,000	(note 2)	-	0%	-
£0 - £500	(note 3)	-	0%	-
£0 - £5,000	(note 4)	-	-	0%
£1,001 - £32,000		-	20%	-
£501 - £32,000		-	20%	-
£0 - £32,000		20%	-	-
£5,001 - £32,000		-	-	7.5%
£32,001 - £150,000		40%	40%	32.5%
Over £150,000		45%	45%	38.1%

#### Notes (2016-17)

- From 2008-09 there is a starting rate for savings income only. If an individual's taxable non-savings income exceeds the starting rate limit, then the starting rate for savings will not be available for savings income.
- From April 2016 the new Personal Savings Allowance means that basic rate income tax payers will not have to pay tax on the first £1,000 of savings they receive.
- Higher rate tax payers will not have to pay tax on the first £500 of savings income.
- From 2016-17 dividends will no longer be grossed up to determine the taxable dividend. Also the 10% non-repayable tax credit equal to 10% no longer applies. The first £500 of dividend income is taxed at 0%.

2015-16		
Band (£)	Rate	Note
The first £5,000	0%	1
£0 - £31,785	20%	2
£31,786 - £150,000	40%	3
Over £150,000	45%	4

#### Notes (2015-16)

- Only applicable to savings income. The 0% rate is not available if taxable non-savings income exceeds £5,000.
- Except dividends (10%).
- Except dividends (32.5%).
- Except dividends (37.5%).

Dividends are grossed-up by a tax credit of 1/9.



## Tax rates and allowances 2016-17

### National Insurance Contributions

#### National Insurance

##### Class 1 (earnings related)

	2016-17	2015-16
Lower earnings limit (LEL) (per week)	£112	£112
Upper earnings limit (UEL) (per week - employees only)	£827	£815
Apprentice upper secondary threshold (AUST) (for under 25's only)	£827	n/a
Upper accruals point (UAP)	n/a	£770

##### Earnings threshold (per week)

	2016-17	2015-16
Primary Threshold	£155	£155
Secondary Threshold	£156	£156

##### Employee rate

		2016-17	2015-16
Between earnings threshold and UEL		12%	12%
Earnings above UEL		2%	2%
Married woman's reduced rate	Between the Primary Threshold and the UEL	5.85%	5.85%
	Above the Upper Earnings Limit	2%	2%

##### Employer rate

	2016-17	2015-16
Above earnings threshold	13.8%	13.8%

##### Class 2 (self-employed flat rate)

	2016-17	2015-16
Per week	£2.80	£2.80
Small earnings exemption (per year)	£5,965	£5,965
Special Class 2 rate for Share Fishermen	£3.45	£3.45
Special Class 2 rate for Volunteer Development Workers	£5.60	£5.60

##### Class 3 (voluntary) per week

	2016-17	2015-16
Per week	£14.10	£14.10





## Tax rates and allowances 2016-17

### Class 4 (self-employed)

		2016-17	2015-16
<b>Limits</b>	Lower profits limit - LPL (per year)	£8,060	£8,060
	Upper profits limit - UPL (per year)	£43,000	£42,385
<b>Rates</b>	Between LPL and UPL	9%	9%
	Above UPL	2%	2%

### Class 1A and Class 1B rate

	2016-17	2015-16
Rate	13.8%	13.8%

### Reliefs on Salary Related Pension Schemes

<b>Contracted out Class 1 relief (between LEL and UAP)</b>		2016-17	2015-16
<b>Employee</b>	Contracted out rebate (contracted out salary related schemes only)	Abolished	1.4%
	Contracted out rebate (contracted out salary related schemes only)	Abolished	3.4%
<b>Employer Rate</b>	Contracted out rebate (Money purchase schemes)	Abolished 5th April 2012	

### Notes

- The Employment Allowance, which came into effect from 6<sup>th</sup> April 2014, gives eligible employers a reduction of up to £3,000 (2016-17, 2015-16 £2,000) in their employer Class 1 NICs liability each year, where they have employees or directors who earn enough to give rise to employer Class 1 NICs on their earnings.
- If you earn between £112 and £155 a week, your contributions are treated as having been paid to protect your national insurance record.
- If you're employed, you stop paying Class 1 national insurance when you reach the state pension age.
- If you're self-employed you stop paying:
  - Class 2 national insurance when you reach state pension age (or up to 4 months after this to pay off any contributions you owe)
  - Class 4 national insurance from 6<sup>th</sup> April (start of tax year) after you reach state pension age.
- From 6<sup>th</sup> April 2015 every employer with employees under the age of 21 will no longer be required to pay class 1 secondary national insurance contributions (2016-17 and 2015-16 13.8%) on earnings up to the upper earning limit (2016-17 £43,000, 2015-16 £42,385), for those employees. This ceases to apply in the pay day after the employee reaches the age of 21.



## Tax rates and allowances 2016-17

### State Benefits

#### Weekly Benefit

		2016-17	2015-16
<b>Basic retirement pension</b>	Single person	£119.30	£115.95
	Married couple	£190.80	£185.45
<b>Pension Credit</b>	Single person	£155.60	£151.20
	Married couple	£237.55	£230.85
<b>Statutory pay rates - Average weekly earnings</b>		£112	£111 or over
<b>Statutory Sick Pay</b>		£88.45	£87.55
<b>Statutory Maternity Pay</b>	First six weeks - % of weekly earnings	90%	90%
	Next 33 weeks	£139.58 *	£139.58 *
<b>Statutory Paternity Pay</b>	2 weeks	£139.58 *	£139.58 *
<b>Statutory Adoption Pay</b>	39 weeks	£139.58 *	£139.58 *

\* Or 90% of weekly earnings whichever is the lower.

#### Notes

1. Statutory maternity leave is 52 weeks of which 39 are paid. However you do not have to take all 52 weeks but you must have a minimum of 2 weeks (4 weeks if you work in a factory).
2. If your baby is due after 5<sup>th</sup> April 2015 the 52 weeks can be shared between the parents. The father can take blocks of leave with periods of work in between. A total of 26 weeks can be taken as paid leave by the father.
3. The father can still take 2 weeks paternity leave without sharing any of the 52 week maternity leave.

### Employers

For SMP/OSPP/ASPP/SAP - proportion of your payments you can recover from HMRC:

		% of payments made that can be reclaimed	
		2016-17	2015-16
If your total Class 1 NICs (both employee and employer contributions) in the previous tax year were:	above £45,000	92%	92%
	below £45,000	103%	103%

### Student Loan Repayments

		2016-17	2015-16
<b>Student Loan Recovery</b>	Per Year	£17,495	£17,335
	Per Month	£1,457	£1,444
	Per Week	£336	£333
<b>Rate of Student Loan Deduction</b>		9%	9%





## Tax rates and allowances 2016-17

### National Minimum Wage / National Living Wage

#### Notes

1. The National Minimum Wage (NMW) is applicable to workers aged 24 and under and changes annually on 1st October.
2. The National Living Wage (NLW) is applicable to workers aged 25 and over and changes annually on 1st April.

	Hourly Rates		
	From 01.10.16	01.04.16 to 30.09.16	01.10.15 to 31.03.16
16 - 17 year old (NMW)	£4.00	£3.87	£3.87
18 - 20 year old (NMW)	£5.55	£5.30	£5.30
21 and over (NMW)			£6.70
21 - 24 year old (NMW)	£6.95	£6.70	
25 and over (NLW)	£7.20	£7.20	
Apprentices under 19 or in the first year of their apprenticeship	£3.40	£3.30	£3.30
Apprentices aged 19 or over and past the first year of their apprenticeship	the appropriate age rate above	the appropriate age rate above	the appropriate age rate above



## Tax rates and allowances 2016-17

### Tax Credits

The only change from the 2015-16 rates is Income Rise Disregard (Tax Credits Income Thresholds).

#### Working Tax Credit (WTC) Rates

	2016-17	2015-16
Basic Element	£1,960	£1,960
Couple and Lone Parent Element	£2,010	£2,010
30 Hour Element	£810	£810
Disabled worker Element	£2,970	£2,970
Severe Disability Element	£1,275	£1,275

#### Childcare Element of Working Tax Credit

	2016-17	2015-16
Maximum eligible cost for 1 child (per week)	£175	£175
Maximum eligible cost for 2 or more children (per week)	£300	£300
Percentage of eligible costs covered	70%	70%

#### Child Tax Credit Rates

	2016-17	2015-16
Child tax credit Family element	£545	£545
Child Element	£2,780	£2,780
Disabled Child Element	£3,140	£3,140
Severely Disabled Child Element	£1,275	£1,275

#### Tax Credits Income Thresholds

	2016-17	2015-16
Income Threshold	£6,420	£6,420
Withdrawal Rate (percentage)	41%	41%
Threshold for those Entitled to Child Tax Credit Only	£16,105	£16,105
Income Rise Disregard	£2,500	£5,000
Income Fall Disregard	£2,500	£2,500

#### Child Benefit per Week

	2016-17	2015-16
Eldest or Only Child	£20.70	£20.70
Other Children	£13.70	£13.70



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## Tax rates and allowances 2016-17

### Guardian's Allowance

	2016-17	2015-16
Per week	£16.55	£16.55

#### Note

- Child benefit charge  
1% of child benefit is lost for every £100 of your income from £50,000 to £60,000.



## Tax rates and allowances 2016-17

### Registered Pension Schemes

#### Standard Lifetime Allowance

Tax Year	Amount
2016-2017	£1,000,000
2015-2016	£1,250,000
2014-2015	£1,250,000
2013-2014	£1,500,000
2012-2013	£1,500,000
2011-2012	£1,800,000
2010-2011	£1,800,000
2009-2010	£1,750,000
2008-2009	£1,650,000
2007-2008	£1,600,000
2006-2007	£1,500,000

#### Member Contributions Annual Allowance Charge

Tax Year	Amount
2016-2017	£40,000 *
2015-2016	£40,000
2014-2015	£40,000
2013-2014	£50,000
2012-2013	£50,000
2011-2012	£50,000
2010-2011	£255,000
2009-2010	£245,000
2008-2009	£235,000
2007-2008	£225,000
2006-2007	£215,000

#### Note

- \* For high earners the annual allowance is tapered in 2016-17. See note 6.

#### Money Purchase Annual Allowance

Tax Year	Amount
2016-2017	£10,000
2015-2016	£10,000



## Tax rates and allowances 2016-17

### Notes

1. Any contributions in excess of £40,000 (2015-16 also £40,000) whether personal or by the employer, may be subject to income tax on the individual at the appropriate rate (2016-17: 20%, 40%, 45%).
2. Tax relief is limited to relief on contributions up to the higher of 100% of relevant earnings or £3,600.
3. Where the £40,000 limit is not fully used it may be possible to carry the unused amount forward or back for three tax years.
4. Employers will obtain tax relief on employer contributions if they are paid and made 'wholly and exclusively'. Tax relief for large contributions may be spread over several years.
5. There is a lifetime allowance excess charge. If the excess is drawn as cash the rate is 55% and if drawn as income 25%.
6. High Earner's tapered annual allowance.

Some high income individuals will face a cut in the amount of tax-efficient pension saving they can make from 6 April 2016.

The standard £40,000 annual allowance (AA) will be reduced by £1 for every £2 of '**adjusted income**' individuals have **over £150,000** in a tax year, until their AA drops to £10,000. So someone with income of £210,000 would see their AA cut by £30,000.

But not everyone who fails the 'adjusted income' test will see their AA cut.

There is a second test which can help some people who are caught simply because pension savings exceed £40,000 in the tax year. So, even if their adjusted income exceeds £150,000, their AA won't be cut if their '**threshold income**' is **£110,000 or less** for the tax year.

Here's what's included for each test:

<b>Adjusted Income</b>	<b>Threshold Income</b>
Above £150k = AA tapered	£110k or below = full £40k AA available
<b>Included</b> <ul style="list-style-type: none"> <li>• Total income before tax from all sources (ignoring deductions for pension contributions).</li> <li>• The value of employer pension contributions.</li> </ul>	<b>Included</b> <ul style="list-style-type: none"> <li>• Total income before tax from all sources.</li> <li>• New salary sacrifice arrangements (started after 8 July 2015).</li> </ul>
<b>Deductions</b> <ul style="list-style-type: none"> <li>• None.</li> </ul>	<b>Deductions</b> <ul style="list-style-type: none"> <li>• The individual's pension contributions.</li> </ul>



## Tax rates and allowances 2016-17

### Individual Savings Accounts (ISAs)

	2016-17	2015-16
<b>Overall investment limit</b>	£15,240	£15,240
<b>Junior ISA Limit</b>	£4,080	£4,080

#### Note

- Income and gains on ISA investments are tax free.

### Child Trust Fund

	2016-17	2015-16
Cash value of Child Trust Fund Limit	-	£4,080

#### Notes

- You can't open a new Child Trust Fund because the scheme is now closed (use a Junior ISA instead).
- If you already have a Child Trust Fund you can continue to add up to £4,080 a year to your CTF account. The money belongs to the child but can't be taken out until they are 18. They can take control of the account when they are 16.





## Tax rates and allowances 2016-17

### Inheritance Tax

#### Inheritance tax threshold

	2016-17		2015-16	
	Amount	Rate %	Amount	Rate %
<b>Death Rate</b>	Up to £325,000	Nil	Up to £325,000	Nil
	Over £325,000	40%	Over £325,000	40%
<b>Lifetime Rate</b>	Up to £325,000	Nil	Up to £325,000	Nil
	Over £325,000	20%	Over £325,000	20%

#### Notes

1. Unused nil rate band is transferable to spouse or civil partner.
2. 40% Band rate is reduced to 36% where 10% or more of the net estate is left to charity.
3. Chargeable lifetime transfers are initially charged at 20%.

### Reliefs

		2016-17	2015-16
<b>Annual exemption</b>		£3,000	£3,000
<b>Small gifts</b>		£250	£250
<b>Marriage</b>	Parent	£5,000	£5,000
	Grandparent	£2,500	£2,500
	Bride / Groom	£2,500	£2,500
	Other	£1,000	£1,000

### Reduced charge on gifts within seven years of death

Years before death	% of death charge
0-3	100%
3-4	80%
4-5	60%
5-6	40%
6-7	20%



## Tax rates and allowances 2016-17

### Capital Gains Tax - Individuals and Trustees

#### Annual exempt amount

		2016-17	2015-16
<b>Individuals</b>	Exemption	£11,100	£11,100
	Chattels proceeds exemption	£6,000	£6,000
	Standard Rate	10%	18%
	Higher Rate *	20%	28%
<b>Trusts</b>	Exemption	£5,550	£5,550
	Balance of gains	20%	28%

\* For higher and additional rate taxpayers

#### Entrepreneurs' Relief

- For disposals on or after 6th April 2011 the first £10M (£5M for disposals on/after 23rd June 2010 and before 6th April 2011) of qualifying gains are charged at 10%.
- Gains in excess of the limit are charged at the rates detailed above.

#### 100% Reliefs on

- Enterprise Investment Schemes.
- Venture Capital Trusts.
- Principal Private Residence.

#### Tax Year 2016-17 Rates

- 10% and 20% tax rates for individuals (not including residential property and carried interest).
- 18% and 28% tax rates for individuals for residential property and carried interest.
- 20% for trustees or for personal representative of someone who has died (not including residential property).
- 28% for trustees or for personal representative of someone who has died for disposals of residential property.
- 10% for gains qualify for Entrepreneurs Relief.
- 28% for Capital Gains Tax on property where the annual tax on Enveloped Dwellings is paid – the annual exempt amount is not applicable.
- 20% for companies (non-residential Capital Gains Tax on the disposal of a UK residential property).



## Tax rates and allowances 2016-17

### Stamp Duty Land Tax Rates

#### Residential land or property SDLT rates and thresholds

The rates apply to the portion of the total value which falls within each band.

#### Notes

1. SDLT is 15% on properties with a total value £500,000 or more if purchased by companies and certain other non-natural entities.
2. An SDLT supplement of 3% will apply from 1<sup>st</sup> April 2016 to purchases of second and subsequent residential homes, including Buy-to-Let properties and Holiday Homes, where the cost of the second home is £40,000 or more.  
The Government has now confirmed that the supplement will apply to all purchases made by large investors.
3. When you buy a new residential leasehold property you pay SDLT on the purchase price of the lease (the lease premium) using the rates below.  
If the total rent over the life of the lease (known as net present value) is more than £125,000, you also pay SDLT of 1% on the portion over £125,000 unless you buy an existing (assigned) lease.

Purchase price/lease premium or transfer value	Residential Land or Property	
	UK ex Scotland	Scotland
Up to £125,000	Zero	-
Up to £145,000	-	Zero
The portion from £125,001 to £250,000	2.0%	-
£145,001 to £250,000	-	2.0%
The portion from £250,001 to £925,000	5.0%	-
£250,001 to £325,000	-	5.0%
£325,001 to £750,000	-	10.0%
Over £750,000	-	12.0%
The portion from £925,001 to £1,500,000	10.0%	-
The portion over £1,500,000	12.0%	-

#### Commercial property SDLT rates and thresholds

The rates apply to the portion of the total value which falls within each band.

Purchase price/lease premium or transfer value	Commercial Land or Property	
	UK ex Scotland	Scotland
Up to £150,000	Zero	Zero
The portion from £150,001 to £250,000	2.0%	-
£150,001 to £350,000	-	3.0%
The portion over £250,001	5.0%	-
Over £350,000	-	4.5%



## Tax rates and allowances 2016-17

### SDLT on rent for new leasehold properties – Residential

The rates apply to the portion of the total value which falls within each band.

Net present value of rent	SDLT Rate
Up to £125,000	Zero
The portion over £125,000	1.0%

### SDLT on rent for new leasehold properties - Non-residential or mixed use

The rates apply to the portion of the total value which falls within each band.

When you buy a new non-residential mixed-use leasehold you pay SDLT on both:

- The purchase price of the lease (the lease premium) using the rates below
- The value of the annual rent you pay (the net present value [NPV]). The NPV is based on the total rent over life of the lease. You don't pay SDLT on the rent if the NPV is less than £150,000. To calculate the SDLT on the annual rent use the table below

Net present value of rent	SDLT Rate
Up to £150,000	Zero
The portion £150,001 to £5,000,000	1.0%
The portion over £5,000,000	2.0%

### SDLT on shares and securities

- SDLT rate on shares and securities is 0.5%
- Shares are rounded up to the nearest £5.00
- Transactions of a value £1,000 or less are exempt



## Tax rates and allowances 2016-17

### Corporation Tax

	<b>01.04.16 to 31.03.17</b>	<b>01.04.15 to 31.03.16</b>
	<b>%</b>	<b>%</b>
<b>All profits</b>	20%	20%

#### Notes

1. The profit limits are reduced for accounting periods less than 12 months and for a company with associated companies.
2. Ring fence profits from UK oil extraction and rights are taxed at 19% with a marginal relief fraction of 11/400.
3. The main rate of tax for ring fenced profits is 30%.



## Tax rates and allowances 2016-17

Capital Allowances and Annual Investment Allowance

## Tangible Assets

## Annual Investment Allowance (AIA)

	<b>Sole Trader / Partnership</b>	<b>Limited Company</b>
From the 1 <sup>st</sup> January 2016	£200,000	£200,000
6 <sup>th</sup> April 2014 – 31 <sup>st</sup> December 2015	£500,000	-
1 <sup>st</sup> April 2014 – 31 <sup>st</sup> December 2015	-	£500,000
1 <sup>st</sup> January 2013 – 5 <sup>th</sup> April 2014	£250,000	-
1 <sup>st</sup> January 2013 – 31 <sup>st</sup> March 2014	-	£250,000
6 <sup>th</sup> April 2012 – 31 <sup>st</sup> December 2012	£25,000	-
1 <sup>st</sup> April 2012 – 31 <sup>st</sup> December 2012	-	£25,000
6 <sup>th</sup> April 2010 – 5 <sup>th</sup> April 2012	£100,000	-
1 <sup>st</sup> April 2010 – 31 <sup>st</sup> March 2012	-	£100,000
6 <sup>th</sup> April 2008 – 5 <sup>th</sup> April 2010	£50,000	-
1 <sup>st</sup> April 2008 – 31 <sup>st</sup> March 2010	-	£50,000

**Notes**

1. You can deduct the full value of an item that qualifies for Annual Investment Allowance (AIA) from your profits before tax (up to the maximum for the period listed above).
2. You can claim AIA on most plant and machinery.
3. You can't claim AIA on:
  - Cars
  - Items you owned for another reason before you started using them in your business
  - Items given to you for your business.

For these items claim writing-down allowance as appropriate instead.

4. If your accounting period straddles two AIA rates you use a proportion of both rates to calculate the maximum amount of AIA you can claim.

For example, your year end is 31.03.16, the amount of AIA is calculated as follows:

$$3/12 \times £200,000 = £50,000$$

$$9/12 \times £500,000 = \underline{£375,000}$$

$$\text{Total AIA} = \underline{£425,000}$$

5. Assets purchased that allows you to claim first year allowance (first year allowance is the full cost of the asset) are over-and-above your AIA.
6. Once you have utilised all of your AIA, additional assets go into either the Main Pool or Special Rate Pool / Single Asset Pool (mainly cars with CO<sub>2</sub> greater than 130gm/km) and you can claim Reducing Balance writing-down allowances of 18% on the Main Pool and 8% on the Special Pool.





## Tax rates and allowances 2016-17

### Plant and Machinery

	2016-17	2015-16
Main writing down allowance rate	18%	18%
Special rate pool (long life assets and integral features within a building)	8%	8%
Enterprise Zone plant & machinery (max €125m per investment project)	100%	100%
Patent rights & know-how (annual reducing balance)	25%	25%
Energy and water-efficient equipment	100%	100%
Electric vans	100%	100%
Energy saving/environmentally beneficial assets	100%	100%

### Motor Cars

	2016-17	2015-16
New or used cars with CO <sub>2</sub> emissions of 75gm/km or less (non-electric)	100%	-
New or used cars with CO <sub>2</sub> emissions between 75gm/km and 130gm/km	18%	-
Second hand cars with CO <sub>2</sub> emissions of 130gm/km or less or car is electric	18%	-
Low emission less than or equal to 75gm/km	-	100%
Emissions between 76gm/km and 130gm/km	-	18%
Emissions greater than 130gm/km	8%	8%

### Other Asset Types

	2016-17	2015-16
Commercial or Industrial Buildings in an Enterprise Zone	100%	100%
Research and Development	100%	100%
Business premises Renovation Allowance	100%	100%

### Intangible Assets

- Companies receive a deduction for expenditure on an accounts basis.
- Allowances at 4% p.a. are available by election.



## Tax rates and allowances 2016-17

Car and Fuel Benefits

CO <sub>2</sub> emissions (gm/km) (round down to nearest 5gm/km)	% of car's list price taxed			
	2016-17		2015-16	
	Petrol	Diesel	Petrol	Diesel
0 – 50*	7%	10%	5%	8%
51 – 75*	11%	14%	9%	12%
76 – 94*	15%	18%	13%	14%
95	16%	19%	14%	15%
100	17%	20%	15%	16%
105	18%	21%	16%	17%
110	19%	22%	17%	18%
115	20%	23%	18%	19%
120	21%	24%	19%	20%
125	22%	25%	20%	21%
130	23%	26%	21%	22%
135	24%	27%	22%	23%
140	25%	28%	23%	24%
145	26%	29%	24%	25%
150	27%	30%	25%	26%
155	28%	31%	26%	27%
160	29%	32%	27%	28%
165	30%	33%	28%	29%
170	31%	34%	29%	30%
175	32%	35%	30%	31%
180	33%	36%	31%	32%
185	34%	37%	32%	33%
190	35%	37%	33%	34%
195	36%	37%	34%	35%
200	37%	37%	35%	35%
205	37%	37%	36%	35%
210 and above	37%	37%	37%	35%

**Note**

\* Rounding down to the nearest 5gm/km does not apply



## Tax rates and allowances 2016-17

### Company Cars

- Euro IV diesel cars registered before 1st January 2006 do not suffer the 3% supplement
- A 0% rate applies to electric cars
- For cars registered before 1 January 1998 the charge is based on engine size.
- The list price includes accessories and is not subject to an upper limit.
- The list price is reduced for capital contributions made by the employee up to £5,000.
- Special rules may apply to cars provided for disabled employees.
- The Car Benefit is calculated by multiplying the appropriate % above by the cars list price

### Car Fuel Benefits

	2016-17	2015-16
Car Fuel Benefit Multiplier	£ 22,200	£22,100

- Car Fuel Benefit is calculated by multiplying the Car Fuel Benefit Multiplier by the appropriate % from the CO2 Emissions table above.
- The charge is proportionately reduced if provision of private fuel ceases part way through the year.
- The fuel benefit is reduced to nil only if the employee pays for all private fuel.

### Van benefit per vehicle

	2016-17	2015-16
Van - zero emission	£634	£630
Other Van Benefit	£3,170	£3,150
Fuel Benefit	£598	£594

- The charges do not apply to vans which cannot emit CO2 when driven or if a "restricted private use condition" is met throughout the year.



## Tax rates and allowances 2016-17

### Travel Allowances

#### Private Vehicles - approved mileage rates

	Business Miles	2016-17	2015-16
Cars and vans	Up to 10,000	45p	45p
	Over 10,000	25p	25p
Each passenger making the same trip		5p	5p
Motor cycles		24p	24p
Bicycles		20p	20p

#### Notes

1. These rates represent the maximum tax-free mileage allowances for employees using their own vehicles for business.
2. Any excess is taxable.
3. If the employee receives less than the statutory rate, tax relief can be claimed on the difference.

#### Company Cars - advisory fuel rates

Engine Size	Petrol			Diesel			LPG		
	From 01.03.16	01.09.15 to 29.02.16	01.06.15 to 31.08.15	From 01.03.16	01.09.15 to 29.02.16	01.06.15 to 31.08.15	From 01.03.16	01.09.15 to 29.02.16	01.06.15 to 31.08.15
Up to 1,400cc	10p	11p	12p	-	-	-	7p	7p	8p
Up to 1,600cc				8p	9p	10p			
1,401cc – 2,000cc	12p	14p	14p	-	-	-	8p	9p	9p
1,601cc – 2,000cc	-	-	-	10p	11p	12p			
Over 2,000cc	19p	21p	21p	11p	13p	14p	13p	14p	14p

#### Note

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



## Tax rates and allowances 2016-17

### Beneficial Loans

A director or employee obtains a benefit by reason of their employment when he or she, or any of their relatives, are provided with a cheap or interest free loan.

These loans are called beneficial loans.

An employee is chargeable to tax and the employer is liable for class 1A National Insurance on the difference between the official rate of interest and the interest, if any, paid.

The benefit can be calculated using either of the following methods

#### Normal Averaging Method

$$\frac{\text{Loan at start of year} + \text{loan at end of year}}{2} \times \frac{\text{Months loan outstanding}}{12} \times \text{Official rate}$$

#### Alternative Precise Method

Sum of:  $\text{Loan outstanding on each day} \times \frac{\text{Official rate on that day}}{365}$



## Tax rates and allowances 2016-17

VAT

## VAT Registration &amp; Deregistration Limits

	From 01.04.16	01.04.15 to 31.03.16
Registration	£83,000	£82,000
Deregistration	£81,000	£80,000

## VAT Rate Changes

	Current	
	Date From	%
Zero Rate	01.04.1973	0.0%
Home Fuel	01.09.1997	5.0%
Standard Rate	04.01.2011	20.0%
Higher Rate	18.06.1979	abolished
Antiques Imported	01.07.1999	5.0%
Sanitary Products	01.01.2004	5.0%
Child Car Seats	12.05.2001	5.0%
Urban Regenerated	12.05.2001	5.0%
Residential Conversions & Renovations	01.06.2002	5.0%





## Tax rates and allowances 2016-17

Different goods & services - and their VAT rate

(Reduced, Zero rated and exempt goods and services)

Current Rate	From 01.04.14	VAT Notice
<b>Sport</b>		
Physical education and sports activities	Exempt	701/45
<b>Leisure</b>		
Betting and gaming - Including pool betting and games of chance	Exempt	701/29
Bingo - including remote games played on the internet, telephone, television or radio	Exempt	701/29
Lottery ticket sales	Exempt	701/29
Online lottery games	Exempt	701/29
Retailer commission on lottery ticket sales	Exempt	701/29
<b>Culture</b>		
Admission charges by public authorities or eligible cultural bodies to certain cultural events such as visits to museums, art exhibitions, zoos and performances	Exempt	701/47
<b>Antiques</b>		
Antiques, works of art or similar (as assets of historic houses) sold by private treaty to public collections	Exempt	701/12
Antiques, works of art or similar (as assets of historic houses) used to settle a tax or estate duty debt with HMRC	Exempt	701/12
<b>Charities</b>		
Admission charges by charities	Exempt	How VAT applies to charities
Advertising services for charities	0%	701/58
Certain goods sold at charitable fundraising events	0%	Charity Fundraising events and VAT
Charitable fundraising events	Exempt	Charity Fundraising events and VAT
Charity shops - selling donated goods	0%	Charitable donations and VAT



## Tax rates and allowances 2016-17

Current Rate	From 01.04.14	VAT Notice
Construction and sale of new buildings for a relevant charitable purpose	0%	708
Energy saving materials permanently installed in residential or charity premises (but not including institutions such as prisons, hospitals etc)	5%	Energy saving materials - supply only - are standard rated 708/6
Sponsored charitable events	Exempt	Charities and VAT
Voluntary donations to charity	Outside the scope of VAT	Donations to Charities
<b>Welfare</b>		
Building services for disabled people	0%	Reliefs for disabled people 701/7
Burial or cremation of dead people, or burial at sea	Exempt	701/32
Mobility aids for the elderly	5%	Mobility aids for older people
Equipment for blind or partially sighted people	0%	Equipment for blind or partially sighted people
Equipment for disabled people	0%	Equipment for disabled people
Funeral plans written under contracts of insurance	Exempt	701/36
Smoking cessation products - nicotine patches and gum	5%	Budget note BN77
Welfare services provided by charities at significantly below cost	Outside the scope of VAT	701/1
Talking books and vision aids for blind people	0%	Aids for blind people
<b>Health</b>		
Care or medical treatment provided by a qualified institution like a hospital, hospice or nursing home	Exempt	701/31
Dispensing of prescriptions by a registered pharmacist	0%	701/57
Health services provided by registered doctors, dentists, opticians, pharmacists and other health professionals	Exempt	701/57
Incontinence products	0%	701/7
Maternity pads	5%	701/18



## Tax rates and allowances 2016-17

Current Rate	From 01.04.14	VAT Notice
Sanitary protection products	5%	701/18
Low vision aids	0%	Equipment for blind or partially sighted people
<b>Education</b>		
Education, vocational training, research and other connected services provided by an eligible body like a school college or university	Exempt	701/30
<b>Power, Utilities, energy saving, heating</b>		
<b>Power</b>		
Electricity for domestic and residential use or for non-business use by a charity	5%	Fuel for business use is usually standard rated 701/19
Gas for domestic and residential use or for non-business use by a charity	5%	Fuel for business use is usually standard rated 701/19
Heating oil for domestic and residential use or for non-business use by a charity	5%	Fuel for business use is usually standard rated 701/19
Solid fuel for domestic and residential use or for non-business use by a charity	5%	Fuel for business use is usually standard rated 701/19
<b>Utilities</b>		
Cesspools, septic tanks or similar (domestic) - emptying	0%	Emptying industrial cesspools septic tanks or similar is standard rated 701/16
Sewerage services supplied to domestic or industrial customers	0%	Sewer and drain cleaning unblocking or maintenance is standard rated 701/16
Water supplied to households	0%	Water supplied to industrial customers is standard rated 701/16
<b>Energy saving materials</b>		
Air Source heat pumps	5%	708/6
Boilers - wood fuelled	5%	708/6



## Tax rates and allowances 2016-17

Current Rate	From 01.04.14	VAT Notice
Central heating and hot water controls	5%	708/6
Draught stripping	5%	708/6
Ground source heat pumps	5%	708/6
Insulation	5%	708/6
Micro combined heat and power units	5%	708/6
Solar panels	5%	708/6
Water and wind turbines	5%	708/6
<a href="#">Heating equipment and connection of gas supply (grant funded by certain funders to people aged over 60 or who are in receipt of certain benefits)</a>		
The following heating appliances: <ul style="list-style-type: none"> <li>- closed solid fuel fire cassettes</li> <li>- electric dual immersion water heaters with factory insulated hot water tanks</li> <li>- electric storage heaters</li> <li>- gas fired boilers</li> <li>- gas room heaters with thermostatic controls</li> <li>- oil fired boilers</li> <li>- radiators</li> </ul>	5%	708/6
The installation, repair and maintenance of a boiler, radiators, pipework and controls forming a central heating system (including micro combined heat and power systems)	5%	708/6
The installation repair and maintenance of renewable source heating systems. This means space or water heating systems which use energy from: <ul style="list-style-type: none"> <li>- renewable sources, including solar wind and hydroelectric power or</li> <li>- near renewable sources, including ground and air heat.</li> </ul>	5%	708/6
Connection or reconnection to the mains gas supply	5%	708/6
<b><a href="#">Building and Construction, land and property</a></b>		
<a href="#">Building and construction</a>		



## Tax rates and allowances 2016-17

Current Rate	From 01.04.14	VAT Notice
Substantial reconstructions to protected buildings that are buildings used as a dwelling, for a relevant residential purpose or for a relevant charitable purpose	0%	708
The installation of a bathroom or lavatory, constructing ramps and widening doorways or passageways for disabled people in their own home	0%	Building services for disabled people
Construction and first freehold or long leasehold sale of new building for a relevant charitable purpose	0%	708
Construction and first freehold or long leasehold sale of new building for a relevant residential purpose	0%	708
Construction and first freehold or long leasehold sale of new domestic buildings	0%	708
Converting existing premises by increasing the number of dwellings within the building	5%	708
Renovating a dwelling that has been empty for at least two years	5%	708
First freehold or long leasehold sale of a commercial building converted into a dwelling or dwellings	0%	708
First freehold or long leasehold sale of a building converted for relevant residential purposes	0%	708
First freehold or long leasehold sale of a building converted for relevant charitable purposes	0%	708
<b>Land and property</b>		
Garages or parking spaces let together with buildings for permanent residential use (under shorthold tenancy agreements)	Exempt	Garages or facilities specially designed for parking are standard rated 742
Parking - grant, or licence to occupy land on which incidental parking takes place	Exempt	742
Property, land and buildings - grant or licence to occupy land or buildings	Exempt	742
Sale or long lease of a new dwelling with garage or parking spaces	0%	708
<b>Transport, freight, travel and vehicles</b>		
<b>Transport</b>		
Aircraft repair and maintenance	0%	744C



## Tax rates and allowances 2016-17

Current Rate	From 01.04.14	VAT Notice
<b>Freight</b>		
Domestic leg of freight transport to or from a place outside the EU	0%	Standard-rated freight transport includes domestic freight transport and freight transport between the UK and another EU member state 744B
Freight containers - sale lease or hire to a place outside the EC	0%	703/1
Freight containers - sale lease or hire to another EC member state	0%	703/1
International freight transport that takes place in the UK and its territorial waters	0%	744B
<b>Travel</b>		
Houseboat mooring	Exempt	742
Parking spaces or garages supplied with houseboat moorings	Exempt	742
Passenger transport in a vehicle boat or aircraft that carries not less than 10 passengers	0%	744A
Tolls for bridges tunnels and roads operated by public authority	Outside the scope of VAT	Privately operated tolls for bridges tunnels and roads are standard rated 700
<b>Vehicles</b>		
Aircraft repair and maintenance	0%	744C
Airships - sale or charter	0%	744C
Caravans (more than 7m long or more than 2.55m wide)	0% or 5%	Taxing Holiday Caravans
Civil aeroplanes - sale or charter	0%	Gliders - sale or charter - are standard rated as are hot air balloons 744C
Helicopters - sale or charter	0%	744C





## Tax rates and allowances 2016-17

Current Rate	From 01.04.14	VAT Notice
Houseboats - sale or let out on hire	0%	But holiday accommodation let in a moored houseboat is standard rated 701/20
Military aeroplanes - sale or charter	0%	744C
Ship repairs and maintenance	0%	744C
Shipbuilding - 15 tons or over gross tonnage	0%	744C
<b>Printing, postage, publications - books, magazines and newspapers</b>		
<b>Printing</b>		
Brochures	0%	701/10
Leaflets	0%	701/10
Pamphlets	0%	701/10
<b>Postage</b>		
Direct mail postal services meeting all the conditions of VAT Notice 700/24 3.2 and 3.3	Outside the scope of VAT	700/24
Postage, packing and delivery within the UK included in the sales contract but charged for separately e.g. mail order	The same rate as the goods being delivered or posted	Postage, packing and delivery within the UK charged as an optional extra is always standard rated 700/24
Public postal services provided by the Royal Mail under a Universal Service Obligation	Exempt	Standard Royal Mail first and second class services for example
Other postal services that are not subject to a Universal Service Obligation	Standard Rated	Supplies that are not subject to regulations
<b>Publications</b>		
Books	0%	701/10
Children's painting and picture books	0%	701/10
Maps and charts	0%	701/10
Magazines	0%	701/10
Newspapers	0%	701/10



## Tax rates and allowances 2016-17

Current Rate	From 01.04.14	VAT Notice
Printed or copied music	0%	701/10
Publications	0%	Some items are standard rated such as exercise books letterheads posters 701/10
<b>Clothing and footwear, protective and safety equipment</b>		
Clothing and footwear		
Baby wear	0%	714
Children's clothes and footwear	0%	714
Protective and safety equipment		
Carrycots with restraint straps	5%	701/23
Children's car seats, booster seats and booster cushions	5%	701/23
Children's safety seats with bare wheeled framework	5%	Prams and pushchairs are standard rated 701/23
Cycle helmets - CE marked	0%	701/23
Motorcycle helmets that meet safety standards	0%	701/23
Protective boots and helmets for industrial use	0%	701/23
<b>Financial services and investments, Insurance</b>		
Financial services and investments		
Financial services including the issue, transfer or receipt of, or dealing with money, securities for money or orders for the payment of money	Exempt	701/49
The granting of credit such as loans	Exempt	701/49
The management of credit by the person who has granted it	Exempt	701/49
The provision of the facility of instalment credit finance for example hire purchase	Exempt	701/49
The provision of qualifying financial intermediary services	Exempt	701/49



## Tax rates and allowances 2016-17

Current Rate	From 01.04.14	VAT Notice
The issue, transfer or dealing with security, including shares and bonds	Exempt	701/49
The operation of a current deposit or savings account	Exempt	701/49
The management of a qualifying special investment fund	Exempt	701/49
Financial services supplied as a separate element but with other goods or services	Exempt	701/49
Financial service supplied as part of a single supply with other goods or services	Exempt if financial service is the principal element of the supply	701/49
Gold investment coins	Exempt	701/21
<b>Insurance</b>		
Friendly Society subscriptions for the provision of Insurance	Exempt	701/36
Insurance and reinsurance transactions	Exempt	701/36
Insurance brokers and agents in an intermediary capacity	Exempt	701/36
Insurance supplied as a separate element but with other goods or services	Exempt	701/36
Insurance supplied as part of a single supply with other goods or services	Exempt if insurance is the principal element of the supply	701/36



## Tax rates and allowances 2016-17

### VAT fuel scale charges

The VAT fuel scale charge is used to calculate the level of VAT that can be reclaimed when a company pays both business and private fuel.

As with Car and Fuel Benefit the CO<sub>2</sub> band is used to calculate the VAT fuel scale.

#### **Notes applicable to the following Quarterly, Annual and Monthly tables**

1. Where the CO<sub>2</sub> emission figure is not a multiple of five, the figure is rounded down to the next multiple of five to determine the level of the charge.
2. For a bi-fuel vehicle which has two CO<sub>2</sub> emissions figures, the lower of the two figures should be used.
3. For cars which are too old to have a CO<sub>2</sub> emission figure, identify the CO<sub>2</sub> band based on engine size, as follows:
  - If its cylinder capacity is 1,400cc or less, use CO<sub>2</sub> band 140
  - If its cylinder capacity exceeds 1,400cc but does not exceed 2,000cc, use CO<sub>2</sub> band 175
  - If its cylinder capacity exceeds 2,000cc, use CO<sub>2</sub> band 225 or above.



## Tax rates and allowances 2016-17

## Quarterly basis (3 month period)

CO <sub>2</sub> Band gm/km	01.05.2016 to 30.04.2017			01.05.2015 to 30.04.2016		
	These are the charges which apply from the start of the first prescribed accounting period beginning on or after 1 May 2016 and are valid until 30 April 2017			These are the charges which apply from the start of the first prescribed accounting period beginning on or after 1 May 2015 and are valid until 30 April 2016		
	Gross	VAT (20%)	Net	Gross	VAT (20%)	Net
120 or less	£116.00	£19.33	£96.67	£133.00	£22.17	£110.83
125	£175.00	£29.17	£145.83	£200.00	£33.33	£166.67
130	£186.00	£31.00	£155.00	£213.00	£35.50	£177.50
135	£197.00	£32.83	£164.17	£227.00	£37.83	£189.17
140	£209.00	£34.83	£174.17	£240.00	£40.00	£200.00
145	£221.00	£36.83	£184.17	£254.00	£42.33	£211.67
150	£233.00	£38.83	£194.17	£267.00	£44.50	£222.50
155	£245.00	£40.83	£204.17	£281.00	£46.83	£234.17
160	£256.00	£42.67	£213.33	£294.00	£49.00	£245.00
165	£268.00	£44.67	£223.33	£308.00	£51.33	£256.67
170	£279.00	£46.50	£232.50	£320.00	£53.33	£266.67
175	£291.00	£48.50	£242.50	£334.00	£55.67	£278.33
180	£303.00	£50.50	£252.50	£347.00	£57.83	£289.17
185	£314.00	£52.33	£261.67	£361.00	£60.17	£300.83
190	£326.00	£54.33	£271.67	£374.00	£62.33	£311.67
195	£338.00	£56.33	£281.67	£388.00	£64.67	£323.33
200	£350.00	£58.33	£291.67	£401.00	£66.83	£334.17
205	£362.00	£60.33	£301.67	£415.00	£69.17	£345.83
210	£373.00	£62.17	£310.83	£428.00	£71.33	£356.67
215	£384.00	£64.00	£320.00	£441.00	£73.50	£367.50
220	£396.00	£66.00	£330.00	£455.00	£75.83	£379.17
225 or more	£408.00	£68.00	£340.00	£468.00	£78.00	£390.00



## Tax rates and allowances 2016-17

## Annual basis (12 month period)

CO <sub>2</sub> Band gm/km	01.05.2016 to 30.04.2017			01.05.2015 to 30.04.2016		
	These are the charges which apply from the start of the first prescribed accounting period beginning on or after 1 May 2016 and are valid until 30 April 2017			These are the charges which apply from the start of the first prescribed accounting period beginning on or after 1 May 2015 and are valid until 30 April 2016		
	Gross	VAT (20%)	Net	Gross	VAT (20%)	Net
120 or less	£467.00	£77.83	£389.17	£536.00	£89.33	£446.67
125	£699.00	£116.50	£582.50	£802.00	£133.67	£668.33
130	£747.00	£124.50	£622.50	£857.00	£142.82	£714.17
135	£792.00	£132.00	£660.00	£909.00	£151.50	£757.50
140	£841.00	£140.17	£700.83	£965.00	£160.83	£804.17
145	£886.00	£147.67	£738.33	£1,016.00	£169.33	£846.67
150	£934.00	£155.67	£778.33	£1,072.00	£178.67	£893.33
155	£979.00	£163.17	£815.83	£1,123.00	£187.17	£935.83
160	£1,028.00	£171.33	£856.67	£1,179.00	£196.50	£982.50
165	£1,073.00	£178.83	£894.17	£1,231.00	£205.17	£1,025.83
170	£1,121.00	£186.83	£934.17	£1,286.00	£214.33	£1,071.67
175	£1,166.00	£194.33	£971.67	£1,338.00	£223.00	£1,115.00
180	£1,214.00	£202.33	£1,011.67	£1,393.00	£232.17	£1,160.83
185	£1,259.00	£209.83	£1,049.17	£1,445.00	£240.83	£1,204.17
190	£1,308.00	£218.00	£1,090.00	£1,501.00	£250.17	£1,250.83
195	£1,353.00	£225.50	£1,127.50	£1,552.00	£258.67	£1,293.33
200	£1,401.00	£233.50	£1,167.50	£1,608.00	£268.00	£1,340.00
205	£1,446.00	£241.00	£1,205.00	£1,660.00	£276.67	£1,383.33
210	£1,495.00	£249.17	£1,245.83	£1,715.00	£285.83	£1,429.17
215	£1,540.00	£256.67	£1,283.33	£1,767.00	£294.50	£1,472.50
220	£1,588.00	£264.67	£1,323.33	£1,822.00	£303.67	£1,518.33
225 or more	£1,633.00	£272.17	£1,360.83	£1,874.00	£312.33	£1,561.67





## Tax rates and allowances 2016-17

## Monthly basis (1 month period)

CO <sub>2</sub> Band gm/km	01.05.2016 to 30.04.2017			01.05.2015 to 30.04.2016		
	These are the charges which apply from the start of the first prescribed accounting period beginning on or after 1 May 2016 and are valid until 30 April 2017			These are the charges which apply from the start of the first prescribed accounting period beginning on or after 1 May 2015 and are valid until 30 April 2016		
	Gross	VAT (20%)	Net	Gross	VAT (20%)	Net
120 or less	£38.00	£6.33	£31.67	£44.00	£7.33	£36.67
125	£58.00	£9.67	£48.33	£66.00	£11.00	£55.00
130	£61.00	£10.17	£50.83	£70.00	£11.67	£58.33
135	£65.00	£10.83	£54.17	£75.00	£12.50	£62.50
140	£69.00	£11.50	£57.50	£80.00	£13.33	£66.67
145	£73.00	£12.17	£60.83	£84.00	£14.00	£70.00
150	£77.00	£12.83	£64.17	£88.00	£14.67	£73.33
155	£81.00	£13.50	£67.50	£93.00	£15.50	£77.50
160	£85.00	£14.17	£70.83	£97.00	£16.17	£80.83
165	£89.00	£14.83	£74.17	£102.00	£17.00	£85.00
170	£92.00	£15.33	£76.67	£106.00	£17.67	£88.33
175	£96.00	£16.00	£80.00	£111.00	£18.50	£92.50
180	£101.00	£16.83	£84.17	£115.00	£19.17	£95.83
185	£104.00	£17.33	£86.67	£119.00	£19.83	£99.17
190	£108.00	£18.00	£90.00	£124.00	£20.67	£103.33
195	£112.00	£18.67	£93.33	£129.00	£21.50	£107.50
200	£116.00	£19.33	£96.67	£133.00	£22.17	£110.83
205	£120.00	£20.00	£100.00	£138.00	£23.00	£115.00
210	£123.00	£20.50	£102.50	£142.00	£23.67	£118.33
215	£128.00	£21.33	£106.67	£146.00	£24.33	£121.67
220	£132.00	£22.00	£110.00	£151.00	£25.17	£125.83
225 or more	£135.00	£22.50	£112.50	£155.00	£25.83	£129.17





## Tax rates and allowances 2016-17

### VAT - Alternative Schemes

#### VAT Annual Accounting

##### Eligibility

1. When applying to join the scheme turnover must be less than £1,350,000.
2. Once on the scheme Turnover can rise to £1,600,000 before a business will have to transfer back to the standard accruals method.
3. All new businesses can now join the annual accounting scheme immediately.
4. Existing businesses must ensure that all payments to HMRC are up-to-date.

##### Benefits

1. Business only has to complete one annual VAT return.
2. The business has 2 months to complete the return from the end of the 12 month period when any balance payment must also be made.
3. The business has the option to pay either 9 monthly direct debits or 3 quarterly direct debits and a balancing payment.

An example payment profile for a company commencing using Annual Accounting Scheme from 1st January 2016:

Month From Start of Scheme	Month	Monthly Payments	Quarterly Payments
1	Jan-16		
2	Feb-16		
3	Mar-16		
4	Apr-16	1st Pay	
5	May-16	2nd Pay	
6	Jun-16	3rd Pay	1st Pay
7	Jul-16	4th Pay	
8	Aug-16	5th Pay	
9	Sep-16	6th Pay	2nd Pay
10	Oct-16	7th Pay	
11	Nov-16	8th Pay	
12	Dec-16	9th Pay	3rd Pay
13	Jan-17		
14	Feb-17	Bal Pay	Bal Pay

For further information on the annual accounting basis read [VAT Notice 732](#).



## Tax rates and allowances 2016-17

### VAT Cash Accounting

#### Eligibility

1. When applying to join the scheme turnover must be less than £1,350,000.
2. Once on the scheme there is a tolerance level up to a turnover of £1,600,000.
3. All new businesses can now join the cash accounting scheme immediately.
4. Existing businesses must ensure that all payments to HMRC are up-to-date.
5. When a business transfers back to the accruals basis they have 6 months to bring their payments up-to-date.
6. You can only transfer to a cash accounting scheme at the start of a tax period.

#### Benefits

1. Significant cash benefit to the business as you will only pay VAT to the revenue on sales you have been paid for.

For further information on the annual accounting basis read [VAT Notice 731](#).



## Tax rates and allowances 2016-17

### VAT Flat Rate Scheme

#### Eligibility

For a business to qualify for the Flat Rate Scheme it must meet both of the following criteria:

1. Taxable sales must be no more than £150,000 per year.
2. Total income in the year must not exceed £230,000.

#### Benefits

1. Using the flat rate scheme is simple and easy to use. Each business type has a percentage rate applied to it for example the percentage for accountancy and bookkeeping business is 14.5%. You then multiply that percentage by your quarterly gross sales including VAT and that is how much VAT you pay to HMRC.  
Example. You invoice a client £1,000.00 plus VAT of £200.00, a total gross invoice of £1,200.00. The flat rate for the business is 14.5%. Your payment will be  $£1,200.00 \times 14.5\% = £174.00$ .
2. You can also claim the VAT on capital assets over £2,000.

For further information on the flat rate scheme read [VAT Notice 733](#).

### VAT Flat Rate Scheme - flat rates

Type of business	Flat Rate %
Accountancy or bookkeeping	14.5%
Advertising	11.0%
Agricultural services	11.0%
Any other activity not listed elsewhere	12.0%
Architect, civil and structural engineer or surveyor	14.5%
Boarding or care of animals	12.0%
Business services not listed elsewhere	12.0%
Catering services including restaurants and takeaways	12.5%
Computer and IT consultancy or data processing	14.5%
Computer repair services	10.5%
Entertainment or journalism	12.5%
Estate agency or property management services	12.0%
Farming or agriculture not listed elsewhere	6.5%
Film, radio, television or video production	13.0%
Financial services	13.5%
Forestry or fishing	10.5%
General building or construction services	9.5%
Hairdressing or other beauty treatment services	13.0%
Hiring or renting goods	9.5%
Hotel or accommodation	10.5%
Investigation or security	12.0%
Labour-only building or construction services	14.5%



## Tax rates and allowances 2016-17

Type of business	Flat Rate %
Laundry or dry-cleaning services	12.0%
Lawyer or legal services	14.5%
Library, archive, museum or other cultural activity	9.5%
Management consultancy	14.0%
Manufacturing fabricated metal products	10.5%
Manufacturing food	9.0%
Manufacturing not listed elsewhere	9.5%
Manufacturing yarn, textiles or clothing	9.0%
Membership organisation	8.0%
Mining or quarrying	10.0%
Packaging	9.0%
Photography	11.0%
Post offices	5.0%
Printing	8.5%
Publishing	11.0%
Pubs	6.5%
Real estate activity not listed elsewhere	14.0%
Repairing personal or household goods	10.0%
Repairing vehicles	8.5%
Retailing food, confectionery, tobacco, newspapers or children's clothing	4.0%
Retailing pharmaceuticals, medical goods, cosmetics or toiletries	8.0%
Retailing not listed elsewhere	7.5%
Retailing vehicles or fuel	6.5%
Secretarial services	13.0%
Social work	11.0%
Sport or recreation	8.5%
Transport or storage, including couriers, freight, removals and taxis	10.0%
Travel agency	10.5%
Veterinary medicine	11.0%
Wholesaling agricultural products	8.0%
Wholesaling food	7.5%
Wholesaling not listed elsewhere	8.5%



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## Tax rates and allowances 2016-17

### VAT - Other Schemes

For information on other alternative VAT schemes read the following VAT Notices:

- Retail Scheme [VAT Notice 727](#).
- Margin Scheme [VAT Notice 718](#).
- Capital Goods Scheme [VAT Notice 706/2](#).
- Tour Operators Margin Scheme [VAT Notice 709/5](#).



## Tax rates and allowances 2016-17

### Tax Reliefs for Individuals

Unchanged from 2015-16.

	<b>Investment Limit</b>	<b>Income Tax Relief Rate</b>	<b>Required Years Invested</b>	<b>Capital Gains Treatment</b>
Enterprise Investment Scheme (EIS)	£1,000,000	30%	3	Exempt
Seed Investment Scheme (SEIS)	£100,000	50%	3	Exempt
Venture Capital Trusts (VCT)	£200,000	30%		Exempt
Social Investment Relief	£1,000,000	30%		Exempt

#### Notes

- 1. The Enterprise Investment Scheme (EIS)** provides tax relief for individuals prepared to invest in new and growing companies. Investors can obtain generous income tax and capital gains tax (CGT) breaks for their investment and companies can use the relief to attract additional investment to develop their business. Individuals are entitled to relief on investments in certain unquoted trading companies through EIS.  
Capital gains from the disposal of other assets may be deferred by making an EIS investment.  
All reliefs are subject to detailed conditions being met.
- 2. Seed Enterprise Investment Scheme (SEIS)**  
A junior version of EIS known as Seed Enterprise Investment Scheme (SEIS) has been introduced. An individual who makes a capital gain on another asset and uses the amount of the gain in making a SEIS investment will not pay tax on 50% of the gain subject to certain conditions.  
All reliefs are subject to detailed conditions being met.
- 3. Venture Capital Trusts (VCTs)** are designed to encourage private individuals to invest in smaller high-risk unquoted trading companies. VCTs operate by indirect investment through a mediated fund. In effect they are very like the investment trusts that are obtainable on the stock exchange, albeit in a high-risk environment. Individuals are entitled to relief on investments in VCTs.  
  
All reliefs are subject to detailed conditions being met.
- 4. Social Investment Relief (SIR)** is designed to encourage private individuals to invest in social enterprises including charities. Individuals are entitled to relief on their investments.  
Capital gains from the disposal of other assets may be deferred by making a SIR investment.  
All reliefs are subject to detailed conditions being met.



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## Tax rates and allowances 2016-17

### Rent-a-Room Relief

	<b>2016-17</b>	<b>2015-16</b>
Rent a Room relief	£ 7,500	£4,250

The total exempt rental income that someone can have for renting out one or more rooms in their main residence is increasing from £4,250 (2015-16) to £7,500.





## Tax rates and allowances 2016-17

### Directors Loans

When a company which is controlled by its directors, or by five or fewer shareholders, makes a loan to a shareholder/director, the company must pay an extra Corporation Tax charge.

#### 2015-16

For 2015-16 the Corporation Tax charge is 25% of the loan.

The corporation tax charge is payable if the loan is outstanding 9 months after the company's year-end.

The additional Corporation tax paid can be reclaimed when the loan is repaid.

#### 2016-17

From 2016-17 the Corporation Tax charge will be 32.5% of the loan.

This change aligns the tax charge with the dividend tax payable by higher rate taxpayers in 2016-17.

Loans made to a charity will be exempt from this tax charge.



## Tax rates and allowances 2016-17

### Use of Home as an Office

The Government guideline is that £4 per week can be claimed for use of home as an office without the need for receipts and evidence of costs.

£4 x 52 weeks = £208

If you wish to claim additional costs then you will be required to keep receipts.



## Tax rates and allowances 2016-17

### Furnished Property

#### **Abolition of 10% wear and tear allowance**

Landlords of fully furnished residential lettings are currently able to claim a deduction of broadly 10% of gross rental income.

This is to compensate for not being able to claim any tax relief on the capital cost of fixtures and fittings.

The wear and tear allowance is abolished from the 2016-17 tax year and is replaced by a deduction for the replacement cost of any existing capital items such as free standing fridges, beds, sofa's etc.

Unlike the wear and tear allowance this new relief is also available for partly furnished properties.

To claim any replacement costs receipts for the expenditure must be kept and evidence that it is a replacement maybe necessary as the relief is not for additional assets only replacement assets.



## Tax rates and allowances 2016-17

### Employee tax relief on business expenditure not repaid by the Employer

You are entitled to claim any expenditure wholly incurred for business that in no way is used for private use that has not been reimbursed by the employer.

To be able to claim tax relief you must keep all receipts of expenditure incurred.

You must claim the relief within 4 years of the tax year end that you spent the money.

### How do you claim?

#### Claims of less than £2,500

1. If you already complete a self-assessment tax return you must claim the relief on the tax return
2. If you don't complete a self-assessment tax return you will need to complete form P87 and return it to the address on the form.
3. If you had a successful claim last tax year you may be able to make your claim by phone.

#### Claims more than £2,500

If your claim for expenses is greater than £2,500 then you must make your claim on a self-assessment tax return.

Types of expenditure that relief can be claimed:

- Uniforms
- Work cloths
- Tools
- Business mileage and fuel costs
- Travel and overnight expenses
- Professional fees and subscriptions
- Working from home
- Buying other equipment



## Tax rates and allowances 2016-17

### Business Premises Renovation Allowance

BPRA gives incentives to bring back into business use derelict or business properties that have been unused for at least one year. It provides an allowance of 100% of certain expenditure incurred when converting or renovating unused business premises in a disadvantaged area.

#### Expenditure that qualifies

- Building works
- Architectural and design services
- Surveying or engineering services
- Planning applications
- Statutory fees and statutory permissions

#### End Date

This allowance ends on **31<sup>st</sup> March 2017 for Corporation Tax** and **5<sup>th</sup> April 2017 for Income Tax**.

Any business considering renovating a building must act in the upcoming financial year or miss out on the BPRA.

#### Disadvantaged Areas

A list of disadvantaged areas can be found at: [www.legislation.gov.uk/en/uksi/2014/1508/made](http://www.legislation.gov.uk/en/uksi/2014/1508/made)

Or use the post code finder at: [www.ukassistedareasmap.com/ieindex.html](http://www.ukassistedareasmap.com/ieindex.html)



## Tax rates and allowances 2016-17

### HMRC - Penalties and Interest Charge

It is in everyone's interest to avoid penalties. Understanding how Her Majesty's Revenue and Customs (HMRC) penalties work can help you to help your clients to avoid them.

Each tax or duty has specific rules on penalties for late payment or filing. A penalty may also be due if your client doesn't tell HMRC about a liability to tax at the right time.

We strongly recommend you read HMRC guidance "Penalties: an overview for agents and advisers" which can be found at [www.gov.uk/guidance/penalties-an-overview-for-agents-and-advisers](http://www.gov.uk/guidance/penalties-an-overview-for-agents-and-advisers).

Following is a summary of the key points of note for each main category:

### Self-assessment tax return deadlines and penalties

#### Deadline for Registration and Submission of 2015-16 Tax returns

	<b>Date Due</b>
Register for self-assessment	05.10.16
Paper Tax returns	31.10.16
Online Tax returns	31.01.17
Pay Tax Due	31.01.17

#### Late filing penalties - Self-assessment tax returns

<b>Late Filings</b>	<b>Penalty</b>
Initial Fixed Penalty – 1 day to 3 months late	£100.00
From three months late to six months	£10.00 daily charge added up to £900.00
Six months late	Either 5% of the tax due or £300.00, whichever is the greater
Twelve months late	Either 5% of the tax due or £300.00, whichever is the greater

All fines are cumulative.

Even if the actual tax due is less than £100.00 or even if a rebate is due the initial fixed penalty remains.



## Tax rates and allowances 2016-17

### Late payment penalties - Self-assessment tax returns

Late Payment	Penalty
30 days late	5% of the tax unpaid at that time
6 months late	A further penalty charge of 5% of the tax that is still unpaid
12 months late	A further penalty charge of 5% of the tax that is still unpaid

All penalties are cumulative.

These penalties are in addition to any interest charged on all outstanding amounts, including unpaid penalties, until the payment is received.

Penalties do not apply when an agreed time to pay has been arranged with HMRC.

For the HMRC information on self-assessment penalties go to:

<https://www.gov.uk/self-assessment-tax-returns/penalties>

### Partnership tax returns

#### Late filing penalties - Partnership tax returns

Late filings	Penalty Per Partner
Initial Fixed Penalty – 1 day to 3 months late	£100.00 each partner
From three months late to six months	£10.00 daily charge added up to £900.00 each partner
Six months late	A further penalty of £300.00 each partner
Twelve months late	A further penalty of £300.00 each partner

The above fines apply to each partner. Therefore, if a partnership has 3 partners the initial fine is £300.00, the second £30.00 per day up to £2,700.00 and so on.





## Tax rates and allowances 2016-17

### Corporation Tax

Penalties for not telling HMRC your company is liable for corporation tax

Type of failure	Maximum penalty for each type of failure
Non-deliberate	30% of the potential lost revenue
Deliberate but not concealed	70% of the potential lost revenue
Deliberate and concealed	100% of the potential lost revenue

Late filing penalties - Corporation tax returns

Late filings	Penalty
Initial Fixed Penalty – 1 day late	£100.00
Three months late	A further £100.00
Six months late	HMRC will estimate your company's tax bill and add a penalty of 10% of the unpaid tax
Twelve months late	HMRC will add a further 10% of the unpaid tax

If your corporation tax return is late 3 times in a row, the £100.00 penalty is increased to £500.00.

Penalties for inaccurate company tax returns, documents and information

The penalty is a percentage of the extra tax due when HMRC corrects your mistake. The amount of penalty you'll face will depend on the type of error and when you told HMRC about it.

The penalty will be less if you tell HMRC about your error before they find out about it – this is known as unprompted disclosure. If you told HMRC after they found out about the error, or if you told them because you thought they were about to find out, this is called prompted disclosure.

Type of error	Penalty Range	
	Unprompted disclosure	Prompted disclosure
Careless	0% - 30%	15% - 30%
Deliberate but not concealed	20% - 70%	35% - 70%
Deliberate and concealed	30% - 100%	50% - 100%



## Tax rates and allowances 2016-17

### Interest charged on late or underpaid Corporation Tax

If you pay your Corporation Tax late, don't pay enough, or don't pay at all, HMRC will charge your company or organisation interest. This interest is known to HMRC as late payment interest.

Interest is charged from the day after the tax should have been paid (normally 9 months and one day after the end of your accounting period) until the date you pay it. Interest charges are automatic, however, interest is not charged on interest itself.

Any late payment interest you pay to HMRC is tax deductible for Corporation Tax purposes. This means you can include this expense in your company accounts for the accounting period when the interest was incurred.



## Tax rates and allowances 2016-17

### PAYE & National Insurance

#### Late filing penalties - PAYE Real time information returns

Number of Employees	Penalty
From 1 - 9	£100.00
From 10 - 49	£200.00
From 50 - 249	£300.00
250 or more	£400.00

An employer is liable to a penalty if, during a tax month, they fail to file one or more RTI returns by the filing date.

For each tax year an employer will not be charged a penalty for the first tax month during which they fail to file one or more returns on time.

This exemption does not apply to employers who operate an annual PAYE scheme who are only required to file one return per year.

#### Interest charged on late or underpaid PAYE and National Insurance

If you pay your PAYE late, don't pay enough, or don't pay at all, HMRC will charge your company or organisation interest. This interest is known to HMRC as late payment interest.

Interest is charged from the day after the PAYE should have been paid until the date you pay it. Interest charges are automatic, however, interest is not charged on interest itself.



## Tax rates and allowances 2016-17

### Construction Industry Scheme (CIS)

#### Interest charged on late or underpaid CIS payments

If you pay your CIS late, don't pay enough, or don't pay at all, HMRC will charge your company or organisation interest. This interest is known to HMRC as late payment interest.

Interest is charged from the day after the CIS should have been paid until the date you pay it. Interest charges are automatic, however, interest is not charged on interest itself.

#### Late filing penalties - CIS returns

How late the return is	Penalty
1 day late	£100.00
2 months late	£200.00
6 months late	£300.00 or 5% of the CIS deductions on the return, whichever is the greater
12 months late	£300.00 or 5% of the CIS deductions on the return, whichever is the greater

For a return later than this, you may be given an additional penalty of up to £3,000.00 or 100% of the CIS deductions on the return, whichever is higher.



## Tax rates and allowances 2016-17

### VAT

#### Late filing penalties - VAT

Number of late filings	Penalty
First Late filing	£100.00
Second late filing	£200.00
Third late filing	£300.00
Fourth late filing	£300.00
Fifth and all subsequent late filings	£400.00

The penalty period is 1 year but the 12 month period starts again each time a late filing occurs.

#### Late payment penalties - VAT

Number of late payments	% of VAT owed
First late payment	No penalty but 12 month penalty period commences
Second late payment	2%
Third late payment	5%
Fourth late payment	10%
Fifth and all subsequent late payments	15%

The penalty period is 1 year but the 12 month period starts again each time a late payment occurs.

#### Misdeclaration Penalty

The new penalties for inaccuracies in tax returns and documents was introduced on 1<sup>st</sup> April 2008 but only for Returns where the accounting period commences on or after 1<sup>st</sup> April 2008.

Information on the new penalties can be found on [VAT Notice 700/42](#).



## Tax rates and allowances 2016-17

### Late Registration Penalty

Late by	Penalty
Up to 9 months	5%
9 - 18 months	10%
Over 18 months	15%

The penalty is calculated as a percentage of the VAT due, from the date when you should have registered to the date when you do register.

Subject to a minimum penalty of £50.00.

Information on Late Registration Penalties can be found on [VAT Notice 700/41](#) and on [Factsheet CC/FS11](#).

### Civil Evasion Penalty

Based on tax evaded, maximum penalty: 100% (plus interest)

Possible reductions on penalty:		Up to
a.	An early and truthful explanation as to why the arrears arose and the true extent of them	40%
b.	Co-operation in substantiating the true amount of arrears Attending interviews and producing records and information as required	40%
<b>Total Reduction</b>		<b>80%</b>

### Default Interest

The interest rate is set by the Air Passenger Duty and other indirect taxes (interest rate) Regulations 1988. It will be a simple, not compound, rate and will broadly be in line with Commercial Rates of interest.

You cannot deduct this interest from your net profit for the purposes of calculating your direct tax liability – the rate of interest is set to reflect this.

The default interest is calculated at the above rates on the VAT due.



## Tax rates and allowances 2016-17

### Default Surcharge

A default occurs when a return is received late or when it is received on time but the tax is not.

#### Default surcharge

- The default surcharge will be suspended until a second default occurs within 12 months of the first default.
- At this point the default surcharge will be issued.

#### Surcharge liability notice

- Issued for default surcharge.
- Once issued it will remain in force until you have not been in default for 12 months.





## Tax rates and allowances 2016-17

### Surcharge Payable

From 01/10/2003	
Default	% of VAT owed
1 <sup>st</sup>	0% but default period commences
2 <sup>nd</sup>	2%
3 <sup>rd</sup>	5%
4 <sup>th</sup>	10%
5 <sup>th</sup> & subsequent	15%

Minimum surcharge £30.00.

At 2% or 5% level, no surcharge assessment will be issued under £400.00.

From 1 January 2003, for businesses with turnover up to £150,000.00 p.a., no automatic surcharge until at least 4 separate written communications offering help and support have been made.

Between July 2001 and December 2002 for businesses up to £100,000.00 no automatic surcharge until three separate communications received.



## Tax rates and allowances 2016-17

### Companies House - Confirmation Statement

The abolition of the **Annual Return** and the Introduction of **Confirmation Statements**.

From 30 June 2016 the annual return is being replaced by the confirmation statement. At least once every year a company needs to review the information Companies House hold about the company and confirm it's correct or that the company will update it at the time they make the statement. Companies will be able to do this online.

To complete the confirmation statement a company will need to:

- Check the information Companies House hold on the company's registered office, directors and location of their registers. If any of these need changing update these by filing the right form
- Update the company shareholder information, statement of capital and the company standard industry classification (SIC codes). This can be done as part of completing the confirmation statement
- Check and confirm the company record is up-to-date
- Pay the Companies House fee.

As part of the first confirmation statement the company must also provide the information contained in the register of people with significant control (PSC).

If the company information changes at a later date, the company can make a confirmation statement to update the company record and confirm it's correct. The company can confirm their record is up-to-date as many times as they need to. The company will only be charged once each year.

Additional guidance notes can be found on Companies House website.



## Tax rates and allowances 2016-17

### Companies House - People with Significant Control

Important changes that will affect all companies.

From 6 April 2016 you need to start keeping a record of the people who control a company - PSC's. There are criminal penalties if a company doesn't comply with this new legislation.

For most companies PSC's will be individuals who:

- Hold more than 25% of the company's shares.
- Hold more than 25% of the company's voting rights.
- Have the right to appoint or remove the majority of directors.

If an individual does not meet the above conditions, check to see if there is anyone who:

- Has the right to, or actually exercises, significant influence or control over the company.
- Has the right to, or actually exercises, significant influence or control over a trust or company that meets one of the above condition.

From 30 June 2016 companies need to provide Companies House with the details of their PSC's. In most cases companies will do this as part of their first Confirmation Statement.

If a company doesn't have any PSC's or the company is still trying to confirm who they are, the company will have a selection of statements to choose from.

Also if the company believes any of their PSCs should be covered by Companies House's protection regime, they need to read the additional guidance carefully for details of how they can apply to have their information protected.



## Tax rates and allowances 2016-17

### Companies House - Penalties and Interest charge

#### Late filing penalties - Annual Accounts to Companies House

Late filings	Penalty
Up to 1 month	£150.00
Between 1 to 3 months	£375.00
Between 3 to 6 months	£750.00
More than 6 months	£1,500.00

The penalty is doubled if your accounts are late 2 years in a row.

Penalties for public limited companies are different.

You can be fined up to £5,000.00 and your company struck off the register if you don't send Companies House your accounts or annual return.

#### Late submission of your Companies House Annual Return

The due date for your annual return is usually a year after either the:

- Incorporation of your company
- Date you filed your last annual return

A company has 28 days after the due date to file the annual return.

A company could be fined up to £5,000.00 and the company struck off if you don't send Companies House your annual return.