



Tax rates and allowances 2018-19

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PERSONAL TAX



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Income Tax - Allowances/Reliefs

		2018-19	2017-18
Personal allowance	Aged under 65 (note 5)	£11,850	£11,500
	Income limit for Personal Allowance	£100,000	£100,000
	Aged 75 and over (notes 1 & 4)	£11,850	£11,500
	Transferable tax allowance for married couples (notes 2 & 7)	£1,185	£1,150
Income limit for age-related allowances		£28,900	£28,000
Married Couple's allowance tax reduction (note 4)	Either partner born before 6 th April 1935 (notes 1-4)	£8,695	£8,445
	Minimum amount of Married Couple's allowance	£3,360	£3,260
Blind Person's allowance (note 6)		£2,390	£2,290

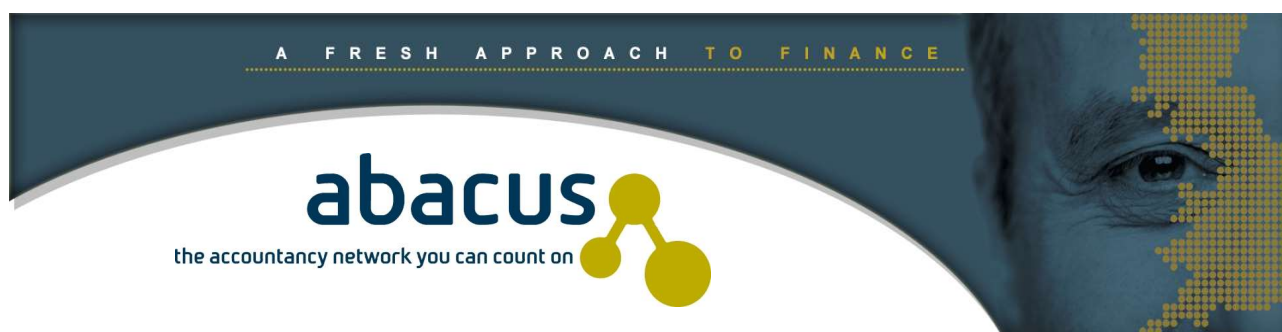
Notes

- These age-related allowances reduce by £1 for every £2 of income more than the income limit for age-related allowances.
- The Married Couple's Allowance. If you were married before 5th December 2005 and are living together and at least one spouse was born before 6th 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 5th December 2005 and are living together and at least one spouse or partner was born before 6th 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 $£31,500 - £28,900 = £2,600$ above the age allowance income limit. Divide this by 2 = £1,300 (allowances reduced by £1 for every £2 above the age income limit). The £1,300 is then deducted from the Married Couple's Allowance leaving a Married Couple's Allowance of £7,395 (£8,695 - £1,300). (Legislation is expected in 2018 to clarify the application of this calculation to Scottish resident tax payers.)
- For 2018-19 the personal allowance is progressively withdrawn for income over £100,000 leading to a marginal tax rate of 60% on income in the band £100,000 to £123,700 (£123,000 in 2017-18). 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 £11,850 or less. If you were eligible for Married Couple's Allowance in the 2017-18 tax year you can backdate your claim to 6th April 2017.



Tax rates and allowances 2018-19

8. Neither the personal allowance nor the married couple allowance are available to non-UK domiciled individuals who make a claim to pay tax on the remittance basis of taxation.



Tax rates and allowances 2018-19

Income Tax - Tax Rates

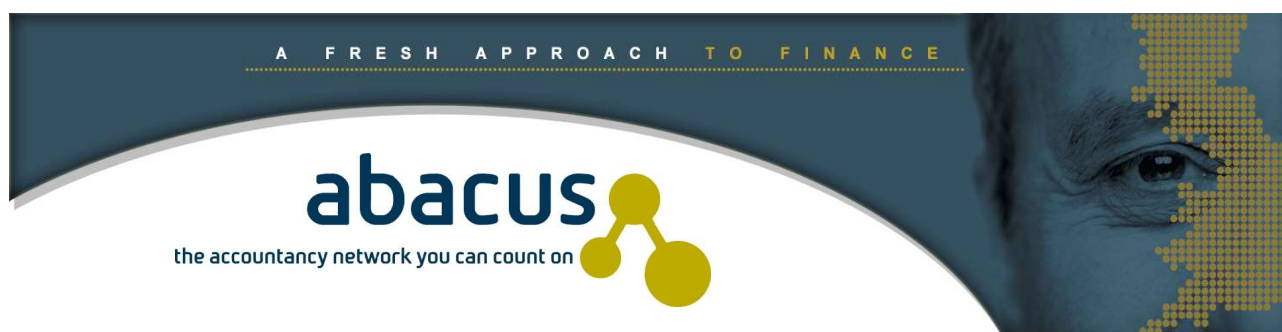
Other income taxed first, then savings income and finally dividends.

2018-19

2018-19				
Band (£)		Other Income	Savings	Dividends
£0 - £5,000	(note 1)	-	0%	-
£0 - £1,000	(note 2)	-	0%	-
£0 - £500	(note 3)	-	0%	-
£0 - £2,000	(note 4)	-	-	0%
£1,001 - £34,500		-	20%	-
£501 - £34,500		-	20%	-
£0 - £34,500		20%	-	-
£2,001 - £34,500		-	-	7.5%
£34,501 - £150,000		40%	40%	32.5%
Over £150,000		45%	45%	38.1%

Scottish Basic Rate Threshold

2018-19				
Band (£)		Other Income	Savings	Dividends
£0 - £5,000	(note 1)	-	0%	-
£0 - £1,000	(note 2)	-	0%	-
£0 - £500	(note 3)	-	0%	-
£0 - £2,000	(note 4)	-	-	0%
£1,001 - £31,500		-	20%	-
£501 - £31,500		-	20%	-
£0 - £2,000		19%	-	-
£2,001 - £12,150		20%	-	7.5%
£12,151 - £31,580		21%	-	7.5%
£31,581 - £150,000		41%	40%	32.5%
Over £150,000		46%	45%	38.1%



Tax rates and allowances 2018-19

Notes

- From 2008-09 there is a starting rate for savings income only of £5,000 with a starting rate of 0%.
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 2017, 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 non-repayable tax credit equal to 10% of the grossed-up figure no longer applies. Instead the first £2,000 (£5,000 in 2017-18) of dividend income is taxed at 0%.
- The income bands are broadly used in the following order
 - Non-savings income
 - Savings income
 - Dividends.
- Discretionary Trusts and Accumulation and Maintenance Trusts are entitled to a standard rate band of £1,000. Income in excess of this amount is subject to income tax at the top rate of income tax which is 45%. The rate of tax on dividend income received in excess of the standard rate band is 38.1%.

Trade Allowance 2018-19 (Introduced in 2017-18)

Income up to £1,000	Profits assessable as Nil do not have to be declared to HMRC
Income over £1,000	Election to deduct £1,000 allowance from income instead of the actual expenses

Notes

- Individuals with small amounts of trading income less than £1,000 will no longer have to tell HMRC about the income or pay tax on it.
- If trading income does exceed £1,000 the individual can elect to either calculate profit in the normal way (i.e. offset actual expenses) or simply elect to deduct the £1,000 allowance.
- This allowance does not apply to rent-a-room income.

Property Allowance 2018-19 (Introduced in 2017-18)

Income up to £1,000	Profits assessable as Nil do not have to be declared to HMRC
Income over £1,000	Election to deduct £1,000 allowance from income instead of the actual expenses

Notes

- Individuals with small amounts of property income less than £1,000 will no longer have to tell HMRC about the income or pay tax on it.
- If property income does exceed £1,000 the individual can elect to either calculate profit in the normal way (i.e. offset actual expenses) or simply elect to deduct the £1,000 allowance.
- This allowance does not apply to rent-a-room income.



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2017-18

2017-18				
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 - £33,500		-	20%	-
£501 - £33,500		-	20%	-
£0 - £33,500		20%	-	-
£5,001 - £33,500		-	-	7.5%
£33,501 - £150,000		40%	40%	32.5%
Over £150,000		45%	45%	38.1%

Scottish Basic Rate Threshold

Whilst the tax rates are the same in Scotland as the rest of the UK the basic rate threshold is different as set out below:

2017-18				
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 - £31,500		-	20%	-
£501 - £31,500		-	20%	-
£0 - £31,500		20%	-	-
£5,001 - £31,500		-	-	7.5%
£31,501 - £150,000		40%	40%	32.5%
Over £150,000		45%	45%	38.1%



Tax rates and allowances 2018-19

Notes

1. From 2008-09 there is a starting rate for savings income only of £5,000 with a starting rate of 0%.
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.
2. From April 2017, 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.
3. Higher rate tax payers will not have to pay tax on the first £500 of savings income.
4. From 2016-17, dividends will no longer be grossed up to determine the taxable dividend. Also, the non-repayable tax credit equal to 10% of the grossed-up figure no longer applies. Instead the first £5,000 (£5,000 in 2016-17) of dividend income is taxed at 0%.
5. The income bands are broadly used in the following order
 - Non-savings income
 - Savings income
 - Dividends.
6. Discretionary Trusts and Accumulation and Maintenance Trusts are entitled to a standard rate band of £1,000. Income in excess of this amount is subject to income tax at the top rate of income tax which is 45%. The rate of tax on dividend income received in excess of the standard rate band is 38.1%.



Tax rates and allowances 2018-19

Tax Reliefs for Individuals

2018-19

	Investment Limit	Income Tax Relief Rate	Required Years Invested	Capital Gains Treatment
Enterprise Investment Scheme (EIS) (see note 5)	£2,000,000	30%	3	Exempt
Seed Investment Scheme (SEIS)	£100,000	50%	3	Exempt
Venture Capital Trusts (VCT)	£200,000	30%	5	Exempt
Social Investment Relief	£1,000,000	30%	3	Exempt

2017-18

	Investment Limit	Income Tax Relief Rate	Required Years Invested	Capital Gains Treatment
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%	5	Exempt
Social Investment Relief	£1,000,000	30%	3	Exempt

Notes

1. **The Enterprise Investment Scheme (EIS)** provides income tax relief, which is restricted to 30%, 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) gives an individual income tax relief of 50%. The relief applies to share in qualifying trading companies with fewer than 25 full-time equivalent employees, and assets of up to £200,000 issued after 6 April 2012. Maximum stake 30% of capital and voting rights. Total SEIS financing per company is limited to £150,000 cumulatively (with 3 years preceding the share issue).
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.
Dividends received from the investment are exempt from tax.
All reliefs are subject to detailed conditions being met.
The rate of income tax refund for investors in VCTs is 30%



Tax rates and allowances 2018-19

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.
5. **For 2018-19**, amount over £1m must be invested in 'knowledge-intensive' companies.



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Individual Savings Accounts (ISAs)

	2018-19	2017-18
Overall investment limit	£20,000	£20,000
Lifetime ISA	£4,000	£4,000
Junior ISA Limit	£4,260	£4,128
Help-to-Buy ISA monthly subscription (initial deposit maximum limit £1,000)	£200	£200

Note

- Income and gains on ISA investments are tax free.
- A Help-to-Buy ISA enables first-time buyers saving up to £200 per month plus an initial amount of up to £1,000 towards their first home to receive a government bonus of £25% of the amount saved. The government will contribute a maximum of £3,000 on £12,000 of savings.
- A Lifetime ISA can be opened by individuals between the ages of 18 and 40. Individuals can save up to £4,000 each tax year into an account which will be topped up at the end of the tax year with a government bonus of 25%. The money saved, including the bonus, can be used to buy a first home worth up to £450,000 or can be withdrawn from the age of 60. Any contributions to this new Lifetime ISA counts towards the overall ISA subscription limit.



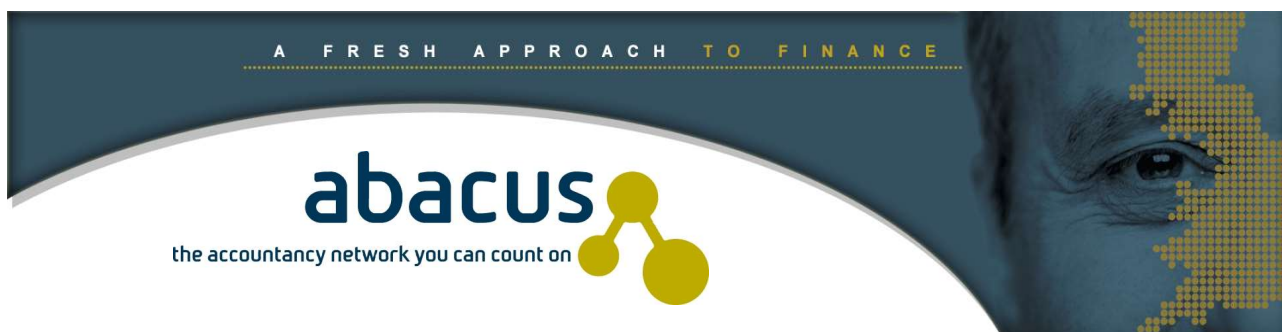
Tax rates and allowances 2018-19

Child Trust Fund

	2018-19	2017-18
Cash value of Child Trust Fund Limit	-	-

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 to it each year. In 2018-19 you can add a maximum of £4,260 to your CTF account (2017-18: £4,128). 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.



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Registered Pension Schemes

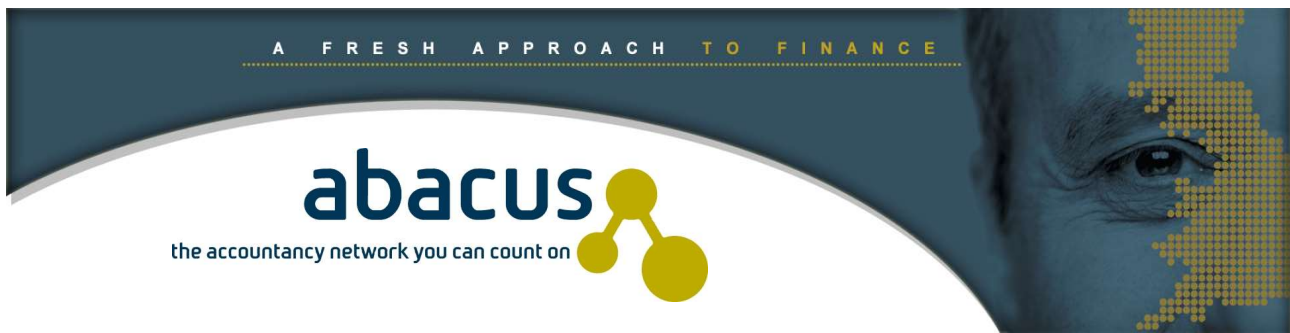
Standard Lifetime Allowance

Tax Year	Amount
2018-2019	£1,030,000
2017-2018	£1,000,000
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
2018-2019	£40,000 *
2017-2018	£40,000 *
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

* For high earners, the annual allowance is tapered in 2018-19 (and also 2017-18). See note 6.



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Money Purchase Annual Allowance

Tax Year	Amount
2018-2019	£4,000
2017-2018	£4,000
2016-2017	£10,000
2015-2016	£10,000

Notes

- Any contributions more than £40,000 (2017-18 also £40,000) whether personal or by the employer, may be subject to income tax on the individual at the appropriate rate (2018-19: 20%, 40%, 45% as appropriate).
- Tax relief is limited to relief on contributions up to the higher of 100% of relevant earnings or £3,600.
- Where the £40,000 limit is not fully used, it may be possible to carry the unused amount forward for three tax years.
- 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.
- There is a lifetime allowance excess charge. If the excess is drawn as cash the rate is 55% and if drawn as income 25%.
- 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.



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Here's what's included for each test:

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



Tax rates and allowances 2018-19

Car and Fuel Benefits

% of car's list price taxed				
CO ₂ emissions (gm/km) Round down to nearest 5gm/km (except *)	2018-19		2017-18	
	Petrol	Diesel	Petrol	Diesel
0 – 50*	13%	17%	9%	12%
51 – 75*	16%	20%	13%	16%
76 – 94*	19%	23%	17%	20%
95	20%	24%	18%	21%
100	21%	25%	19%	22%
105	22%	26%	20%	23%
110	23%	27%	21%	24%
115	24%	28%	22%	25%
120	25%	29%	23%	26%
125	26%	30%	24%	27%
130	27%	31%	25%	28%
135	28%	32%	26%	29%
140	29%	33%	27%	30%
145	30%	34%	28%	31%
150	31%	35%	29%	32%
155	32%	36%	30%	33%
160	33%	37%	31%	34%
165	34%	37%	32%	35%
170	35%	37%	33%	36%
175	36%	37%	34%	37%
180	37%	37%	35%	37%
185	37%	37%	36%	37%
190 and above	37%	37%	37%	37%



Tax rates and allowances 2018-19

Company Cars

- Euro IV diesel cars registered before 1st January 2006 do not suffer the 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.
- From 6 April 2018:
 1. Diesel cars that meet the Real Driving Emissions standard (legislated as NOx <80mg/km and known as Euro6d) will be exempt from the supplement.
 2. For other diesel cars, the percentage is calculated as the petrol percentage plus 4%, to a maximum of 37%.

Car Fuel Benefits

	2018-19	2017-18
Car Fuel Benefit Multiplier	£23,400	£22,600

Notes

- 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.
- The appropriate percentage for electric cars for the purposes of company tax for 2018-19 is 13% (16% in 2019-20 and then dropping significantly to 2% from 2020-21).
- The government will legislate such that, from April 2018, employer provided electricity will be exempt from tax as a benefit-in-kind. This already applies where the cars in question are company cars, but this will now additionally apply to electricity provided in workplace charging points for fully electric or hybrid cars owned by employees.



Tax rates and allowances 2018-19

Van benefit per vehicle

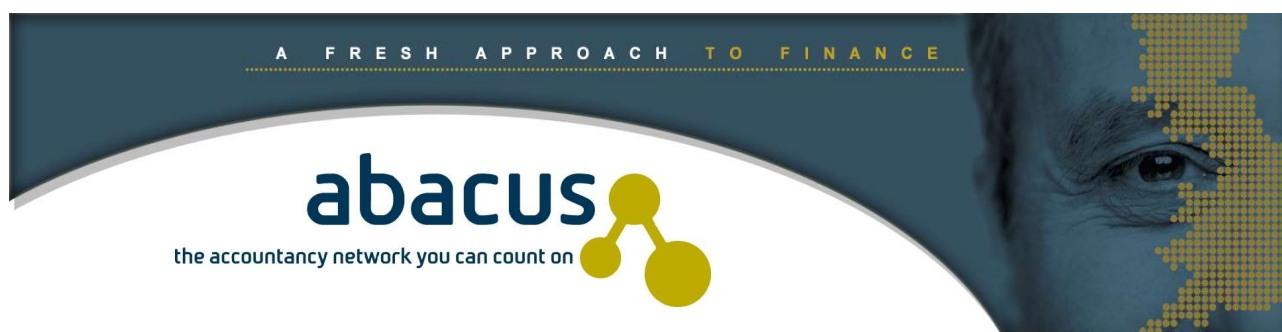
	2018-19	2017-18
Van - zero emission	See note	£646
Other Van Benefit	£3,350	£3,230
Fuel Benefit	£633	£610

Notes

- 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.
- The van benefit charge exemption for zero emission vans is to be phased out between April 2015 and April 2022.
- From 6 April 2015 a Vans Benefit Charge (VBC) will apply for zero emission vans.

This rate is tapered and will increase as follows:

Tax year	% of Van Benefit Charge
2022-23	100%
2021-22	90%
2020-21	80%
2019-20	60%
2018-19	40%
2017-18	20%
2016-17	20%



Tax rates and allowances 2018-19

Travel Allowances

For either private vehicles or company cars, you cannot claim for travelling to where you work, unless it is a temporary place of work.

Private Vehicles - approved mileage rates

	Business Miles	2018-19	2017-18
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

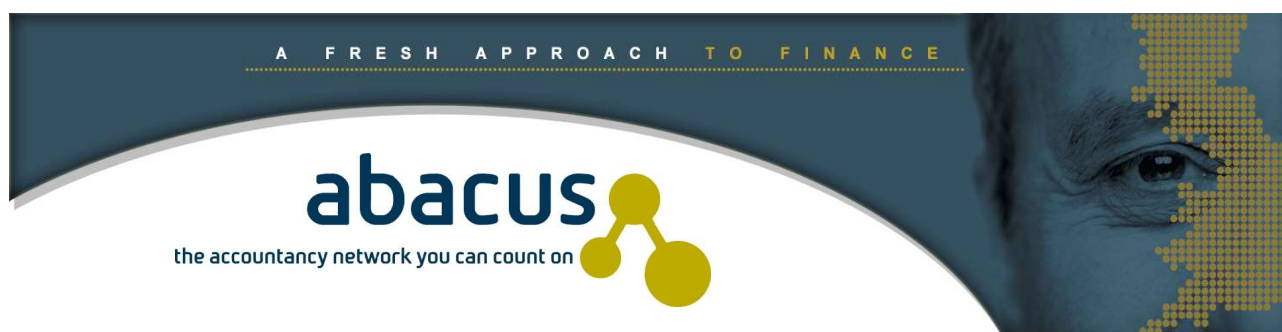
1. These rates represent the maximum tax-free mileage allowances for employees using their own vehicles for business.
2. Any excess is taxable.
3. If the employee receives less than the statutory rate, tax relief can be claimed on the difference.

Company Cars - advisory fuel rates

Engine Size	Petrol		LPG		Engine Size	Diesel	
	From 01.03.18	01.12.17 to 28.02.18	From 01.03.18	01.12.17 to 28.02.18		From 01.03.18	01.12.17 to 28.02.18
Up to 1,400cc	11p	11p	7p	7p	Up to 1,600cc	9p	9p
1,401cc - 2,000cc	14p	14p	8p	9p	1,601cc - 2,000cc	11p	11p
Over 2,000cc	21p	21p	13p	14p	Over 2,000cc	13p	13p

Note

- Hybrid cars are treated as either petrol or diesel cars for this purpose.
- For either private vehicles or company cars you cannot claim for travelling to where you work, unless it's a temporary place of work.



Tax rates and allowances 2018-19

Capital Gains Tax - Individuals and Trustees

Annual exempt amount

		2018-19	2017-18
Individuals	Exemption	£11,700	£11,300
	Chattels proceeds exemption	£6,000	£6,000
	Standard Rate for other chargeable assets	10%	10%
	Standard Rate on Residential property (not principal place of residency)	18%	18%
	Higher Rate tax payers on other chargeable assets	20%	20%
	Higher Rate tax payers on Residential property (not principal place of residency)	28%	28%
Trusts	Exemption	£5,850	£5,650
	Balance of gains	28%	28%

Entrepreneurs' Relief

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

100% Reliefs on

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

Tax Year 2018-19 Rates

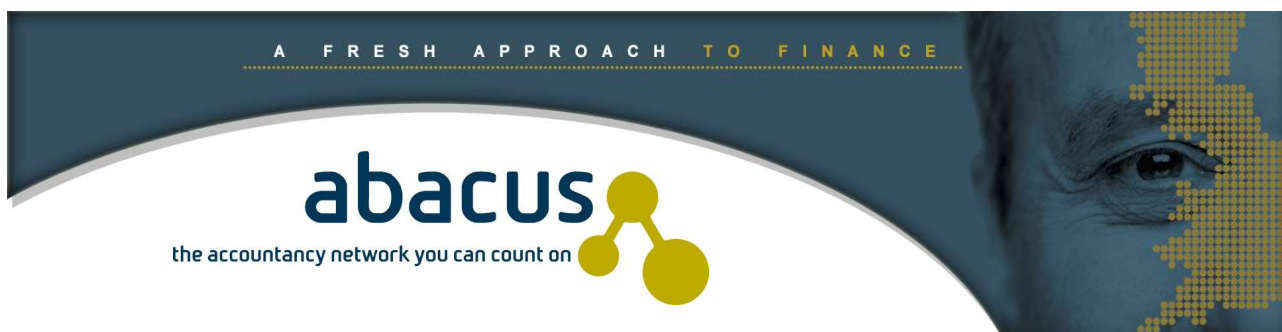
- 10% and 20% tax rates for individuals (not including residential property and carried interest).
- 18% and 28% tax rates for individuals for residential property and carried interest.
- 20% for trustees or for personal representative of someone who has died (not including residential property).
- 28% 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 2018-19

Tax Year 2017-18 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 2018-19

Inheritance Tax

Inheritance tax threshold

	2018-19		2017-18	
	Threshold Amount	Rate %	Threshold Amount	Rate %
Death Rate	Up to £325,000	Nil	Up to £325,000	Nil
	Over £325,000	40%	Over £325,000	40%
Lifetime Rate	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%.

Additional Main Residence Inheritance Tax Threshold

(Introduced in 2017-18)

	2018-19	2017-18
Death Rate	£125,000	£100,000

Notes

1. The main residence band was introduced on the 6th April 2017.
2. It is only valid on the main residence and where the recipient of the home is a direct descendent (Children, Step Children, Grandchildren).
3. This additional allowance increases the threshold to £425,000 and £850,000 for couples.
4. On properties valued between £1M and £2M inheritance tax will be paid as normal on the amount above the tax-free amount.
5. For properties valued more than £2M for every £2 above £2M you will lose £1 of the main residence allowance.



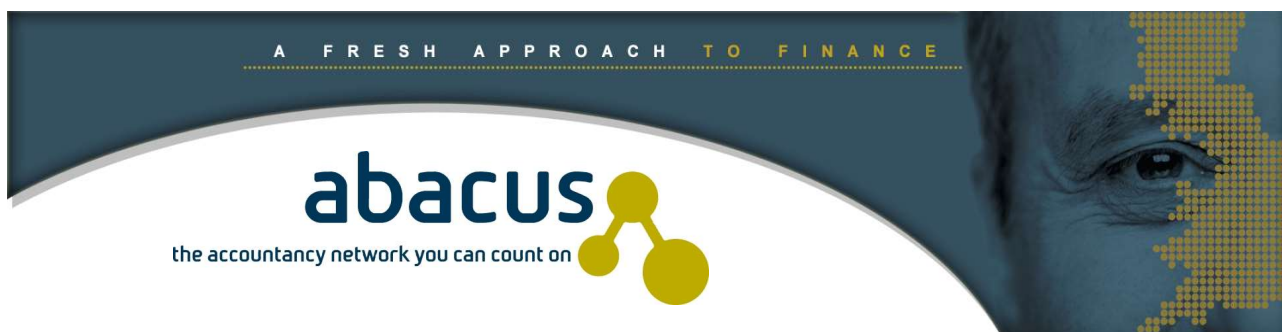
Tax rates and allowances 2018-19

Reliefs

		2018-19	2017-18
Annual exemption		£3,000	£3,000
Small gifts		£250	£250
Marriage	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 2018-19

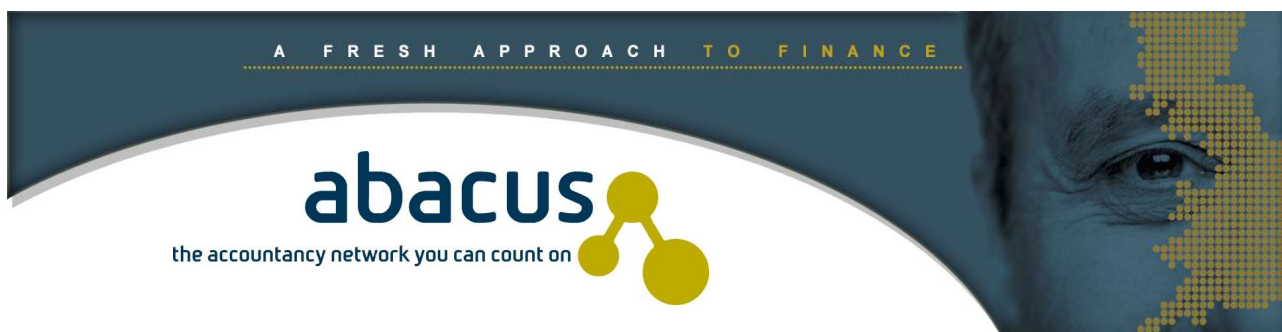
State Benefits

Weekly Benefit

		2018-19	2017-18
Basic retirement pension	Single person	£125.95	£122.30
	Married couple	£201.45	£195.60
Pension Credit	Single person	£164.35	£159.55
	Married couple	£248.80	£243.25
Statutory pay rates - Average weekly earnings		£116.00	£113.00
Statutory Sick Pay		£92.05	£89.35
Statutory Maternity Pay	First six weeks - % of weekly earnings	90%	90%
	Next 33 weeks	£145.18*	£140.98*
Statutory Paternity Pay	2 weeks	£145.18*	£140.98*
Statutory Shared Paternity Pay	Maximum of 26 weeks can be taken by the father	£145.18*	£140.98*
Statutory Adoption Pay	First six weeks - % of weekly earnings	90%	90%
	39 weeks	£145.18	£140.98*

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



Tax rates and allowances 2018-19

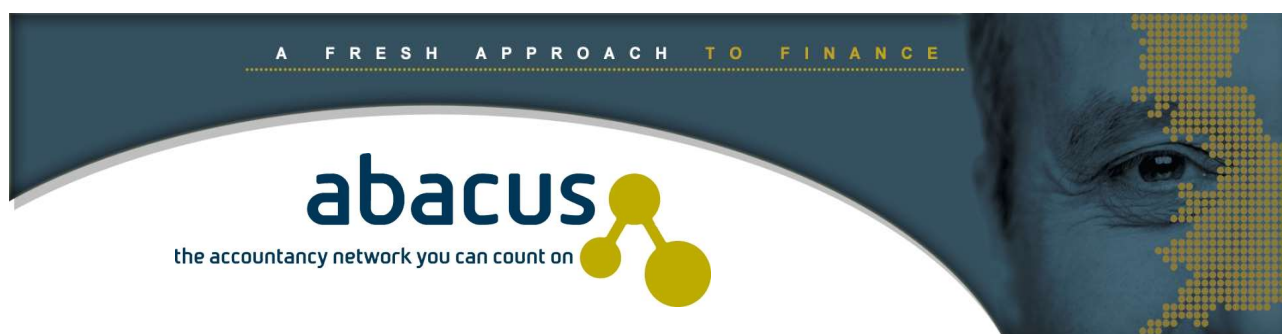
Statutory Sick Pay – Daily Rates

2018-19

Unrounded Daily Rates	Number of QD's in week	1 Day to pay	2 Days to pay	3 Days to pay	4 Days to pay	5 Days to pay	6 Days to pay	7 Days to pay
£13.1500	7	£13.15	£26.30	£39.45	£52.60	£65.75	£78.90	£92.05
£15.3416	6	£15.35	£30.69	£46.03	£61.37	£76.71	£92.05	
£18.4100	5	£18.41	£36.82	£55.23	£73.64	£92.05		
£23.0125	4	£23.02	£46.03	£69.04	£92.05			
£30.6833	3	£30.69	£61.37	£92.05				
£46.0250	2	£46.03	£92.05					
£92.0500	1	£92.05						

2017-18

Unrounded Daily Rates	Number of QD's in week	1 Day to pay	2 Days to pay	3 Days to pay	4 Days to pay	5 Days to pay	6 Days to pay	7 Days to pay
£12.7642	7	£12.77	£25.53	£38.30	£51.06	£63.83	£76.59	£89.35
£14.8916	6	£14.90	£29.79	£44.68	£59.57	£74.46	£89.35	
£17.8700	5	£17.87	£35.74	£53.61	£71.48	£89.35		
£22.3375	4	£22.34	£44.68	£67.02	£89.35			
£29.7833	3	£29.79	£59.57	£89.35				
£44.6750	2	£44.68	£89.35					
£89.3500	1	£89.35						



Tax rates and allowances 2018-19

Employers

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

		% of payments made that can be reclaimed	
		2018-19	2017-18
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

Student Loan Recovery – Plan 1

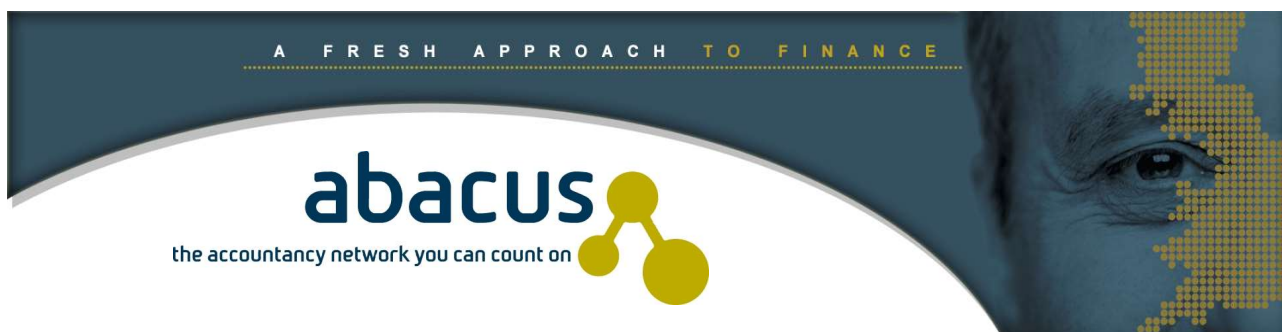
This plan is for students in Scotland or Northern Ireland or students who received EU Funding at any time in Scotland and Northern Ireland or before 1st September 2012 and you lived in England or Wales.

Student Loan Recovery - Plan 1		
	2018-19	2017-18
Per Year	£18,330.00	£17,775
Per Month	£1,527.50	£1,481
Per Week	£352.50	£341
Rate of Student Loan Deduction	9%	9%

Student Loan Recovery – Plan 2

This plan is for students who took out their loan on or after 1st September 2012 and lived in England or Wales or received EU Funding and lived in England or Wales. Also, if you lived in England or Wales and took an advanced learner loan for a further education course.

Student Loan Recovery - Plan 2		
	2018-19	2017-18
Per Year	£25,000.00	£21,000
Per Month	£2,083.33	£1,750
Per Week	£480.76	£403
Rate of Student Loan Deduction	9%	9%



Tax rates and allowances 2018-19

Tax Credits

Working Tax Credit (WTC) Rates

	2018-19	2017-18
Basic Element	£1,960	£1,960
Couple and Lone Parent Element	£2,010	£2,010
30 Hour Element	£810	£810
Disabled worker Element	£3,090	£3,000
Severe Disability Element	£1,330	£1,290

Childcare Element of Working Tax Credit

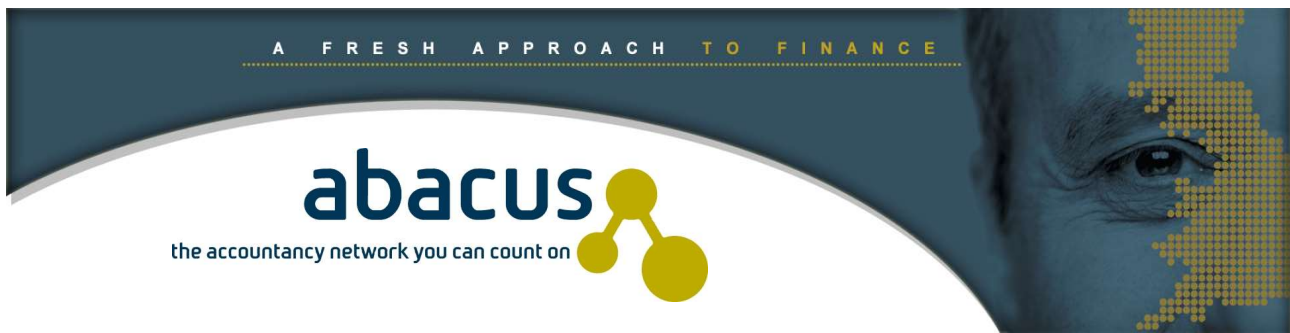
	2018-19	2017-18
Maximum eligible cost for 1 child (per week)	£175	£175
Maximum eligible cost for 2 or more children (per week)	£300	£300
Percentage of eligible costs covered	70%	70%

Child Tax Credit Rates

	2018-19	2017-18
Child tax credit Family element	£545	£545
Child Element	£2,780	£2,780
Disabled Child Element	£3,275	£3,175
Severely Disabled Child Element	£1,325	£1,290

Tax Credits Income Thresholds

	2018-19	2017-18
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	£2,500
Income Fall Disregard	£2,500	£2,500



Tax rates and allowances 2018-19

Child Benefit per Week

	2018-19	2017-18
Eldest or Only Child	£20.70	£20.70
Other Children	£13.70	£13.70

Guardian's Allowance

	2018-19	2017-18
Per week	£17.20	£16.70

Notes

- Child benefit is receivable by a person responsible for each child under 16, or under 20 if they stay in education or training.
- Child benefit charge
1% of child benefit is lost for every £100 of your income from £50,000 to £60,000.



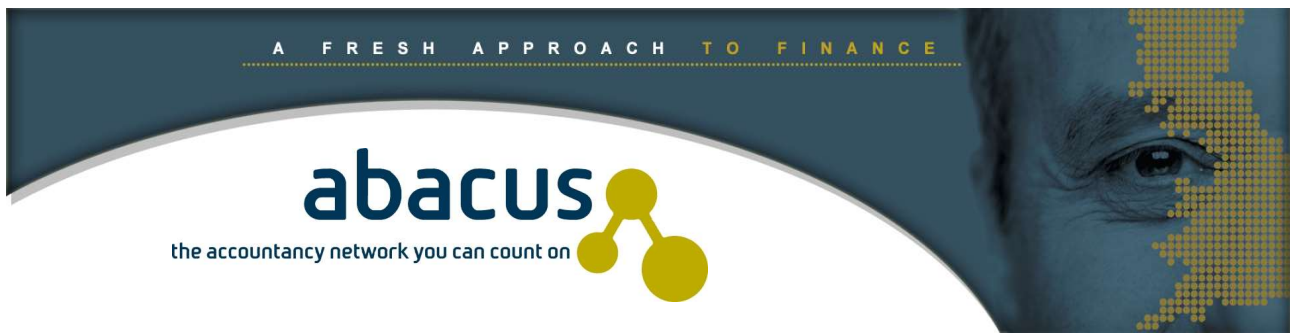
Tax rates and allowances 2018-19

National Minimum Wage / National Living Wage

Notes

1. The National Minimum Wage (NMW) is applicable to workers aged under 25.
2. Workers must be at least school leaving age to qualify for NMW.
3. The National Living Wage (NLW) is applicable to workers aged 25 and over.
4. Both change annually on 1st April.

	Hourly Rates	
	From 01.04.18	01.04.17 to 31.03.18
25 and over	£7.83	£7.50
21 - 24-year-old	£7.38	£7.05
18 - 20-year-old	£5.90	£5.60
16 - 17-year-old	£4.20	£4.05
Apprentices aged under 19 or in the first year of their apprenticeship	£3.70	£3.50
Apprentices aged 19 or over and past the first year of their apprenticeship	the appropriate age rate above	the appropriate age rate above



Tax rates and allowances 2018-19

Incorporation v Sole trader

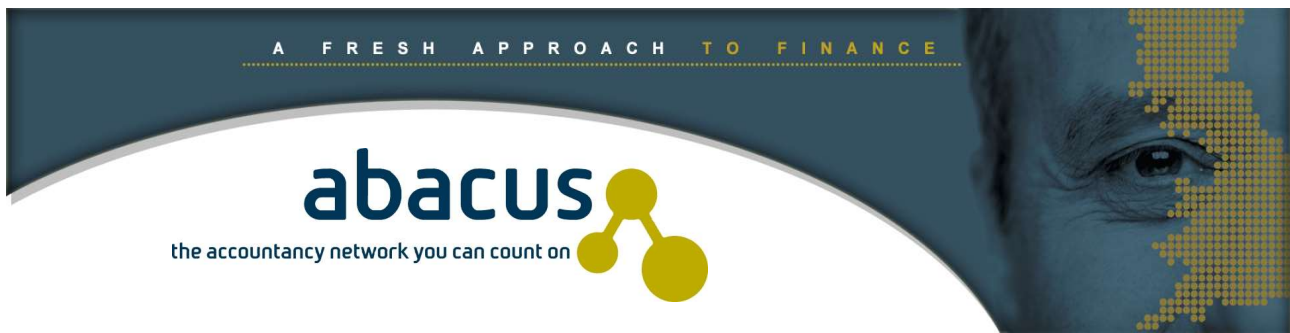
Whilst at first glance the potential savings for incorporation do not seem huge there are several advantages to incorporation that will have a tax saving impact on your income.

1. You can appoint either your husband or wife as an employee. (Would have to look at their other income to calculate if this would be an advantage)
2. You can issue shares to your husband, wife or children taking advantage of their personal allowance and lower tax rates. To avoid this causing any issues of the daily running of the business a simple shareholders agreement can be put in place and A and B shares issued so that you still have total control of the business.
3. You can have as an expense to the business any or all the following:
 - Keyman Insurance
 - Private Medical Insurance
 - Death in service
 - Shareholder protection
 - Income protection
 - Relative Life insurance.
4. You can make pension contributions from the business which will reduce your corporation tax liability.
5. If you have a pension you can loan funds to your business and any interest paid on the loan would be additional contributions to your pension.



Tax rates and allowances 2018-19

Beneficial Loans - See section under business tax



Tax rates and allowances 2018-19

Employee tax relief on business expenditure not repaid by 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 Clothing and tools

You can claim tax relief on the cost of:

- Repairing or replacing small tools you need to do your job (for example, scissors or an electric drill)
- Cleaning, repairing or replacing specialist clothing (for example, a uniform or safety boots).

You can't claim relief on the initial cost of buying small tools or clothing for work

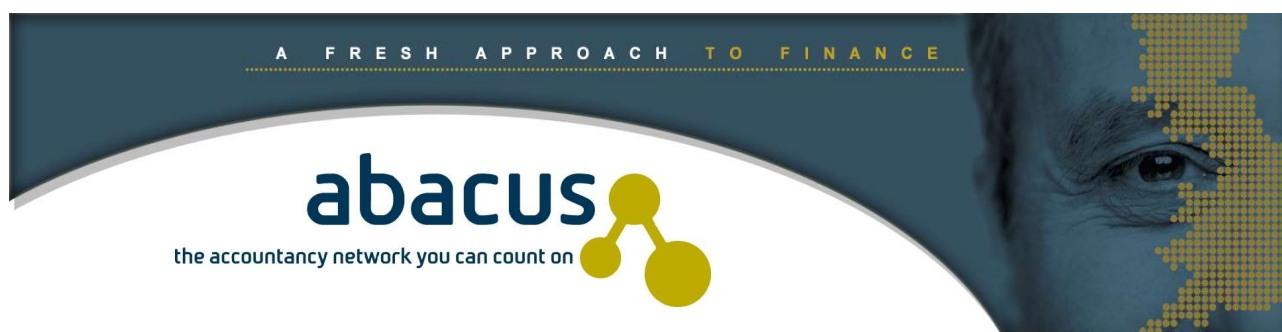
Note

- If you need to buy other equipment to use in your job, you can claim capital allowances instead.

What you can claim

You can either claim:

- For what you've spent – you'll need to keep receipts
- A flat rate deduction – amounts that HM Revenue and Customs (HMRC) has agreed that are typically spent each year by employees in different occupations (see list below)



Tax rates and allowances 2018-19

Please note for general laundry expenses for uniforms and other protective clothing not covered by the agreements in the following table, from tax year **2008-09 onwards**, you will be able to claim £60 in tax relief.

You don't need to keep records of what you've paid if you claim a flat rate deduction.

Industry	Occupation	Deduction for 2008-09 onwards
Agriculture	All workers	£100
Airlines	Pilots and co-pilots: see EIM50050: www.gov.uk/hmrc-internal-manuals/employment-income-manual/eim50050	See note 1
	Cabin Crew: see EIM50070: www.gov.uk/hmrc-internal-manuals/employment-income-manual/eim50070	See note 2
Aluminium	a. Continual casting operators, process operators, de-dimplers, driers, drill punchers, dross unloaders, firemen, furnace operators and their helpers, leaders, mould-men, pourers, remelt department labourers and roll flatteners	£140
	b. Cable hands, case makers, labourers, mates, truck drivers and measurers and storekeepers	£80
	c. Apprentices	£60
	d. All other workers	£120
Armed forces	See EIM50125: www.gov.uk/hmrc-internal-manuals/employment-income-manual/eim50125	See note 3
Banks and Building Societies	Uniformed doormen and messengers	£60
Brass and Copper	Braziers, coppersmiths, finishers, fitters, moulders, turners and all other workers	£120
Building	a. Joiners and carpenters	£140
	b. Cement works, roofing felt and asphalt labourers	£80
	c. Labourers and navvies	£60
	d. All other workers	£120
Building Materials	a. Stone masons	£120
	b. Tilemakers and labourers	£60
	c. All other workers	£80
Clothing	a. Lacemakers, hosiery bleachers, dyers, scourers and knitters, knitwear bleachers and dyers	£60
	b. All other workers	£60



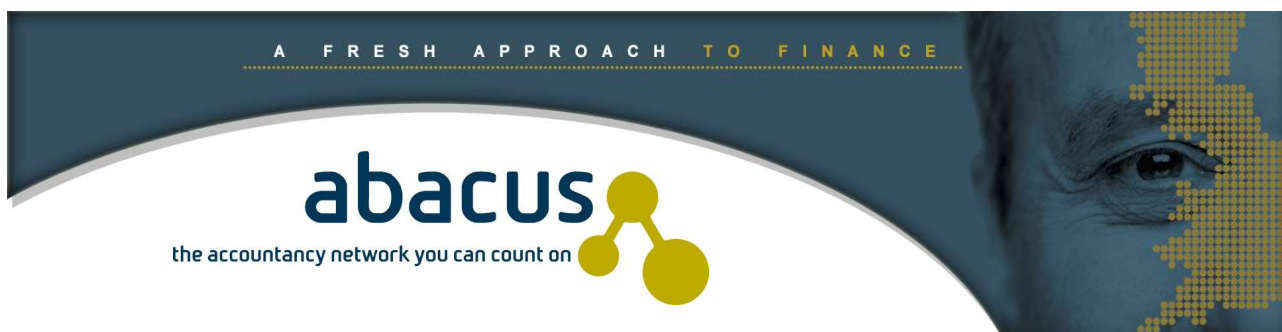
Tax rates and allowances 2018-19

Industry	Occupation	Deduction for 2008-09 onwards
Constructional Engineering	a. Blacksmiths and their strikers, burners, caulkers, chippers, drillers, erectors, fitters, holders up, markers off, platers, riggers, riveters, rivet heaters, scaffolders, sheeters, template workers, turners and welders	£140
	b. Banksmen, labourers, shop-helpers, slewers and straighteners	£80
	c. Apprentices and storekeepers	£60
	d. All other workers	£100
Electrical and Electricity Supply	a. Those workers incurring laundry costs only	£60
	b. All other workers	£120
Trades ancillary to engineering	a. Pattern makers	£140
	b. Labourers, supervisory and unskilled workers	£80
	c. Apprentices and storekeepers	£60
	d. Motor mechanics in garage repair shop	£120
	e. All other workers	£120
Fire Service	Uniformed fire fighters and fire officers	£80
Food	All workers	£60
Forestry	All workers	£100
Glass	All workers	£80
Healthcare staff in the National Health Service, private hospitals and nursing homes (All rates apply from 6 April 2014)	a. Ambulance staff on active service	£185
	b. Nurses, midwives, chiropodists, dental nurses, occupational, speech, physiotherapists and other therapists, healthcare assistants, phlebotomists and radiographers. For shoes and stockings/tights allowance, see EIM67200: www.gov.uk/hmrc-internal-manuals/employment-income-manual/eim67200	£125 Also see note 4
	c. Plaster room orderlies, hospital porters, ward clerks, sterile supply workers, hospital domestics and hospital catering staff	£125
	d. Laboratory staff, pharmacists and pharmacy assistants	£80
	e. Uniformed ancillary staff: maintenance workers, grounds staff, drivers, parking attendants and security guards, receptionists and other uniformed staff	£80
Heating	a. Pipe fitters and plumbers.	£120
	b. Coverers, ladders, domestic glaziers, heating engineers and all their mates	£120
	c. All gas workers and all other workers	£100



Tax rates and allowances 2018-19

Industry	Occupation	Deduction for 2008-09 onwards
Iron Mining	a. Fillers, miners and underground workers	£120
	b. All other workers	£100
Iron and Steel	a. Day labourers, general labourers, stockmen, timekeepers, warehouse staff and weighmen	£80
	b. Apprentices	£60
	c. All other workers	£140
Leather	a. Curriers (wet workers), fellmongering workers and tanning operatives (wet)	£80
	b. All other workers	£60
Particular Engineering	a. Pattern makers	£140
	b. Chainmakers; cleaners, galvanisers, tinnerns and wire drawers in the wire drawing industry and toolmakers in the lock making industry	£120
	c. Apprentices and storekeepers	£60
	d. All other workers	£80
Police Force	Police officers (ranks up to and including Chief Inspector).	£140
	Community support officers, and other police employees, see EIM68130: www.gov.uk/hmrc-internal-manuals/employment-income-manual/eim68130	See note 5
Precious Metals	All workers	£100
Printing	a. Letterpress Section-electrical engineers (rotary presses), electrotypers, ink and roller makers, machine minders (rotary), maintenance engineers (rotary presses) and stereotypers	£140
	b. Bench hands (periodical and bookbinding section), compositors (letterpress section), readers (letterpress section) telecommunications and electronic section wire room operators, warehousemen (paper box making section)	£60
	c. All other workers	£100
Prisons	Uniformed prison officers	£80
Public Service: Docks and Inland Waterways	a. Dockers, dredger drivers and hopper steerers	£80
	b. All other workers	£60
Public Service: Public Transport	a. Garage hands including cleaners	£80
	b. Conductors and drivers	£60
Quarrying	All workers	£100
Railways	See the appropriate category for craftsmen (for example engineers, vehicles, etc.) All other workers	£100

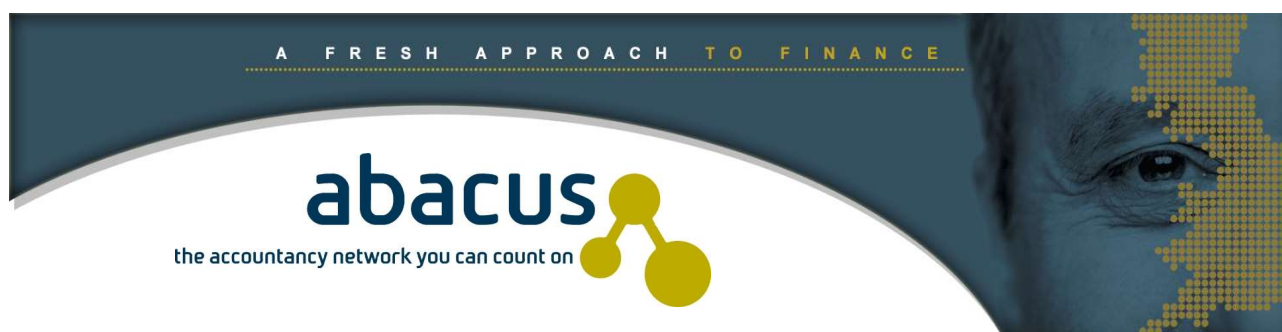


Tax rates and allowances 2018-19

Industry	Occupation	Deduction for 2008-09 onwards
Seamen	a. Passenger liners	£165
	b. Cargo vessels, tankers, coasters and ferries	£140
Shipyards	a. Blacksmiths and their strikers, boilermakers, burners, carpenters, caulkers, drillers, furnacemen (platers) holders up, fitters, platers, plumbers, riveters, sheet iron workers, shipwrights, tubers and welders	£140
	b. Labourers	£80
	c. Apprentices and storekeepers	£60
	d. All other workers	£100
Textiles and Textile Printing	a. Carders, carding engineers, overlookers and technicians in spinning mills	£120
	b. All other workers	£80
Vehicles	a. Builders, railway vehicle repairers and railway wagon lifters	£140
	b. Railway vehicle painters, letterers, and builders' and repairers' assistants	£80
	c. All other workers	£60
Wood and Furniture	a. Carpenters, cabinetmakers, joiners, wood carvers and woodcutting machinists	£140
	b. Artificial limb makers (other than in wood), organ builders and packaging case makers	£120
	c. Coopers not providing their own tools, labourers, polishers and upholsterers	£60
	d. All other workers	£100

In the table:

- In the entry relating to aluminium, "firemen" means persons engaged to light and maintain furnaces;
- "Constructional engineering" means engineering undertaken on a construction site, including buildings, shipyards, bridges, roads and other similar operations; and
- "Particular engineering" means engineering undertaken on a commercial basis in a factory or workshop for the purposes of producing components such as wire, springs, nails and locks.



Tax rates and allowances 2018-19

Notes

1. Airline pilots: industry wide FRE for 2013-14 onwards: introduction.
HMRC and the British Airline Pilots' Association (BALPA) have agreed an increase to the industry wide Flat Rate Expenses allowance (FRE) which applies to all uniformed commercial pilots and co-pilots (including helicopter pilots), and other uniformed flight deck crew, for 2013-14 onwards. The agreement updates the national agreement that was effective from 2006-07 onwards, which in turn replaced all locally agreed FREs for the employees concerned.

The main features of the agreement are:

- The FRE applies to all uniformed commercial pilots, co-pilots and other uniformed flight deck crew working in the UK
- It does not apply to cabin staff (stewards and stewardesses)
- The basic FRE is £1,022 and it applies from 2013-14. For details of what is included, see:
 - EIM50052 (<https://www.gov.uk/hmrc-internal-manuals/employment-income-manual/eim50052>) and
 - EIM50059 (<https://www.gov.uk/hmrc-internal-manuals/employment-income-manual/eim50059>)
- There is a further expenses' deduction (EXP) of £110 to cover the allowable cost of travel to certain regular, specified activities, see:
 - EIM50060 (<https://www.gov.uk/hmrc-internal-manuals/employment-income-manual/eim50060>)

For a full summary of what can be allowed under the terms of this agreement, see:

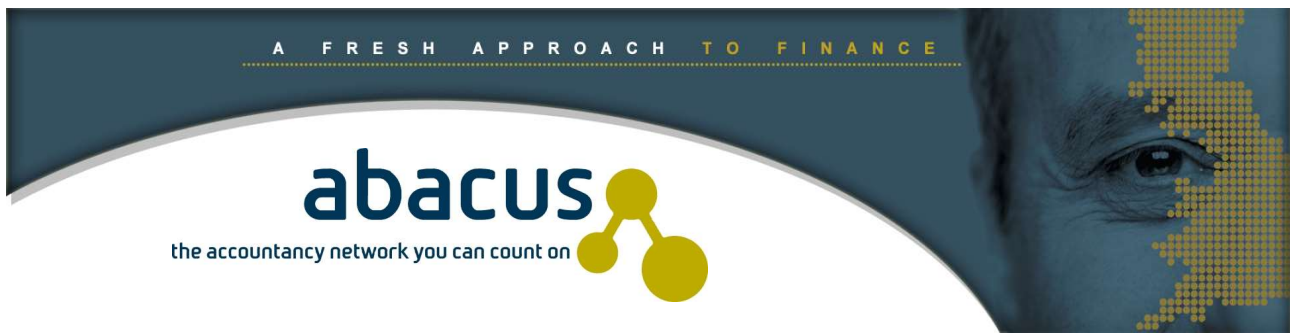
- EIM50051 (<https://www.gov.uk/hmrc-internal-manuals/employment-income-manual/eim50051>)

2. Airline cabin crew: Industry wide FRE from 2013-14 onwards: introduction and summary.
HMRC and the Unite union have agreed an industry wide Flat Rate Expenses allowance (FRE) which applies to all uniformed cabin staff (stewards and stewardesses), for 2013-14 onwards. The agreement replaces all locally agreed FREs for the employees concerned.

The main features of the agreement are:

- The new FRE applies to all uniformed cabin staff (stewards and stewardesses).
- The FRE is £720, and it applies from 2013-14.
- The FRE of £720 includes the cost of cleaning and laundering items of uniform, but not the cost of the uniform itself. Most airlines provide uniforms for their employees. Where, exceptionally, the employer requires employees to wear a uniform but does not provide one, the employees are entitled to a deduction under Section 336 ITEPA 2003 for the cost of replacing (but not the initial purchase) of items of uniform.
- For what is regarded as a "uniform" for this purpose see:
 - EIM32475 (<https://www.gov.uk/hmrc-internal-manuals/employment-income-manual/eim32475>)

An employee who is required to provide their own uniform may obtain relief for the cost (on the replacement basis mentioned above) in addition to the £720 FRE.



Tax rates and allowances 2018-19

3. Tax treatment of armed Forces: Flat Rate Expenses for laundering of uniforms.
HMRC and the Ministry of Defence have agreed a Flat Rate Expense Allowance (FRE) to apply to Armed Forces Regulars or Reservists on mobilisation or Full Time Reserve Service engagements.

The FRE covers the costs incurred by service personnel on the laundering of uniforms which are not cleaned at public expense and has been agreed in the following amounts:

- Other Ranks in the Army, RAF and Royal Marines - £100
- Ratings in the Royal Navy - £80.

Service personnel do not need to make individual claims to HMRC for the FRE as:

- from 2014-15, onwards relief will be given under a net pay arrangement operated by MoD;
- relief for all in date years has been given to qualifying service personnel through adjustments to their 2013-14 PAYE codes.

4. Tax treatment of nurses: expenses deductions: shoes and stockings/tights allowance.

Section 336 and 367 ITEPA 2003

Expenses deductions may be permitted to nurses of all grades including midwives, for expenditure incurred and defrayed by them on the repair and renewal of shoes and stockings/tights:

- shoes: where the wearing of a prescribed style is obligatory in the hospital or other workplace in which they may work allow £12 per year
- stockings/tights/socks: where the wearing of a prescribed style or colour is similarly obligatory, allow £6 per year.

References to a nurse should be taken for this purpose to include nurses and midwives of all grades and includes auxiliaries, students, dental nurses, nursing assistants and healthcare assistants or workers.

5. Tax treatment of members of the police service: flat rate expenses allowance.

For 2008-09 onwards, the flat rate expenses deduction (FRE) for police officers up to and including the rank of Chief Inspector is £140 per year. The allowance can be given irrespective of whether an officer's current duties require them to wear a uniform.

(For earlier years see:

- EIM32712 (<https://www.gov.uk/hmrc-internal-manuals/employment-income-manual/eim32712>)

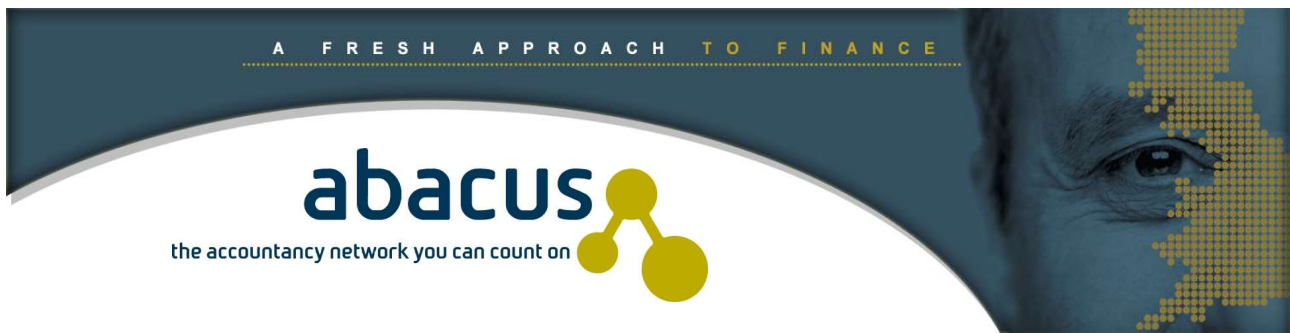
Police Community Support Officers wear a uniform which is identical, apart from its insignia, to that of a uniformed police officer. They may also be given the flat rate expenses deduction of £140 per year.

Other police service employees who are responsible for cleaning their own uniforms can be given the £60 deduction set out in:

- EIM32485 (<https://www.gov.uk/hmrc-internal-manuals/employment-income-manual/eim32485>)

About Special Constables, see:

- EIM68131 (<https://www.gov.uk/hmrc-internal-manuals/employment-income-manual/eim68131>)



Tax rates and allowances 2018-19

Sections 328 and 329 ITEPA 2003

Two of the basic rules relating to employees' expenses (including flat rate expenses) are that:

- expenses can only be set against the earnings from the employment to which they relate (Section 328 ITEPA 2003), and
- the deductible expenses cannot exceed the earnings from that employment (Section 329 ITEPA 2003).

Special Constables are volunteers, who usually receive no pay for their police duties. It follows that they have no income against which a FRE deduction can be given. In no circumstances should a Special Constable be given a police officer's FRE allowance in the PAYE code for their full-time employment.

If, exceptionally, a Special Constable receives a bounty, or some other form of remuneration for their police duties, the police authority should apply PAYE to the payment(s) in the normal way. A FRE allowance can then be given in the code for the Special Constable's police service employment.

Business mileage, fuel and electricity costs

See separate section in this booklet.

Travel and overnight expenses

If you must travel for work you can claim tax relief on the following expenses only if your company doesn't reimburse you for the costs incurred. If the company partially reimburses you the costs incurred you can claim tax relief on the difference between total costs incurred and sum reimbursed by the company.

- Public transport costs
- Hotel accommodation
- Food and drink
- Congestion charges and tolls
- Parking fees
- Business phone calls, fax and photocopying costs.

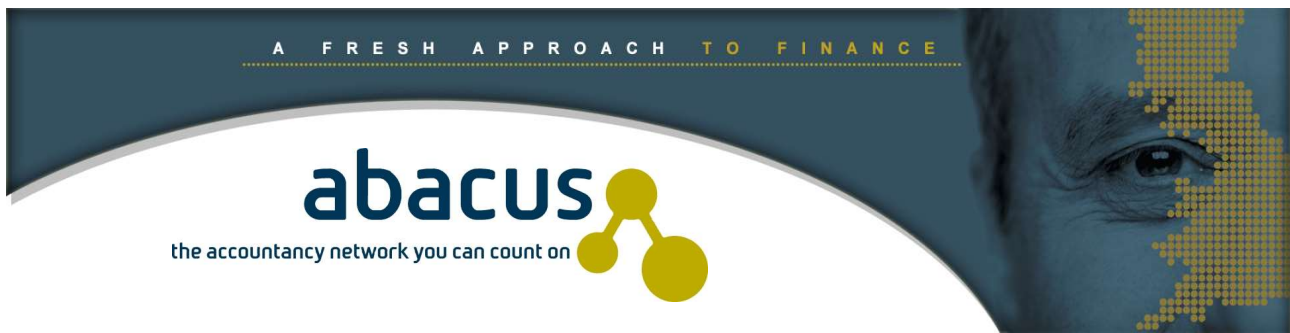
Please note: you cannot claim for travelling to where you work, unless it's a temporary place of work.

Professional fees and subscriptions

You can reclaim tax on fees or subscriptions you pay to HMRC approved professional organisations – but only if you must have a membership to do your job or it is helpful for your work.

You can't claim tax back on fees or subscriptions you've paid to professional organisations not approved by HMRC, or for

- Life membership subscriptions
- Fees or subscriptions you haven't paid for yourself (for example, if your employer has paid for them direct or has reimbursed you for them)

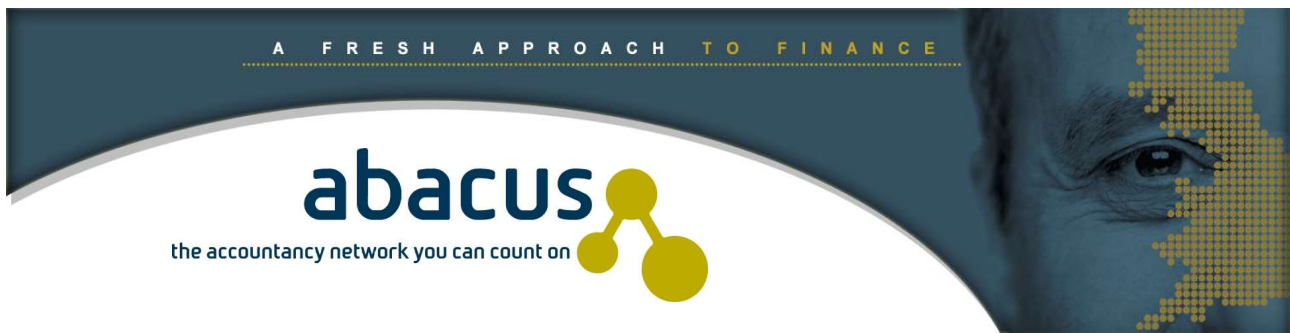


Tax rates and allowances 2018-19

The organisation you have paid your fees or subscriptions to should be able to inform you whether they are approved by HMRC or not.

Working at home

See separate section in this booklet.



Tax rates and allowances 2018-19

Use of Home as an Office

The Government guideline is that £4 per week or £18 per month can be claimed for use of home as an office without the need for receipts and evidence of costs.

£4	x	52 weeks	=	£208
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or

£18	x	12 months	=	£216
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If you wish to claim additional costs then you will be required to keep receipts.

If you work at home voluntarily

If you've agreed with your employer to work at home voluntarily – under a "homeworking arrangement" – they may still contribute towards your expenses but don't have to.

If your employer contributes up to £4 per week (£18 per month) towards your expenses, you won't need to provide receipts.

If your employer contributes more than £4 per week you will need to be able to show what you've spent to get the tax relief.

You won't have to pay tax or National Insurance contributions on the amount you receive from your employer (if it is more than £4 per week you must have the receipts to show what has been spent).

Note

- If you work at home voluntarily and your employer doesn't contribute to your expenses, you can't claim tax relief for what you've spent.



Tax rates and allowances 2018-19

INDIRECT TAXES



Tax rates and allowances 2018-19

VAT

VAT Registration & Deregistration Limits

	From 01.04.18	01.04.17 to 31.03.18
Registration	£85,000	£85,000
Deregistration	£83,000	£83,000

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 2018-19

Different goods & services - and their VAT rate

(Reduced, Zero rated and exempt goods and services)

Current Rate	From 01.04.14	VAT Notice
Sport		
Physical education and sports activities	Exempt	701/45
Leisure		
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
Culture		
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
Antiques		
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
Charities		
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
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



Tax rates and allowances 2018-19

Current Rate	From 01.04.14	VAT Notice
Voluntary donations to charity	Outside the scope of VAT	Donations to Charities
Welfare		
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
Health		
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
Sanitary protection products	5%	701/18
Low vision aids	0%	Equipment for blind or partially sighted people
Education		
Education, vocational training, research and other connected services provided by an eligible body like a school college or university	Exempt	701/30
Power, Utilities, energy saving, heating		
Power		
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



Tax rates and allowances 2018-19

Current Rate	From 01.04.14	VAT Notice
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
Utilities		
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
Energy saving materials		
Air Source heat pumps	5%	708/6
Boilers - wood fuelled	5%	708/6
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
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)		
The following heating appliances: <ul style="list-style-type: none"> - closed solid fuel fire cassettes - electric dual immersion water heaters with factory insulated hot water tanks - electric storage heaters - gas fired boilers - gas room heaters with thermostatic controls - oil fired boilers - radiators 	5%	708/6



Tax rates and allowances 2018-19

Current Rate	From 01.04.14	VAT Notice
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"> - renewable sources, including solar wind and hydroelectric power or - near renewable sources, including ground and air heat. 	5%	708/6
Connection or reconnection to the mains gas supply	5%	708/6
Building and Construction, land and property		
Building and construction		
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
Land and property		
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



Tax rates and allowances 2018-19

Current Rate	From 01.04.14	VAT Notice
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
Transport, freight, travel and vehicles		
Transport		
Aircraft repair and maintenance	0%	744C
Freight		
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
Travel		
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
Vehicles		
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



Tax rates and allowances 2018-19

Current Rate	From 01.04.14	VAT Notice
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
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
Printing, postage, publications - books, magazines and newspapers		
Printing		
Brochures	0%	701/10
Leaflets	0%	701/10
Pamphlets	0%	701/10
Postage		
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
Publications		
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
Printed or copied music	0%	701/10



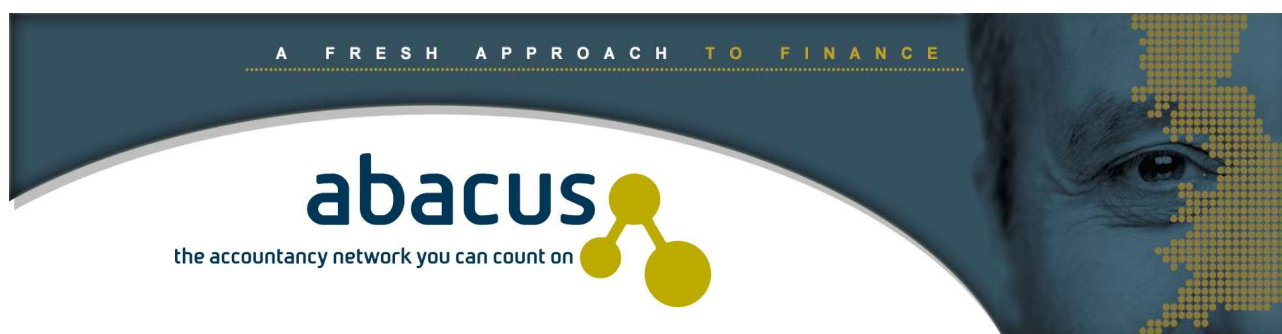
Tax rates and allowances 2018-19

Current Rate	From 01.04.14	VAT Notice
Publications	0%	Some items are standard rated such as exercise books letterheads posters 701/10
Clothing and footwear, protective and safety equipment		
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
Financial services and investments, Insurance		
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
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



Tax rates and allowances 2018-19

Current Rate	From 01.04.14	VAT Notice
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
Insurance		
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 2018-19

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 CO₂ band is used to calculate the VAT fuel scale.

Notes to the CO₂ emissions figures

1. Where the 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 CO₂ emissions figures, the lower of the two figures should be used.
3. For cars which are too old to have a CO₂ emission figure, identify the CO₂ band based on engine size, as follows:
 - if its cylinder capacity is 1,400cc or less, use CO₂ band 140
 - if its cylinder capacity exceeds 1,400cc but does not exceed 2,000cc, use CO₂ band 175
 - if its cylinder capacity exceeds 2,000cc, use CO₂ band 225 or above.

Notes applicable to the following Quarterly, Annual and Monthly tables

1. For a car of a description in the first column of the valuation table, the value on the flat-rate basis of all supplies of road fuel made to any one individual in respect of that car for a prescribed accounting period is the amount specified under whichever of the second, third or fourth columns corresponds with the length of the prescribed accounting period.
2. Where a CO₂ emissions figure is specified in relation to a car in a UK approval certificate or in a certificate of conformity issued by a manufacturer in another member state corresponding to a UK approval certificate (corresponding certificate of conformity), if:
 - only one figure is specified in the certificate, that figure is the car's CO₂ emissions figure for those purposes
 - more than one figure is specified in the certificate, the figure specified as the CO₂ (combined) emissions figure is the car's CO₂ emissions figure for those purposes
 - separate CO₂ emissions figures are specified for different fuels, the lowest figure specified, or, in a case within the sub-paragraph above, the lowest CO₂ (combined) emissions figure specified is the car's CO₂ emissions figure for those purposes.
3. For paragraph 2, if the car's CO₂ emissions figure is not a multiple of 5 it is rounded down to the nearest multiple of 5 for those purposes.
4. Where no UK approval certificate or corresponding certificate of conformity is issued in relation to a car, or where a certificate is issued but no emissions figure is specified in it, the car's CO₂ emissions figure for the purposes of the valuation table is:
 - 140 if the cylinder capacity is 1,400cc or less
 - 175 if the cylinder capacity is 1,401 to 2,000cc
 - 225 or more if the cylinder capacity is 2,001cc or more.
5. For paragraph 4, the car's cylinder capacity is the capacity of its engine as calculated for the purposes of the Vehicle Excise and Registration Act 1994.



Tax rates and allowances 2018-19

6. The flat-rate value of the supplies is determined as if the supplies made to the individual during those parts of the period were in respect of only one car in any case where:
 - in a prescribed accounting period, there are supplies of fuel for private use to an individual in respect of one car for a part of the period and in respect of another car for another part of the period, and
 - at the end of that period one of those cars neither belongs to, nor is allocated to, the individual.
7. (1) Where paragraph 6 applies, the value of the supplies is to be determined as follows:
 - if each of the 2 or more cars falls within the same description of car specified in the valuation table, the value specified in the valuation table for that description of car applies for the whole of the prescribed accounting period
 - if one of those cars falls within a description of car specified in that table which is different from the others, the value of the supplies is the aggregate of the relevant fractions of the consideration appropriate for each description of car in the valuation table.

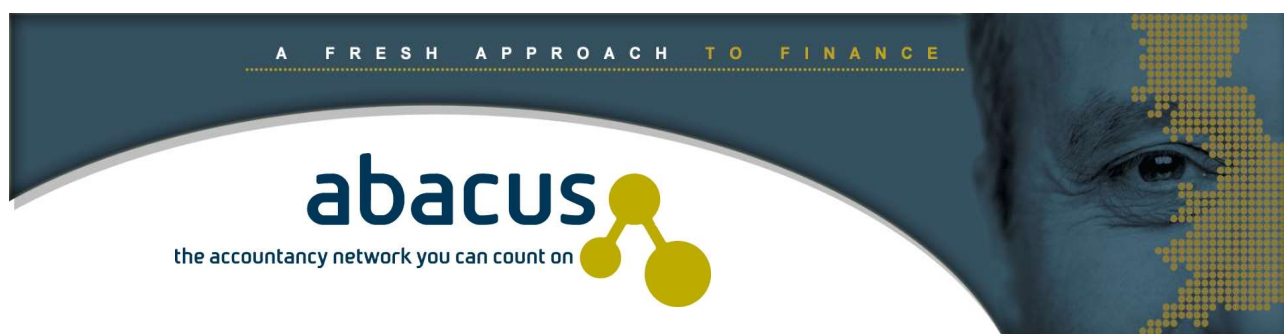
(2) The 'relevant fraction' in relation to any car is that which the part of the prescribed accounting period in which fuel was supplied for private use in respect of the car bears to the whole of that period.
8. 'CO₂ emissions figure' means a CO₂ emissions figure expressed in grams per kilometre driven.
9. 'UK approval certificate' means a certificate issued under either:
 - Section 58(1) or (4) of the Road Traffic Act 1988
 - Article 31A (4) or (5) of the Road Traffic (Northern Ireland) Order 1981.



Tax rates and allowances 2018-19

Quarterly basis (3-month period)

CO ₂ Band gm/km	01.05.2018 to 30.04.2019			01.05.2017 to 30.04.2018		
	These are the charges which apply from the start of the first prescribed accounting period beginning on or after 1 May 2018 and are valid until 30 April 2019			These are the charges which apply from the start of the first prescribed accounting period beginning on or after 1 May 2017 and are valid until 30 April 2018		
	Gross	VAT (20%)	Net	Gross	VAT (20%)	Net
120 or less	£140.00	£23.33	£116.67	£140.00	£23.33	£116.67
125	£210.00	£35.00	£175.00	£211.00	£35.17	£175.83
130	£224.00	£37.33	£186.67	£224.00	£37.33	£186.67
135	£238.00	£39.67	£198.33	£238.00	£39.67	£198.33
140	£252.00	£42.00	£210.00	£252.00	£42.00	£210.00
145	£266.00	£44.33	£221.67	£267.00	£44.50	£222.50
150	£280.00	£46.67	£233.33	£281.00	£46.83	£234.17
155	£295.00	£49.17	£245.83	£295.00	£49.17	£245.83
160	£309.00	£51.50	£257.50	£309.00	£51.50	£257.50
165	£323.00	£53.83	£269.17	£323.00	£53.83	£269.17
170	£336.00	£56.00	£280.00	£337.00	£56.17	£280.83
175	£351.00	£58.50	£292.50	£351.00	£58.50	£292.50
180	£365.00	£60.83	£304.17	£365.00	£60.83	£304.17
185	£379.00	£63.17	£315.83	£379.00	£63.17	£315.83
190	£393.00	£65.50	£327.50	£393.00	£65.50	£327.50
195	£407.00	£67.83	£339.17	£408.00	£68.00	£340.00
200	£421.00	£70.17	£350.83	£422.00	£70.33	£351.67
205	£436.00	£72.67	£363.33	£436.00	£72.67	£363.33
210	£449.00	£74.83	£374.17	£449.00	£74.83	£374.17
215	£463.00	£77.17	£385.83	£463.00	£77.17	£385.83
220	£477.00	£79.50	£397.50	£478.00	£79.67	£398.33
225 or more	£491.00	£81.83	£409.17	£492.00	£82.00	£410.00



Tax rates and allowances 2018-19

Annual basis (12-month period)

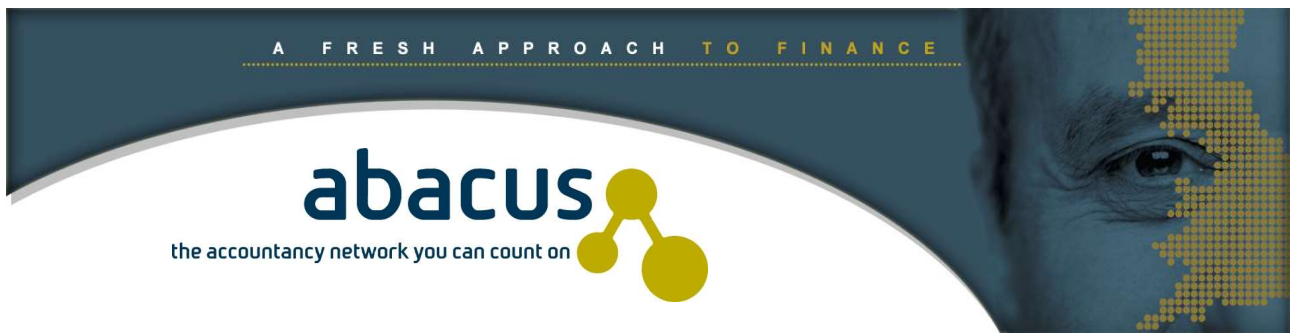
CO ₂ Band gm/km	01.05.2018 to 30.04.2019			01.05.2017 to 30.04.2018		
	These are the charges which apply from the start of the first prescribed accounting period beginning on or after 1 May 2018 and are valid until 30 April 2019			These are the charges which apply from the start of the first prescribed accounting period beginning on or after 1 May 2017 and are valid until 30 April 2018		
	Gross	VAT (20%)	Net	Gross	VAT (20%)	Net
120 or less	£562.00	£93.67	£468.33	£563.00	£93.83	£469.17
125	£842.00	£140.33	£701.67	£842.00	£140.33	£701.67
130	£900.00	£150.00	£750.00	£901.00	£150.17	£750.83
135	£954.00	£159.00	£795.00	£955.00	£159.17	£795.83
140	£1,013.00	£168.83	£844.17	£1,013.00	£168.83	£844.17
145	£1,067.00	£177.83	£889.17	£1,068.00	£178.00	£890.00
150	£1,125.00	£187.50	£937.50	£1,126.00	£187.67	£938.33
155	£1,179.00	£196.50	£982.50	£1,180.00	£196.67	£983.33
160	£1,238.00	£206.33	£1,031.67	£1,239.00	£206.50	£1,032.50
165	£1,292.00	£215.33	£1,076.67	£1,293.00	£215.50	£1,077.50
170	£1,350.00	£225.00	£1,125.00	£1,351.00	£225.17	£1,125.83
175	£1,404.00	£234.00	£1,170.00	£1,405.00	£234.17	£1,170.83
180	£1,463.00	£243.83	£1,219.17	£1,464.00	£244.00	£1,220.00
185	£1,517.00	£252.83	£1,264.17	£1,518.00	£253.00	£1,265.00
190	£1,575.00	£262.50	£1,312.50	£1,577.00	£262.83	£1,314.17
195	£1,630.00	£271.67	£1,358.33	£1,631.00	£271.83	£1,359.17
200	£1,688.00	£281.33	£1,406.67	£1,689.00	£281.50	£1,407.50
205	£1,742.00	£290.33	£1,451.67	£1,743.00	£290.50	£1,452.50
210	£1,801.00	£300.17	£1,500.83	£1,802.00	£300.33	£1,501.67
215	£1,855.00	£309.17	£1,545.83	£1,856.00	£309.33	£1,546.67
220	£1,913.00	£318.83	£1,594.17	£1,914.00	£319.00	£1,595.00
225 or more	£1,967.00	£327.83	£1,639.17	£1,969.00	£328.17	£1,640.83



Tax rates and allowances 2018-19

Monthly basis (1-month period)

CO ₂ Band gm/km	01.05.2018 to 30.04.2019			01.05.2017 to 30.04.2018		
	These are the charges which apply from the start of the first prescribed accounting period beginning on or after 1 May 2018 and are valid until 30 April 2019			These are the charges which apply from the start of the first prescribed accounting period beginning on or after 1 May 2017 and are valid until 30 April 2018		
	Gross	VAT (20%)	Net	Gross	VAT (20%)	Net
120 or less	£46.00	£7.67	£38.33	£46.00	£7.67	£38.33
125	£70.00	£11.67	£58.33	£70.00	£11.67	£58.33
130	£74.00	£12.33	£61.67	£74.00	£12.33	£61.67
135	£79.00	£13.17	£65.83	£79.00	£13.17	£65.83
140	£84.00	£14.00	£70.00	£84.00	£14.00	£70.00
145	£88.00	£14.67	£73.33	£88.00	£14.67	£73.33
150	£93.00	£15.50	£77.50	£93.00	£15.50	£77.50
155	£98.00	£16.33	£81.67	£98.00	£16.33	£81.67
160	£102.00	£17.00	£85.00	£102.00	£17.00	£85.00
165	£107.00	£17.83	£89.17	£107.00	£17.83	£89.17
170	£111.00	£18.50	£92.50	£111.00	£18.50	£92.50
175	£116.00	£19.33	£96.67	£116.00	£19.33	£96.67
180	£121.00	£20.17	£100.83	£121.00	£20.17	£100.83
185	£125.00	£20.83	£104.17	£125.00	£20.83	£104.17
190	£130.00	£21.67	£108.33	£131.00	£21.83	£109.17
195	£135.00	£22.50	£112.50	£136.00	£22.67	£113.33
200	£140.00	£23.33	£116.67	£140.00	£23.33	£116.67
205	£145.00	£24.17	£120.83	£145.00	£24.17	£120.83
210	£149.00	£24.83	£124.17	£149.00	£24.83	£124.17
215	£154.00	£25.67	£128.33	£154.00	£25.67	£128.33
220	£159.00	£26.50	£132.50	£159.00	£26.50	£132.50
225 or more	£163.00	£27.17	£135.83	£163.00	£27.17	£135.83



Tax rates and allowances 2018-19

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

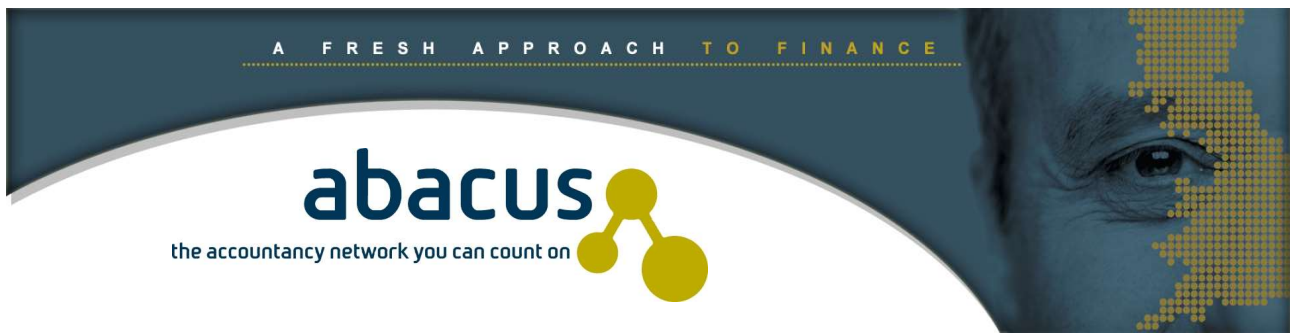
1. Business only has to complete one annual VAT return.
2. The business has 2 months to complete the return from the end of the 12 month period when any balance payment must also be made.
3. The business has the option to pay either 9 monthly direct debits or 3 quarterly direct debits and a balancing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

An example payment profile for a company commencing using Annual Accounting Scheme from 1st January 2018:

Month From Start of Scheme	Month	Monthly Payments	Quarterly Payments
1	Jan-18		
2	Feb-18		
3	Mar-18		
4	Apr-18	1st Pay	
5	May-18	2nd Pay	
6	Jun-18	3rd Pay	1st Pay
7	Jul-18	4th Pay	
8	Aug-18	5th Pay	
9	Sep-18	6th Pay	2nd Pay
10	Oct-18	7th Pay	
11	Nov-18	8th Pay	
12	Dec-18	9th Pay	3rd Pay
13	Jan-19		
14	Feb-19	Bal Pay	Bal Pay

For further information on the annual accounting basis read:

- VAT Notice 732 (<https://www.gov.uk/government/publications/vat-notice-732-annual-accounting>)



Tax rates and allowances 2018-19

VAT Cash Accounting

Eligibility

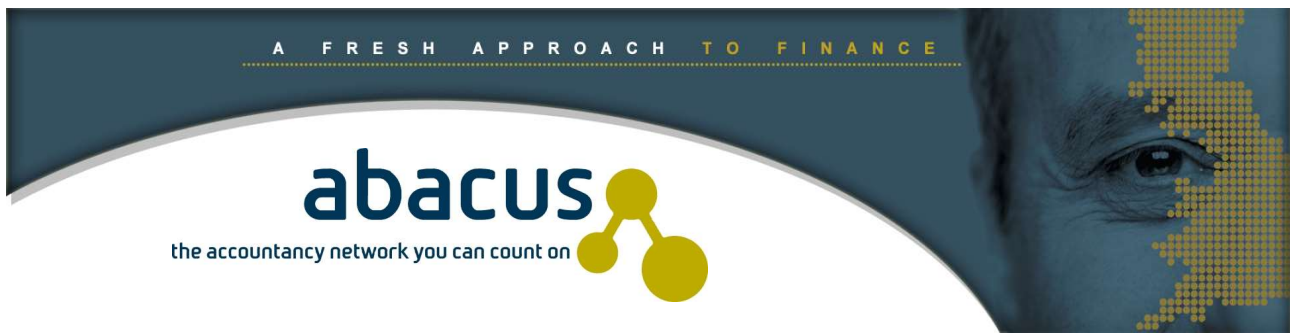
1. When applying to join the scheme, turnover must be less than £1,350,000.
2. Once on the scheme there is a tolerance level up to a turnover of £1,600,000.
3. All new businesses can now join the cash accounting scheme immediately.
4. Existing businesses must ensure that all payments to HMRC are up-to-date.
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 (<https://www.gov.uk/government/publications/vat-notice-731-cash-accounting>)



Tax rates and allowances 2018-19

VAT Flat Rate Scheme

Eligibility

For a business to qualify for the Flat Rate Scheme it must meet both 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 $£1,200.00 \times 14.5\% = £174.00$.

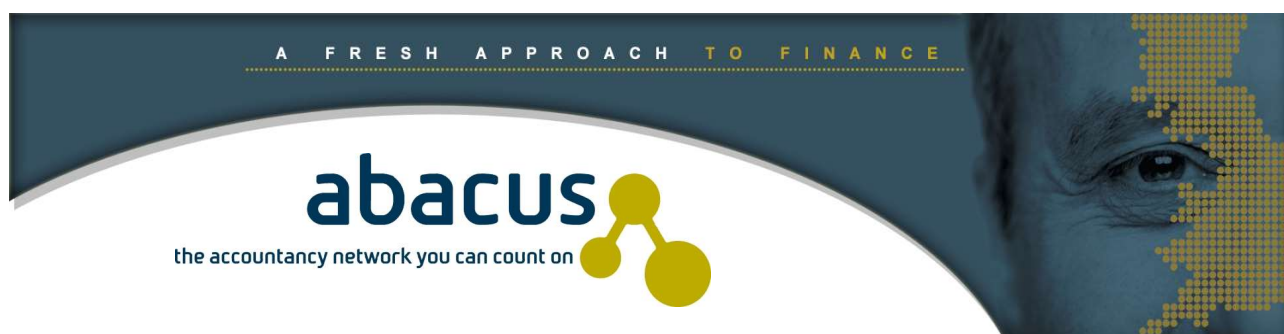
2. You can also claim the VAT on capital assets over £2,000.
3. The VAT flat rate you use depends on your business type and costs. **You get a 1% discount if you're in your first year as VAT registered business.**

New rules from 1st April 2017

1. You will be classed as a "limited cost business" if your goods cost less than either:
 - 2% of your turnover
 - £1,000 a year (even if it's more than 2% of your turnover).
2. This means you will pay a higher rate of 16.5%.
3. If you aren't a limited cost business, continue to use your business type to work out your flat rate.
4. When working out the amount spent on goods, it cannot include purchases of:
 - Capital goods (such as new equipment used in the business)
 - Food and drink (such as lunches for staff)
 - Vehicles or parts for vehicles (unless running a vehicle hiring business).

For further information on the flat rate scheme read:

- VAT Notice 733 (<https://www.gov.uk/government/publications/vat-notice-733-flat-rate-scheme-for-small-businesses>)



Tax rates and allowances 2018-19

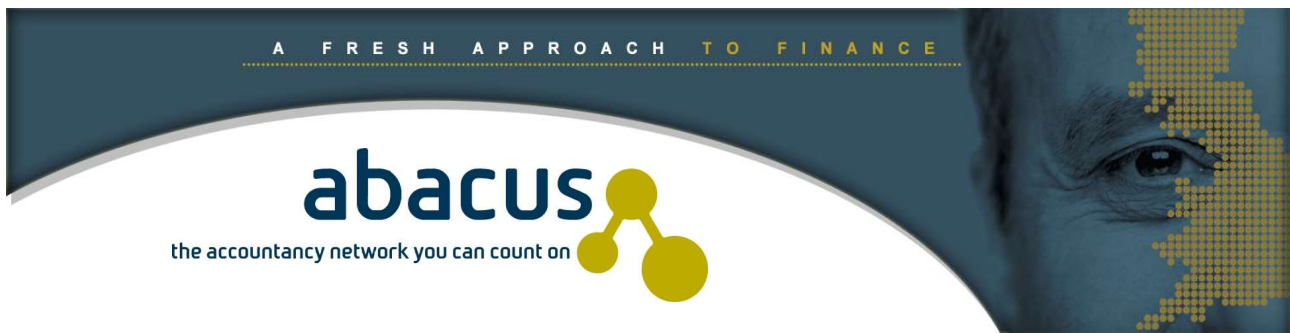
VAT Flat Rate Scheme - flat rates

Type of business	Flat Rate %	1 st year VAT registered %
Accountancy or bookkeeping	14.5%	13.5%
Advertising	11.0%	10.0%
Agricultural services	11.0%	10.0%
Any other activity not listed elsewhere	12.0%	11.0%
Architect, civil and structural engineer or surveyor	14.5%	13.5%
Boarding or care of animals	12.0%	11.0%
Business services not listed elsewhere	12.0%	11.0%
Catering services including restaurants and takeaways	12.5%	11.5%
Computer and IT consultancy or data processing	14.5%	13.5%
Computer repair services	10.5%	9.5%
Entertainment or journalism	12.5%	11.5%
Estate agency or property management services	12.0%	11.0%
Farming or agriculture not listed elsewhere	6.5%	5.5%
Film, radio, television or video production	13.0%	12.0%
Financial services	13.5%	12.5%
Forestry or fishing	10.5%	9.5%
General building or construction services	9.5%	8.5%
Hairdressing or other beauty treatment services	13.0%	12.0%
Hiring or renting goods	9.5%	8.5%
Hotel or accommodation	10.5%	9.5%
Investigation or security	12.0%	11.0%
Labour-only building or construction services	14.5%	13.5%
Laundry or dry-cleaning services	12.0%	11.0%
Lawyer or legal services	14.5%	13.5%
Library, archive, museum or other cultural activity	9.5%	8.5%
Management consultancy	14.0%	13.0%
Manufacturing fabricated metal products	10.5%	9.5%
Manufacturing food	9.0%	8.0%
Manufacturing not listed elsewhere	9.5%	8.5%
Manufacturing yarn, textiles or clothing	9.0%	8.0%
Membership organisation	8.0%	7.0%



Tax rates and allowances 2018-19

Type of business	Flat Rate %	1 st year VAT registered %
Mining or quarrying	10.0%	9.0%
Packaging	9.0%	8.0%
Photography	11.0%	10.0%
Post offices	5.0%	4.0%
Printing	8.5%	7.5%
Publishing	11.0%	10.0%
Pubs	6.5%	5.5%
Real estate activity not listed elsewhere	14.0%	13.0%
Repairing personal or household goods	10.0%	9.0%
Repairing vehicles	8.5%	7.5%
Retailing food, confectionery, tobacco, newspapers or children's clothing	4.0%	3.0%
Retailing pharmaceuticals, medical goods, cosmetics or toiletries	8.0%	7.0%
Retailing not listed elsewhere	7.5%	6.5%
Retailing vehicles or fuel	6.5%	5.5%
Secretarial services	13.0%	12.0%
Social work	11.0%	10.0%
Sport or recreation	8.5%	7.5%
Transport or storage, including couriers, freight, removals and taxis	10.0%	9.0%
Travel agency	10.5%	9.5%
Veterinary medicine	11.0%	10.0%
Wholesaling agricultural products	8.0%	7.0%
Wholesaling food	7.5%	6.5%
Wholesaling not listed elsewhere	8.5%	7.5%

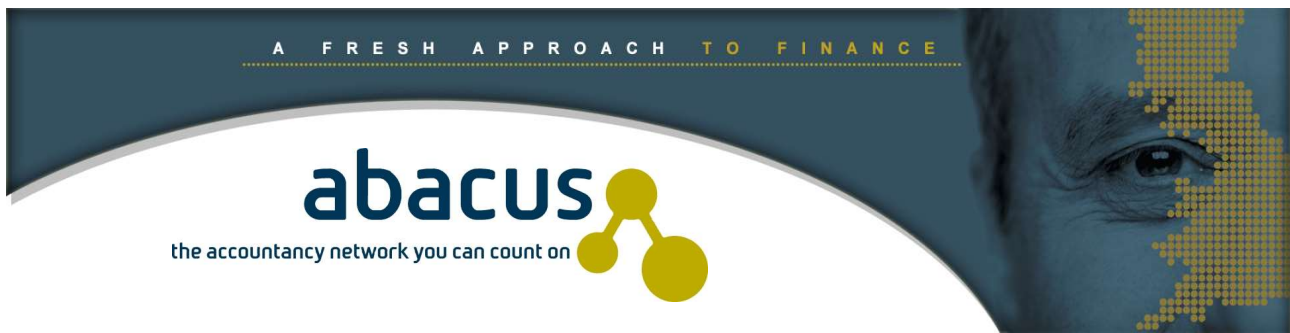


Tax rates and allowances 2018-19

VAT - Other Schemes

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

- Retail Scheme VAT Notice 727
<https://www.gov.uk/government/publications/vat-notice-727-retail-schemes>
- Margin Scheme VAT Notice 718
<https://www.gov.uk/government/publications/vat-notice-718-the-vat-margin-scheme-and-global-accounting>
- Capital Goods Scheme VAT Notice 706/2
<https://www.gov.uk/government/publications/vat-notice-7062-capital-goods-scheme>
- Tour Operators Margin Scheme VAT Notice 709/5
<https://www.gov.uk/government/publications/vat-notice-7095-tour-operators-margin-scheme>



Tax rates and allowances 2018-19

National Insurance Contributions

National Insurance

Class 1 (earnings related)

	2018-19	2017-18
Lower earnings limit (LEL) (per week)	£116	£113
Upper earnings limit (UEL) (per week - employees only)	£892	£866
Apprentice upper secondary threshold (AUST) (for under 25's only)	£892	£866

Earnings threshold (per week)

	2018-19	2017-18
Primary Threshold	£162	£157
Secondary Threshold	£162	£157

Employee rate

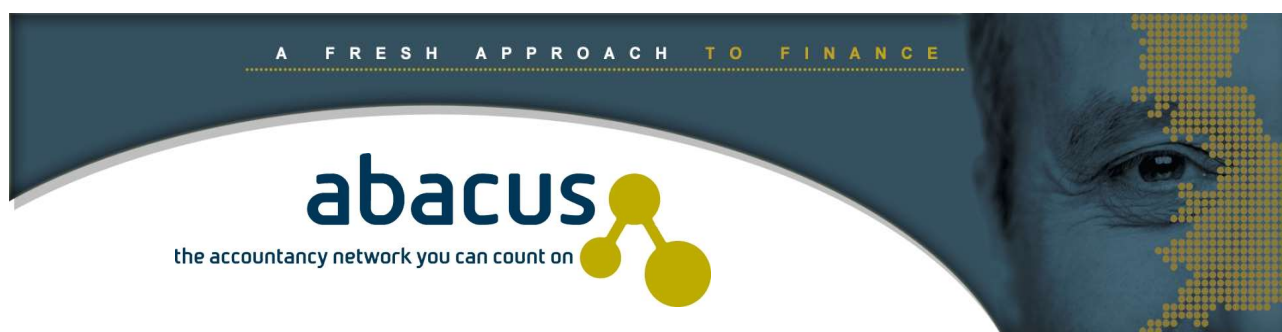
	2018-19	2017-18
Between earnings threshold and UEL	12.00%	12.00%
Earnings above UEL	2.00%	2.00%
Married woman's reduced rate	Between the Primary Threshold and the UEL	5.85%
	Above the Upper Earnings Limit	2.00%

Employer rate

	2018-19	2017-18
Above earnings threshold	13.80%	13.80%
Employment allowance per year	£3,000	£3,000

Class 2 (self-employed flat rate)

	2018-19	2017-18
Per week	£2.95	£2.85
Small earnings exemption (per year)	£6,205	£6,025
Special Class 2 rate for Share Fishermen	£3.60	£3.50
Special Class 2 rate for Volunteer Development Workers	£5.80	£5.65



Tax rates and allowances 2018-19

Class 3 (voluntary) per week

	2018-19	2017-18
Per week	£14.65	£14.25

Class 4 (self-employed)

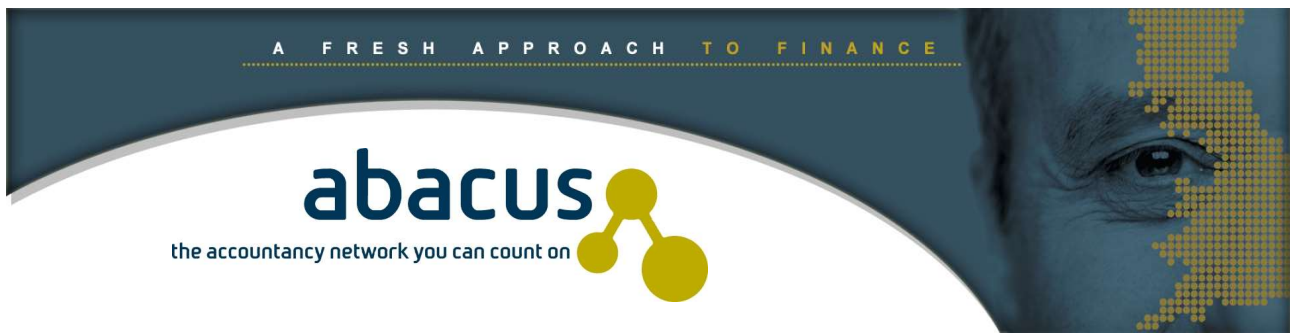
		2018-19	2017-18
Limits	Lower profits limit - LPL (per year)	£8,424	£8,164
	Upper profits limit - UPL (per year)	£46,350	£45,000
Rates	Between LPL and UPL	9.00%	9.00%
	Above UPL	2.00%	2.00%

Class 1A and Class 1B rate

	2018-19	2017-18
Rate	13.80%	13.80%

Notes

1. The Employment Allowance, which came into effect from 6th April 2014, gives eligible employers a reduction of up to £3,000 (2017-18 £3,000) on 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.
2. If you earn between £116 and £162 a week, your contributions are treated as having been paid to protect your national insurance record.
3. If you're employed, you stop paying Class 1 National Insurance when you reach the state pension age.
4. If you're self-employed you stop paying:
 - a. Class 2 National Insurance when you reach state pension age (or up to 4 months after this to pay off any contributions you owe)
 - b. Class 4 National Insurance from 6th April (start of tax year) after you reach state pension age.
5. From 6th April 2015, every employer with employees under the age of 21 will no longer be required to pay Class 1 Secondary National Insurance Contributions (2018-19 and 2017-18 13.8%) on earnings up to the Upper Earning Limit (2018-19 £46,350, 2017-18 £45,000), for those employees. This ceases to apply in the pay day after the employee reaches the age of 21.
6. For apprentices under the age of 25, the Apprentice Upper Secondary Threshold is also £892 per week. This means that employers will not be required to pay Employer Class 1 NICs in respect of the wages they pay to apprentice employees under the age of 25 up to £892 per week.
7. Employers are liable to Class 1A NICs at 13.8% on most Benefits-in-Kind subject to income tax. Scale Rate Allowances covered by an approval notice or Benefits-in-Kind included in PAYE are not subject to Class 1A NICs. Certain other benefits are specifically exempt from both Income Tax and Class 1A NICs.



Tax rates and allowances 2018-19

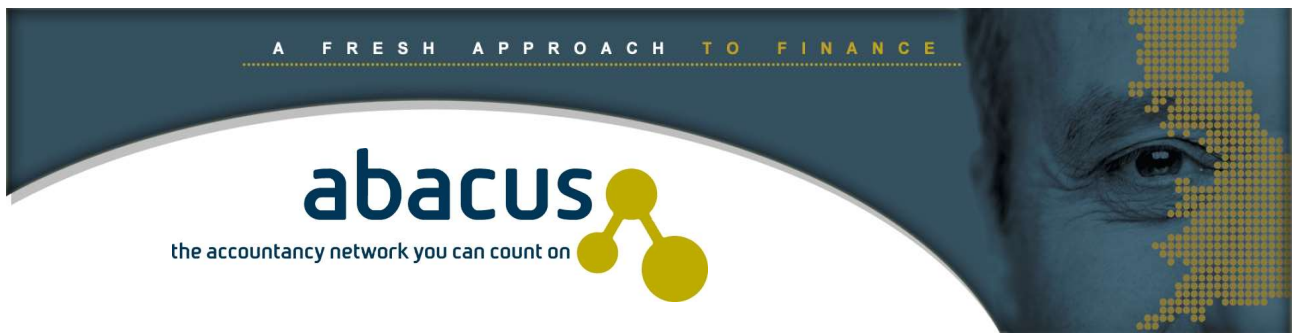
8. Class 1B NICs are employer-only contributions, similar to Class 1A, payable by employer on the value of the tax and on certain benefits paid via PAYE Settlement Agreements. The rate is tied to the Class 1 secondary rate (13.8%) and contributions are payable by 19 October following the end of the tax year, along with the tax under the PAYE Settlement Agreement.
9. Apprenticeship Levy. Since 6 April 2017, employers are required to pay the Apprenticeship Levy. This levy is set at the rate of 0.5% of an employer's annual Pay Bill and will be collected through the PAYE system.

The Pay Bill is the total amount of earnings liable to Class 1 NIC including earnings below the Secondary Threshold (£8,424 for 2018-19). Similarly, where the Age-Related Secondary Percentage of NIC is 0%, e.g. for employees under the age of 21, such earnings are included in calculating the Pay Bill.

Employers receive an Annual Allowance of £15,000 to offset against payment of the levy, and, therefore, the levy would be payable only by employers who have Pay Bills in excess of £3 million per year. Where two or more companies are connected, only one company can claim the allowance.

Apprenticeship Allowance

	2018-19	2017-18
Apprenticeship Allowance Per Employer	£15,000	£15,000
Apprenticeship Levy Rate	0.5%	0.5%



Tax rates and allowances 2018-19

Insurance Premium Tax

Since 1st June 2017, the standard rate of insurance premium tax applying to most general insurance is **12%**.

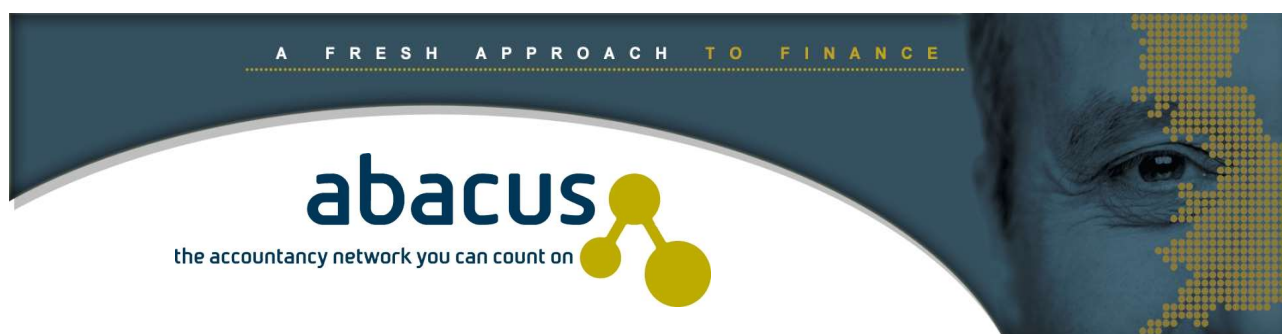
Life and other long-term insurance is **exempt**.

A higher rate applies to some mechanical breakdown and travel insurance, and insurance sold with certain goods. The higher rate is **20%**.



Tax rates and allowances 2018-19

PROPERTY TAXES



Tax rates and allowances 2018-19

Stamp Duty Land Tax Rates

Residential land or property SDLT / LBTT / LTT rates and thresholds

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

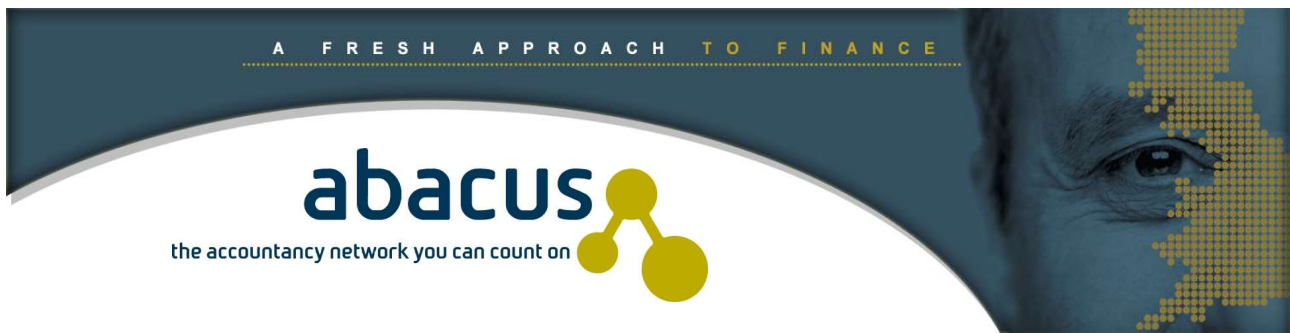
Notes

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. A supplement of 3% will apply from 1st 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	England & NI	Scotland	Wales
	SDLT	LBTT	LTT
£1 to £125,000	Nil	Nil	Nil
£125,001 to £145,000	2.0%	Nil	Nil
£145,001 to £180,000	2.0%	2.0%	Nil
£180,001 to £250,000	2.0%	2.0%	3.5%
£250,001 to £325,000	5.0%	5.0%	5.0%
£325,001 to £400,000	5.0%	10.0%	5.0%
£400,001 to £750,000	5.0%	10.0%	7.5%
£750,001 to £925,000	5.0%	12.0%	10.0%
£925,001 to £1,500,000	10.0%	12.0%	10.0%
Over £1,500,000	12.0%	12.0%	12.0%

Key

1. England & NI: SDLT – Stamp Duty Land Tax.
2. Scotland: LBTT – Land and Building Transaction Tax.
3. Wales: LTT – Land Transaction Tax.



Tax rates and allowances 2018-19

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		
	England & NI	Scotland	Wales
Up to £150,000	Nil	Nil	Nil
The portion from £150,001 to £250,000	2.0%	-	1.0%
£150,001 to £350,000	-	3.0%	-
The portion over £250,001	5.0%	-	-
Over £350,000	-	4.5%	-
£250,001 to £1,000,000	-	-	5.0%
Over £1,000,000	-	-	6.0%

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	Nil
The portion over £125,000	1.0%

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

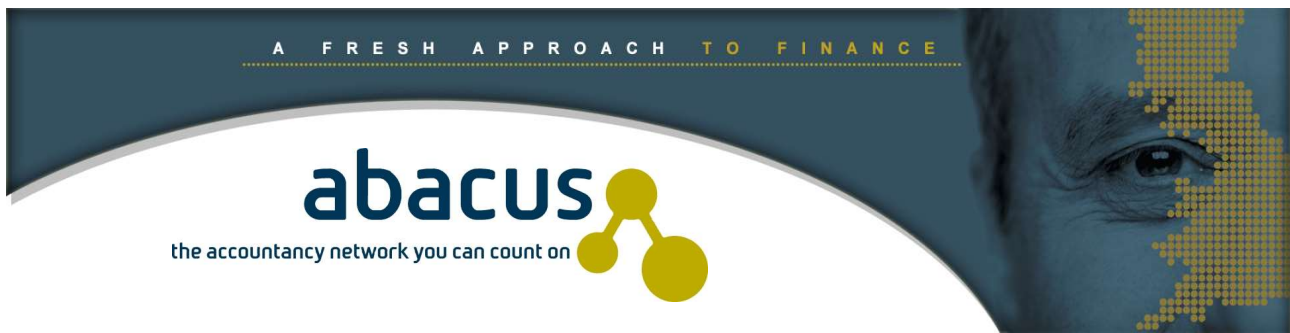
The rates apply to the portion of the total value which falls within each band.

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	Nil
The portion £150,001 to £5,000,000	1.0%
The portion over £5,000,000	2.0%



Tax rates and allowances 2018-19

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
- There is a higher 1.5% rate of Stamp Duty and Stamp Duty Reserve Tax (SDRT) which applies to transfers of shares to depository receipt issuers and persons providing clearance services

Stamp Duty Land Tax Rates for first-time buyers purchasing properties worth £500,000 or less

Property Value	Rate
£0 - £300,000	Nil
£300,000 - £500,000	5%
£500,000 and above	Standard Rates Apply

Annual Tax on Enveloped Dwellings (ATED)

1. Annual Tax on Enveloped Dwellings is an annual tax payable mainly by companies which own residential properties valued at more than £500,000.
2. You will need to complete an ATED Return if your Property:
 - Is a dwelling
 - Is in the UK
 - Was valued at more than £500,000 (2016-17 onwards)
 - Is owned completely or partially by a:
 - a. Company
 - b. Partnership where one of the partners is a company
 - c. Collective Investment Scheme, for example, a Unit Trust or an open-ended investment vehicle
3. There are various exemptions, review the ATED Technical Guidance at: <http://www.gov.uk/government/publications/annual-tax-on-enveloped-dwellings-technical-guidance>

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



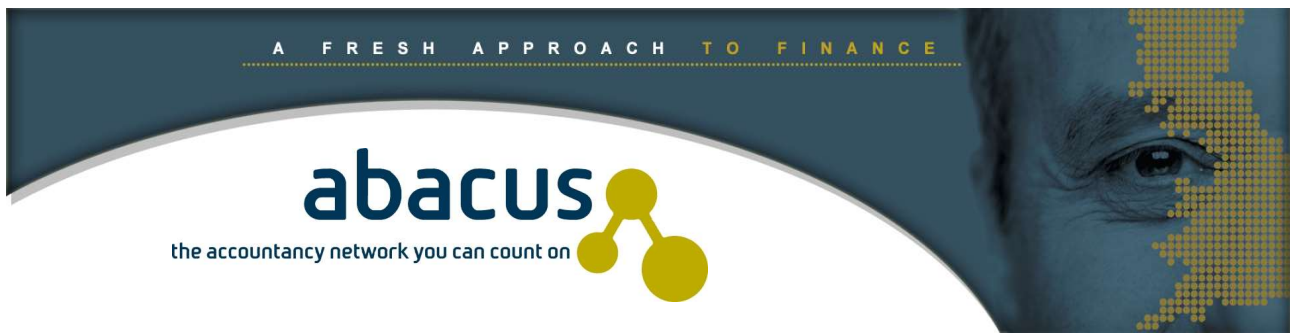
Tax rates and allowances 2018-19

Rent-a-room Relief

	2018-19	2017-18
Rent-a-room relief	£ 7,500	£ 7,500

Notes

- The total exempt rental income that someone can have for renting out one or more rooms in their main residence remains at £7,500.
- If there is more than one landlord the relief is split equally between the landlords.



Tax rates and allowances 2018-19

Furnished Property

Abolition of 10% wear and tear allowance

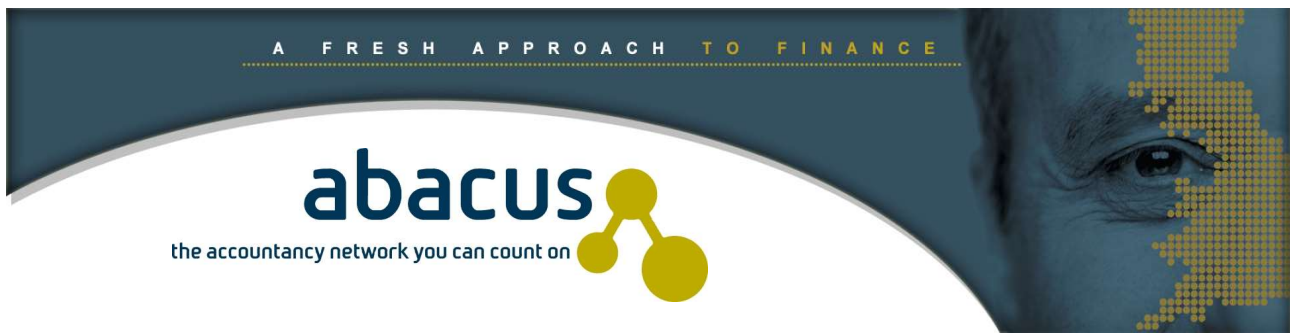
Landlords of fully furnished residential lettings are currently able to claim a deduction of broadly 10% of gross rental income.

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 was abolished from the **2016-17** tax year and replaced by a deduction for the replacement cost of any existing capital items such as free-standing fridges, beds, sofas 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 2018-19

Buy to Let Properties Changes in Tax Legislation

The amount of Income Tax Relief some landlords can get on residential property costs will start to be restricted to the basic rate of tax from tax year 2017-18.

Who is affected?

- UK resident individuals that lets residential properties in the UK or overseas.
- Non-UK resident individuals that lets residential properties in the UK.
- Individuals who let such property in partnership.
- Trustee or beneficiary of trusts liable to Income Tax on the property profits.

You won't be affected if you are:

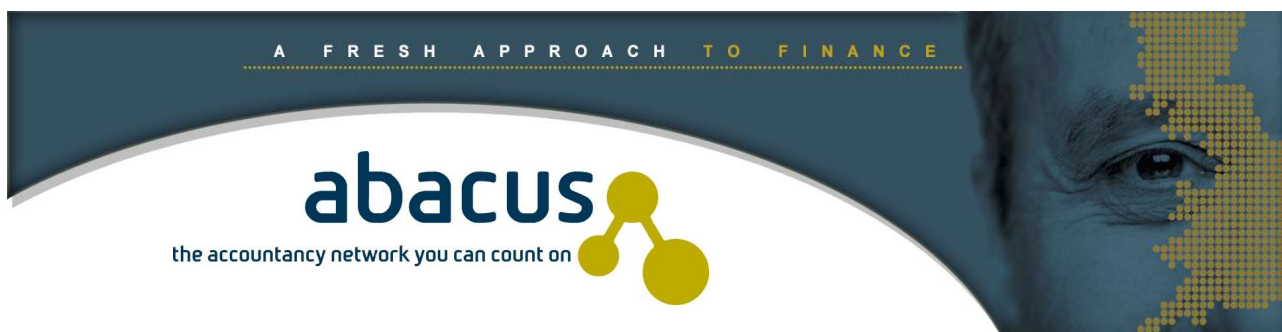
- UK resident company.
- Non-UK resident companies.
- Landlord of Furnished Holiday Lettings.

What finance costs are restricted?

- Interest on Mortgages.
- Interest on loans – including loans to buy furnishings.
- Interest on overdrafts.
- Interest on alternative finance returns.
- Fees and other incidental costs for getting or repaying mortgages and loans.
- Discounts, premiums and disguised interest.

Phasing in the restriction

Tax Year	Interest on Tax return	
	Allowed	Disallowed
2017-18	75%	25%
2018-19	50%	50%
2019-20	25%	75%
2020-21	0%	100%



Tax rates and allowances 2018-19

What relief is given on the disallowed interest?

Relief is given on the disallowed interest at the current basic rate of tax (20%)

	2016-17	2017-18	2018-19*	2019-20*	2020-21*
Rental Income	£200,000	£200,000	£200,000	£200,000	£200,000
Less					
Interest	£120,000	£120,000	£120,000	£120,000	£120,000
Other costs	£40,000	£40,000	£40,000	£40,000	£40,000
Profit	£40,000	£40,000	£40,000	£40,000	£40,000
Disallowed Interest	£0	£30,000	£60,000	£90,000	£120,000
Taxable Profit	£40,000	£70,000	£100,000	£130,000	£160,000
Tax payable					
Personal Allowance	£0	£0	£0	£0	£0
20% band	£5,800	£6,700	£6,900	£6,900	£6,900
40% band	£0	£10,000	£21,460	£33,460	£41,460
Loss of Personal Allowance	£0	£0	£0	£4,740	£4,740
45% band	£0	£0	£0	£0	£4,500
Gross Tax	£5,800	£16,700	£28,360	£41,100	£57,600
20% Relief on disallowed interest	£0	£6,000	£12,000	£18,000	£24,000
Net Tax	£5,800	£10,700	£16,360	£27,100	£33,600

Note

* Tax years 2018-19 onwards have been calculated at the 2018-19 tax rates.

It is important you act now before your tax liability reaches £33,600 leaving you with income of only £6,400 per annum.



Tax rates and allowances 2018-19

BUSINESS TAX



Tax rates and allowances 2018-19

Corporation Tax

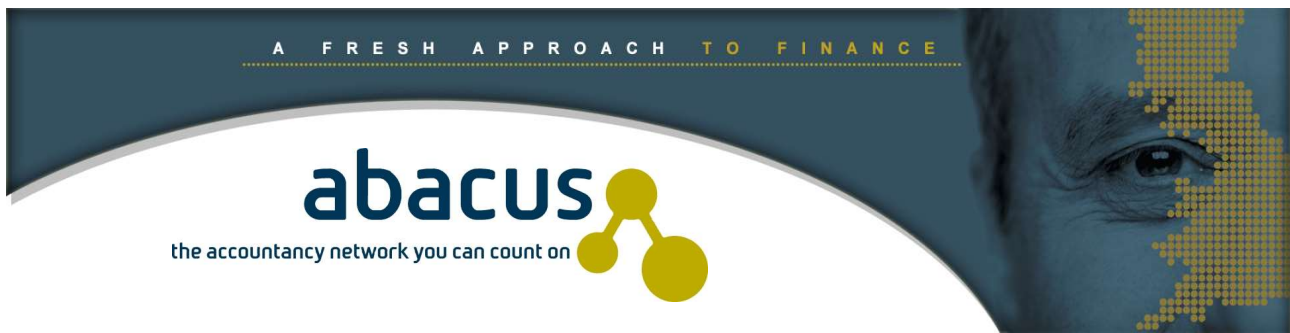
	01.04.18 to 31.03.19	01.04.17 to 31.03.18
All profits	19%	19%

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%.
4. Large companies pay tax in instalments. Large companies are, broadly, those with taxable profits of at least £1.5 million and a corporation tax liability in excess of £10,000 for a 12-month accountancy period. The £1.5 million threshold is reduced pro rata for '51% Related Group Companies' and for accounting periods less than 12 months. The £10,000 is also reduced proportionally for starter accounting periods.

In a 12-month accounting period, four instalments are payable as follows:

- 6 months and 13 days from the first day of the accounting period
 - 3 months after the first instalment
 - 3 months after the second instalment
 - 3 months and 14 days from the last day of the accounting period.
5. Companies are not required to make instalment payments in the first year in which the £1.5 million threshold is reached unless their profits exceed £10 million.
The £10 million threshold is also reduced pro rata '51% Related Group Companies' and for accounting periods of less than 12 months.
 6. Different instalment payment arrangements apply for ring-fence profits and Bank Levy.



Tax rates and allowances 2018-19

Capital Allowances and Annual Investment Allowance

Tangible Assets

Annual Investment Allowance (AIA)

	Sole Trader / Partnership	Limited Company
From the 1 st January 2016	£200,000	£200,000
6 th April 2014 – 31 st December 2015	£500,000	-
1 st April 2014 – 31 st December 2015	-	£500,000
1 st January 2013 – 5 th April 2014	£250,000	-
1 st January 2013 – 31 st March 2014	-	£250,000
6 th April 2012 – 31 st December 2012	£25,000	-
1 st April 2012 – 31 st December 2012	-	£25,000
6 th April 2010 – 5 th April 2012	£100,000	-
1 st April 2010 – 31 st March 2012	-	£100,000
6 th April 2008 – 5 th April 2010	£50,000	-
1 st April 2008 – 31 st 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 and new and used cars with CO₂ emissions not exceeding 50gm/km (2017-18 75gm/km).
3. You can't claim AIA on:
 - Cars with CO₂ emissions in excess of 50gm/km (2017-18 75gm/km)
 - 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:

$$\begin{aligned}
 3/12 \times £200,000 &= £50,000 \\
 9/12 \times £500,000 &= \underline{£375,000} \\
 \text{Total AIA} &= \underline{£425,000}
 \end{aligned}$$

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.



Tax rates and allowances 2018-19

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 CO₂ greater than 110gm/km (2017-18 130gm/km)) and you can claim Reducing Balance writing-down allowances of 18% on the Main Pool and 8% on the Special Pool.

Plant and Machinery

	2018-19	2017-18
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

	2018-19	2017-18
New or used cars with CO ₂ emissions of 50gm/km or less (non-electric)	100%	
New or used cars with CO ₂ emissions of 75gm/km or less (non-electric)		100%
New or used cars with CO ₂ emissions between 50gm/km and 110gm/km	18%	
New or used cars with CO ₂ emissions between 75gm/km and 130gm/km		18%
Second hand cars with CO ₂ emissions of 110gm/km or less or car is electric	18%	
Second hand cars with CO ₂ emissions of 130gm/km or less or car is electric		18%
Emissions greater than 110gm/km	8%	
Emissions greater than 130gm/km		8%

Other Asset Types

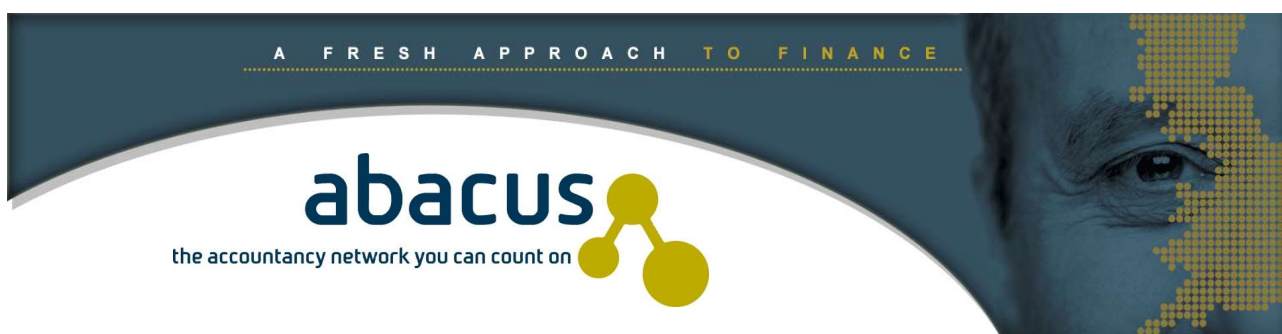
	2018-19	2017-18
Commercial or Industrial Buildings in an Enterprise Zone	100%	100%
Business premises Renovation Allowance	100%	100%



Tax rates and allowances 2018-19

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 2018-19

Research & Development (R&D) and other product tax reliefs

	2018-19	2017-18
R&D Tax Credits, small & medium sized business (SME) scheme	230.0%	230.0%
R&D SME Payable Credit	14.5%	14.5%
R&D SME Expenditure Credit	12.0%	11.0%
Patent Box	10.0%	10.0%
Film Tax Relief	25.0%	25.0%
High-end TV Tax Relief	25.0%	25.0%
Video Games Tax Relief	25.0%	25.0%
Open-ended Investment Companies and authorised Unit Trusts	20.0%	20.0%

Research & Development Relief: Revenue costs

The meaning of Research & Development (R&D) for these purposes and for the Capital Research & Development Allowance is set out in the BEIS Guidelines issued on 5 March 2004.

Large Companies (i.e. those that are not SMEs) can make claims under the R&D Expenditure Credits (RDEC) regime. Under this regime, the benefit will be recorded as a taxable credit in operating profit and will be equal to 12% (2017-18 11%) of the qualifying expenditure.

Non-tax paying large companies can receive a cash pay-out equal to the net value of the credit, subject to a cap based on the PAYE/NIC paid over to HMRC in respect of staff costs included in the R&D claim, and being a going concern, at the time the claim is made.

Companies that are SMEs are entitled to an additional deduction of 130% of qualifying R&D expenditure. For non-tax paying SMEs a cash alternative of up to 33.35p for every pound of qualifying expenditure may be available depending on the current year tax losses.

A cap limits the total amount of SME R&D a company can claim on each project to €7.5million (euro) and a going concern requirement applies.

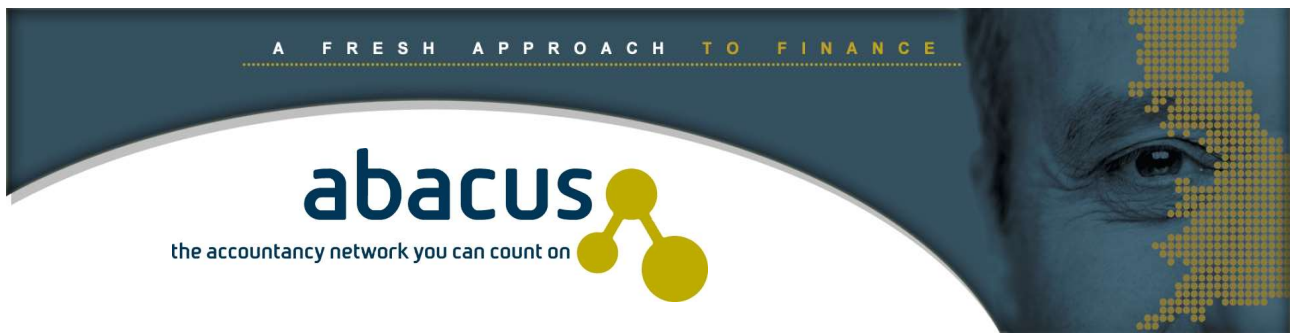
An SME for R&D purposes is a company which, together with certain related enterprises, meets the EU definitions but with higher limits such that it has fewer than 500 employees and either turnover not exceeding €100million (euro) or total assets not exceeding €86 million (euro).



Tax rates and allowances 2018-19

Business Rates in England

	2018-19	2017-18
England – Standard Multiplier	49.3p	47.9p
England – Small Business Multiplier	48.0p	46.6p



Tax rates and allowances 2018-19

Directors or Shareholder Loans

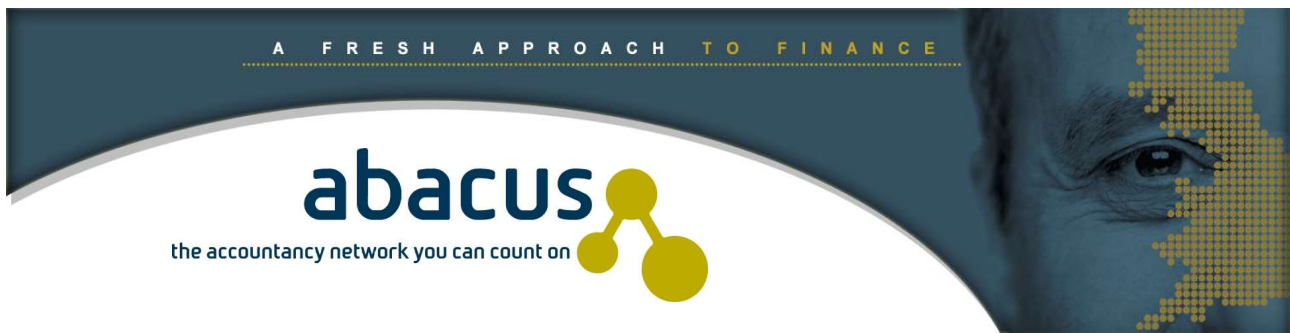
When a company which is controlled by its directors, or by five or fewer shareholders, makes a loan to a shareholder/director, the company must pay an extra Corporation Tax charge.

2018-19

- In 2018-19 the Corporation Tax charge will be 32.5% of the loan (2017-18 Corporation Tax rate was also 32.5%).
- This continues to align the tax charge with the dividend tax payable by higher rate taxpayers.
- Loans made to a charity will be exempt from this tax charge.

2017-18

- In 2017-18 the Corporation Tax charge will be 32.5% of the loan (2016-17 Corporation Tax rate was also 32.5%).
- This continues to align the tax charge with the dividend tax payable by higher rate taxpayers.
- Loans made to a charity will be exempt from this tax charge.



Tax rates and allowances 2018-19

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 2018-19

HMRC Average official rates

Use the table below to find the average official rate of interest for years when:

- The loan was outstanding throughout the income tax year
- You are using the normal averaging method calculation

Tax Year	Average official rate %
2018-19	announced at end of tax year
2017-18	2.50%
2016-17	3.00%
2015-16	3.00%
2014-15	3.25%
2013 -14	4.00%
2012 -13	4.00%
2011-12	4.00%
2010-11	4.00%
2009-10	4.75%
2008-09	6.10%
2007-08	6.25%
2006-07	5.00%
2005-06	5.00%
2004-05	5.00%
2003-04	5.00%
2002-03	5.00%
2001-02	5.94%
2000-01	6.25%
1999-2000	6.25%
1998-99	7.16%
1997-98	7.08%
1996-97	6.93%
1995-96	7.79%

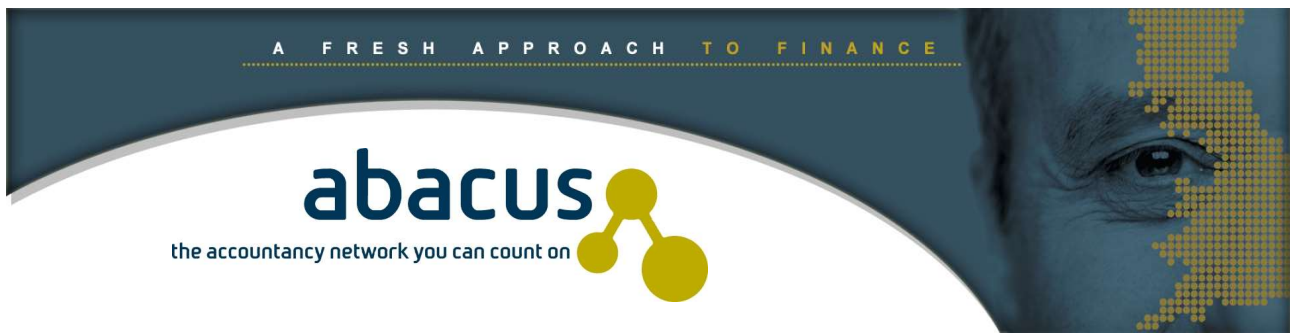


Tax rates and allowances 2018-19

HMRC actual official rates

Use the table below in cases not within the above table.

From	To	Actual official rate %
6 th April 2017		2.50%
6 th April 2015	5 th April 2017	3.00%
6 th April 2014	5 th April 2015	3.25%
6 th April 2010	5 th April 2014	4.00%
1 st March 2009	5 th April 2010	4.75%
6 th April 2007	28 th February 2009	6.25%
6 th January 2002	5 th April 2007	5.00%
6 th March 1999	5 th January 2002	6.25%
6 th August 1997	5 th March 1999	7.25%
6 th November 1996	5 th August 1997	6.75%
6 th June 1996	5 th November 1996	7.00%
6 th February 1996	5 th June 1996	7.25%
6 th October 1995	5 th February 1996	7.75%
6 th November 1994	5 th October 1995	8.00%



Tax rates and allowances 2018-19

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 **31st March 2017** for **Corporation Tax** and **5th April 2017** for **Income Tax**. **Therefore, all funds must be incurred by 11th April 2017.**

Any business considering renovating a building must act in the 2016-17 tax year or miss out on the BPRA.

Disadvantaged Areas

A list of disadvantaged areas can be found at:

- <http://www.legislation.gov.uk/en/uksi/2014/1508/made>

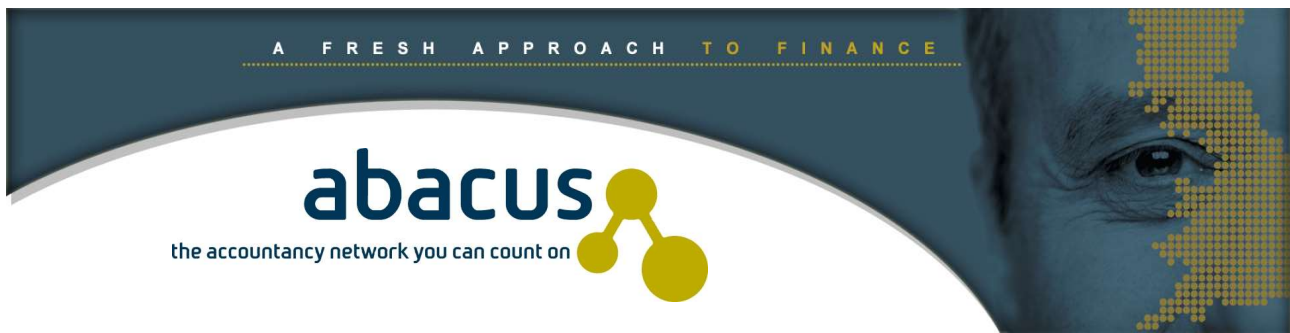
Or use the postcode finder at:

- <http://www.ukassistedareamap.com/ieindex.html>



Tax rates and allowances 2018-19

HMRC PENALTIES AND CHARGES



Tax rates and allowances 2018-19

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:

- <https://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 Tax returns

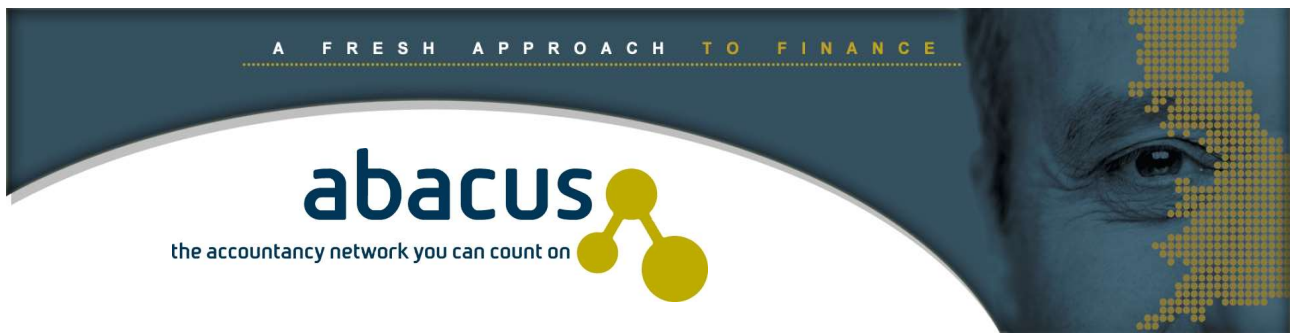
	Date Due	
	2018-19	2017-18
Register for self-assessment	05.10.19	05.10.18
Paper Tax returns	31.10.19	31.10.18
Online Tax returns	31.01.20	31.01.19
Pay Tax Due	31.01.20	31.01.19

Late filing penalties - Self-assessment tax returns

Late Filings	Penalty
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 2018-19

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:

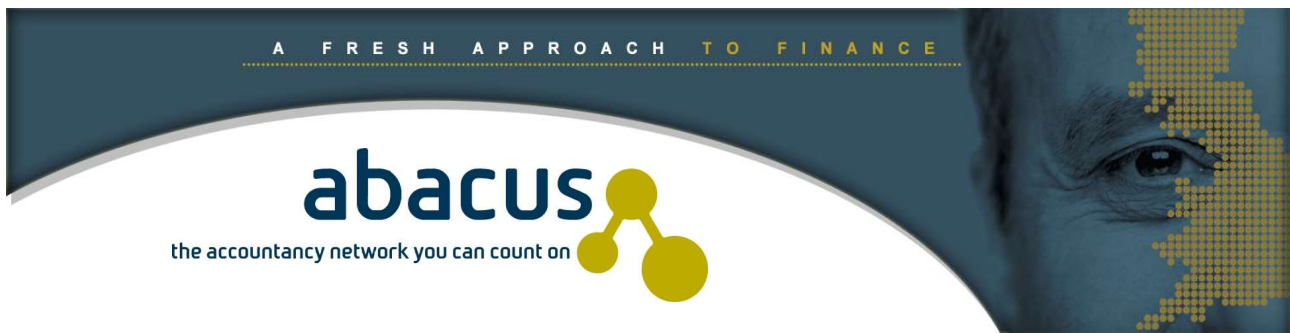
- <https://www.gov.uk/self-assessment-tax-returns/penalties>

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 2018-19

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

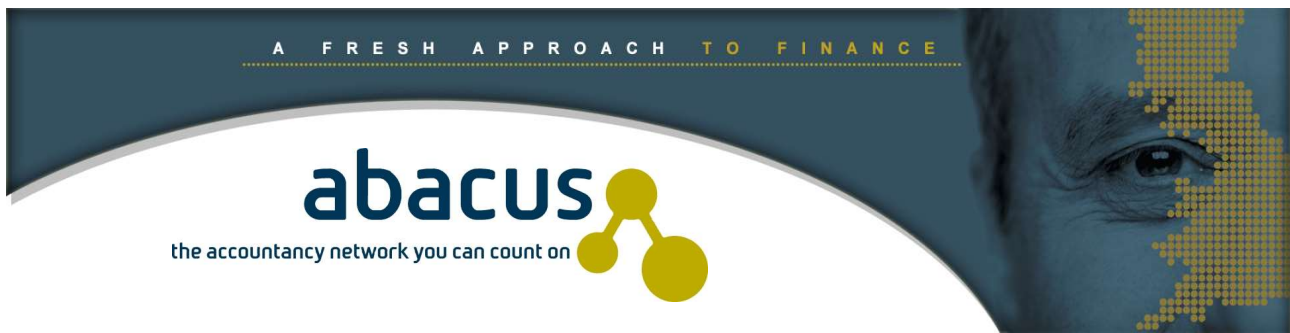
If your corporation tax return is late 3 times in a row, the £100.00 penalty is increased to £500.00.

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%



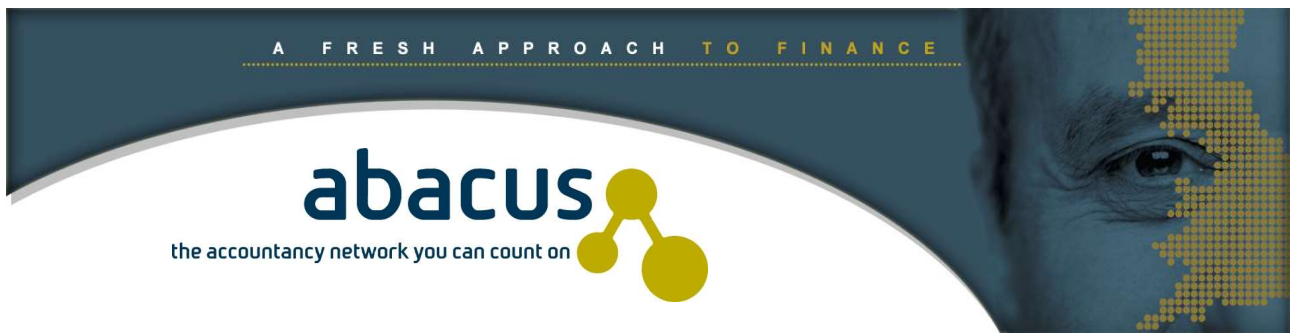
Tax rates and allowances 2018-19

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 2018-19

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.

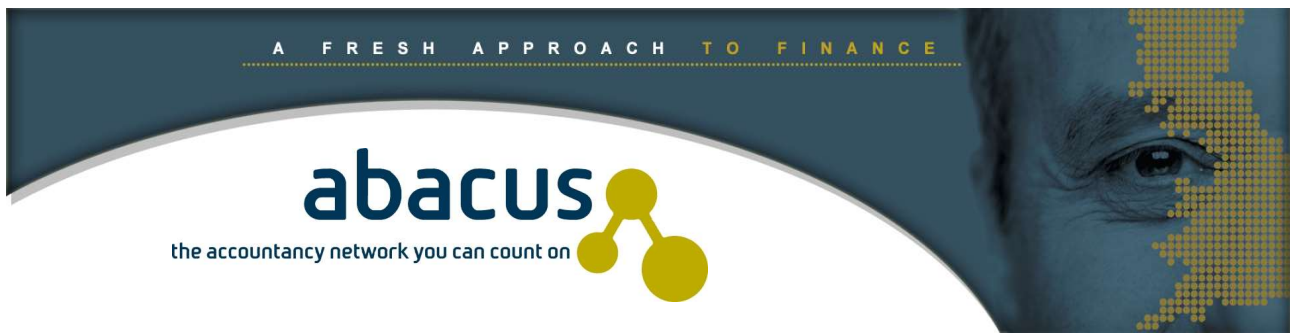
For each tax year an employer will not be charged a penalty for the first tax month during which they fail to file one or more returns on time.

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 2018-19

Construction Industry Scheme (CIS)

Interest charged on late or underpaid CIS payments

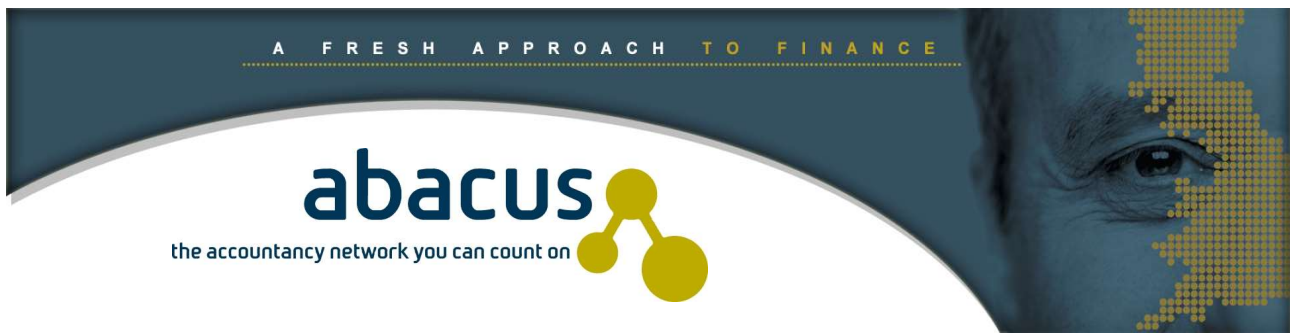
If you pay your CIS late, don't pay enough, or don't pay at all, HMRC will charge your company or organisation interest. This interest is known to HMRC as late payment interest.

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 2018-19

VAT

Late filing penalties – VAT returns

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 returns

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%

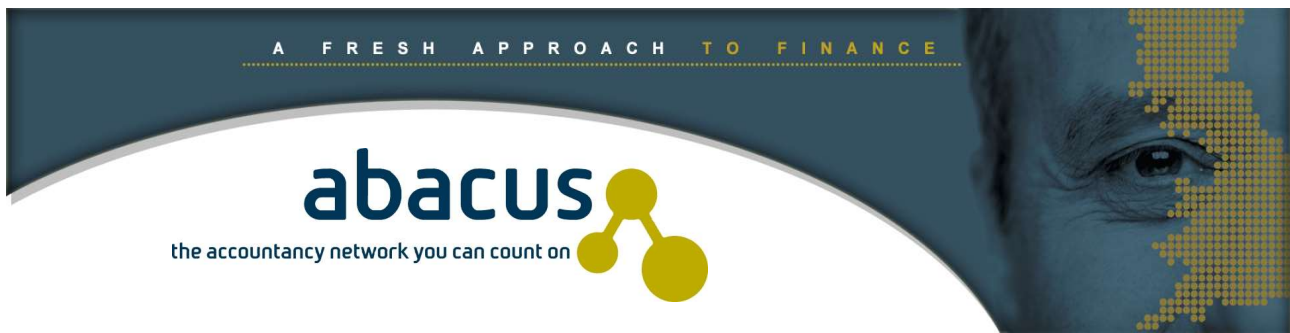
The penalty period is 1 year but the 12 month period starts again each time a late payment occurs.

Misdeclaration Penalty

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

Information on the new penalties can be found on:

- VAT Notice 700/42
(<https://www.gov.uk/government/publications/vat-notice-70042-misdeclaration-penalty-and-repeated-misdeclaration>)



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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
(<https://www.gov.uk/government/publications/vat-notice-70041-late-registration-penalty>)
- and
- Factsheet CC/FS11
(<https://www.gov.uk/government/publications/compliance-checks-penalties-for-failure-to-notify-ccfs11>)

Civil Evasion Penalty

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

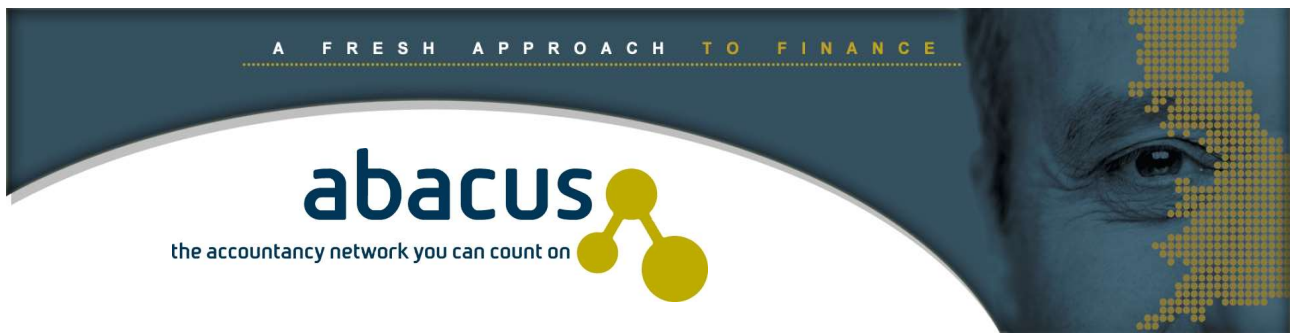
Possible reductions on penalty:		Up to
a.	An early and truthful explanation as to why the arrears arose and the true extent of them	40%
b.	Co-operation in substantiating the true amount of arrears Attending interviews and producing records and information as required	40%
Total Reduction		80%

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.



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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.

Surcharge Payable

From 01.10.2003	
Default	% of VAT owed
1 st	0% but default period commences
2 nd	2%
3 rd	5%
4 th	10%
5 th & 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.

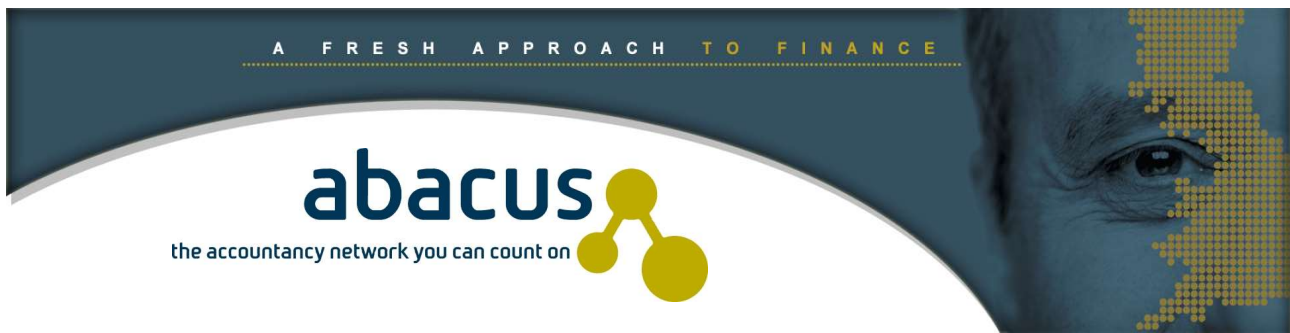
Between July 2001 and December 2002 for businesses up to £100,000.00 no automatic surcharge until three separate communications received.

A F R E S H A P P R O A C H T O F I N A N C E



Tax rates and allowances 2018-19

COMPANIES HOUSE



Tax rates and allowances 2018-19

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.

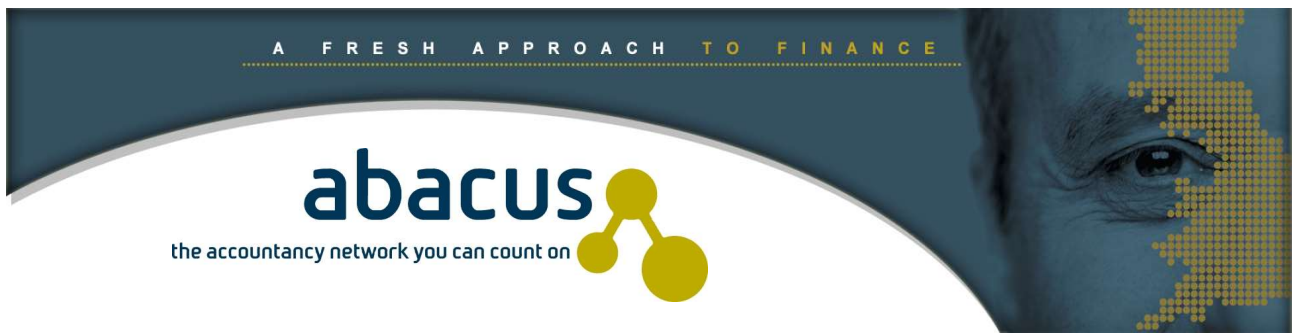
To complete the confirmation statement a company will need to:

- 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.



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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.

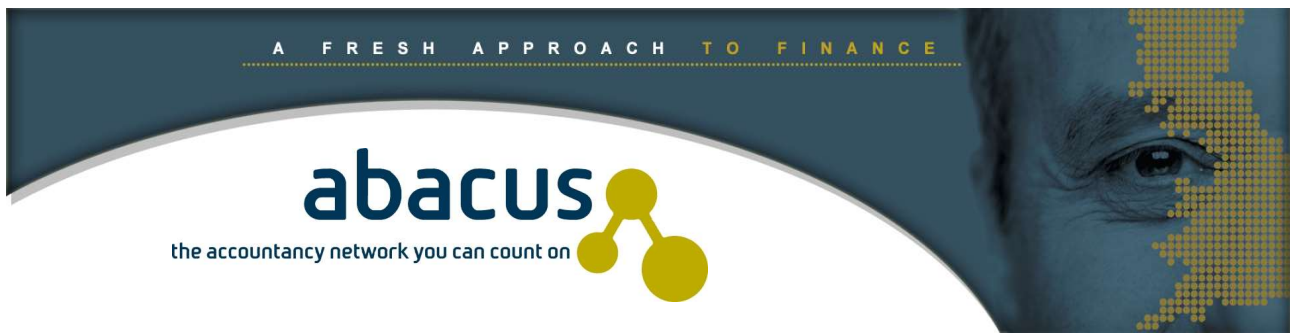
If an individual does not meet the above conditions, check to see if there is anyone who:

- 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 PSC's 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.



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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 Confirmation Statement

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 14 days after the due date to file the confirmation statement.

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