

CORPORATION TAX AND DIVERTED PROFITS TAX

	2017/18	2016/17	Note
Corporation tax	19%	20%	
Loans to participators	32.5%	32.5%	
Restitution interest payments corporation tax rate	45%	45%	A
Diverted profits	25%	25%	B

A Withheld at source.

B Applies to profits of large entities diverted from the UK as a result of an avoided permanent establishment or transactions which lack economic substance

PATENT BOX

	2017/18	2016/17	Note
Effective rate of tax on qualifying profits	10%	11%	A

A Nexus based regime operates from 1 July 2016. Previous regime available until 2021 if opt in election made for patents registered by 30 June 2016.

CAPITAL ALLOWANCES

	2017/18	2016/17	Note
Plant and machinery:			
Annual investment allowance	100%	100%	A
Long life assets and integral features	8%	8%	B
Other assets	18%	18%	B
First year allowances	100%	100%	C
Cars: CO2 emissions (g/km)			
75 or less	100%	100%	D
76 to 130	18%	18%	B, D
Over 130	8%	8%	B, D

A Maximum AIA £200,000pa.

B Reducing balance.

C Available for research and development, enterprise zone (qualifying zones), energy-saving technologies including cars, water efficient technology, brand new zero-emission goods vehicles, business premises renovation (until 31 March 2017/5 April 2017) and electrical charge-points from 23 November 2016 to 31 March 2019/5 April 2019.

D From 1 April 2018, the limits of 75g/km and 130g/km to be reduced to 50 g/km and 110g/km

VALUE ADDED TAX

	2017/18	Note
Standard rate	20%	
Reduced rate	5%	
Annual turnover limit for registration	£85,000	A
Annual cash accounting upper limit	£1,350,000	
EC Sales List reporting threshold	Nil	
Intrastat reporting		
Arrivals threshold	£1,500,000	
Dispatches threshold	£250,000	

A Taxable turnover is measured by reference to the last 12 months or the next 30 days

RESEARCH AND DEVELOPMENT TAX CREDITS

	2017/18	2016/17	Note
SME enhanced deduction scheme	130%	130%	A
SME cash credit for R&D loss surrendered	14.5%	14.5%	
Large company above the line scheme credit	11%	11%	B

A Additional (enhanced) tax deduction available for qualifying R&D expenditure.

B Taxable credit available on qualifying R&D expenditure.

PROPERTY

Stamp duty land tax (SDLT)

Property purchased in England, Wales and Northern Ireland

Residential		Non-residential or mixed use	
Price/premium payable	Rate payable (incremental)	Price/premium payable	Rate payable (incremental)
£1 – £125,000	Nil	£1 – £150,000	Nil
£125,001 – £250,000	2%	£150,001 – £250,000	2%
£250,001 – £925,000	5%	Above £250,000	5%
£925,001 – £1.5m	10%		
Above £1.5m	12%		
Enveloped properties over £500,000 (slab basis)	15%		

3% supplement to residential rates for second or buy to let homes above £40,000. For leases – Residential – 1% on present value of rents above £125,000. For leases – Other – 1% on present value of rents £150,001–£5m, 2% on excess.

Land and buildings transaction tax (LBTT) – Property purchased in Scotland

Residential		Non-residential or mixed use	
Price/premium payable	Rate payable (incremental)	Price/premium payable	Rate payable (incremental)
£1 – £145,000	Nil	£1 – £150,000	Nil
£145,001 – £250,000	2%	£150,001 – £350,000	3%
£250,001 – £325,000	5%	Above £350,000	4.5%
£325,001 – £750,000	10%		
Above £750,000	12%		

3% supplement to residential rates for second or buy to let homes above £40,000.

Leases: Residential – generally exempt. Non residential or mixed use – 1% on present value of rents above £150,000.

Annual tax on enveloped dwellings (ATED)

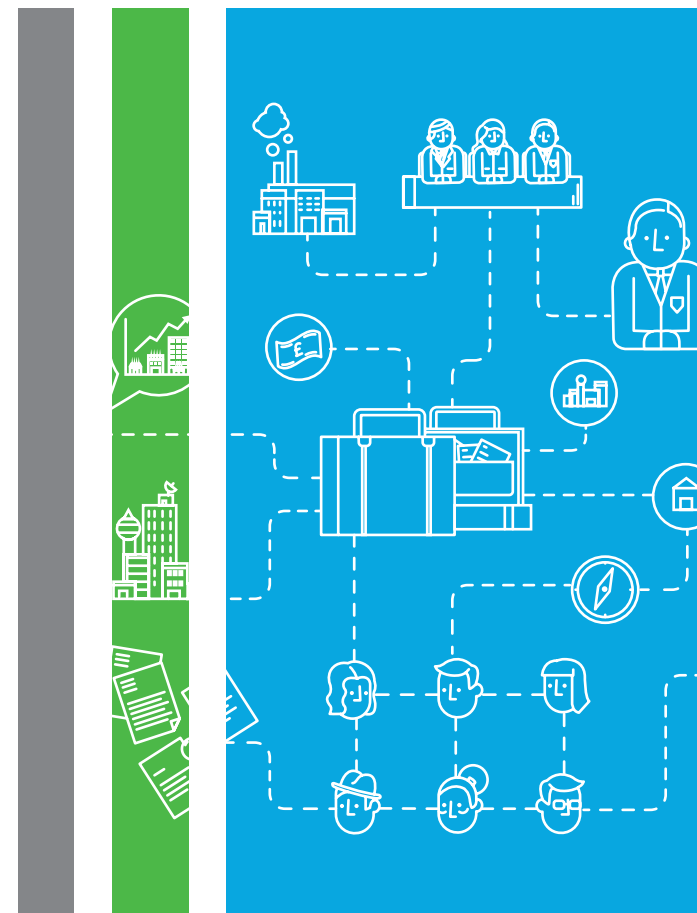
Residential property value	2017/18	2016/17
£500,001 – £1m	£3,500	£3,500
£1m – 2m	£7,050	£7,000
£2m – 5m	£23,550	£23,350
£5m – 10m	£54,950	£54,450
£10m – 20m	£110,100	£109,050
Above £20m	£220,350	£218,200

Note: Gains on disposals of ATED property are potentially subject to capital gains tax at 28%.

Stamp duty and SDRT: (for stamp duty only: consideration over £1,000) 0.5%

Non UK residents: Subject to capital gains tax on sale of UK residential property

Note: For income tax purposes, from April 2017, 25% (50% from April 2018) of the finance costs incurred by landlords of residential properties will only attract tax relief at a maximum of 20%



TAX FACTS 2017/18

Based on Budget 8 March 2017

Following confirmation of the general election on 8 June 2017, a foreshortened Finance Act 2017 received royal assent on 27 April 2017. Some measures included in Finance Bill 2017, marked with *, were omitted from Finance Act 2017 – some/all of the omitted measures are expected to be reintroduced in a new Finance Bill at the start of the new parliament, but it is possible the proposals could be amended and the intended start dates may change.

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INCOME TAX RATES					
	2017/18	Rate	2016/17	Rate	Note
Individuals					
Starting rate (inc SRIT)	£1 – £5,000	20%	£1 – £5,000	20%	A, D
Basic rate	£5,001 – £33,500	20%	£5,001 – £32,000	20%	B, C
Higher rate	£33,501 – £150,000	40%	£32,001 – £150,000	40%	B
Additional rate (inc SRIT)	Over £150,000	45%	Over £150,000	45%	B, D
Basic rate – SRIT	£5,001 – £31,500	20%	n/a	n/a	D
Higher rate – SRIT	£31,501 – £150,000	40%	n/a	n/a	D
Trusts					
Standard rate	£1 – 1,000	20%	£1 – 1,000	20%	B
Trust rate	Over £1,000	45%	Over £1,000	45%	B

- A** Rate on non-dividend savings income up to £5,000 is 0% where taxable non-savings income does not exceed £5,000.
- B** Dividend allowance of £5,000 (effectively a 0% tax rate) (£2,000 from 6 April 2018*) is available. Dividends above the limit are taxed at 7.5% (for basic and standard rate taxpayers), 32.5% (for higher rate taxpayers) and 38.1% (for additional and trust rate taxpayers).
- C** Gift Aid: basic rate band increased by gross gift.
- D** The Scottish rate of income tax (SRIT) and rate bands apply to earned, pensions and property income of Scottish taxpayers.

INCOME TAX ALLOWANCES			
	2017/18	2016/17	Note
Basic personal allowance	£11,500	£11,000	A, B
Married/civil partners allowance	£8,445	£8,355	B, C
Minimum married/civil partners allowance	£3,260	£3,220	B, C
Married/civil partners transferable allowance	£1,150	£1,100	B
Income limit	£28,000	£27,700	
Blind persons allowance	£2,320	£2,290	
Rent a room limit	£7,500	£7,500	
Savings allowance	£1,000	£1,000	D
Trading income	£1,000	Nil	E
Property income	£1,000	Nil	E

- A** Reduced by £1 for every £2 of income over £100,000.
- B** Non-residents may not be entitled to personal allowances, in certain circumstances.
- C** Available to persons born before 6 April 1935. Relief limited to 10%. Reduced to a minimum allowance by £1 for every £2 over income limit. Apply personal allowance reduction first.
- D** £500 for higher rate and Nil for additional rate taxpayers.
- E** If gross income in excess of £1,000 a deduction of £1,000 instead of actual expenses is permitted.

Note: High income child benefit charge: 1% of the benefit per £100 of adjusted net income over £50,000; 100% of the benefit when adjusted net income is over £60,000.

NON DOMICILED REMITTANCE BASIS USERS		
	2017/18	2016/17
Personal allowance	Nil	Nil
Capital gains tax annual exemption	Nil	Nil
Capital gains tax rate	20%	20%

Note: Gains on carried interest and chargeable residential property – 8% surcharge

Remittance basis charge		
	2017/18	2016/17
Unremitted income less than £2,000	Nil	Nil
Resident in at least 7 of the previous 9 tax years	£30,000	£30,000
Resident in at least 12 of the previous 14 tax years	£60,000	£60,000
Resident in at least 17 of the previous 20 tax years	N/A	£90,000

Note: From 6 April 2017, certain returning former UK domiciled individuals, and non-domiciled individuals who have been resident in the UK in at least 15 of the previous 20 tax years, will be treated as if UK domiciled for income tax, capital gains tax and inheritance tax purposes*.

INHERITANCE TAX			
	2017/18	2016/17	Note
Nil rate band (NRB) £1 – 325,000	0%	0%	A
Over £325,000	40%	40%	B, C
Main exemptions:		Gifts on marriage:	
Annual gifts per donor	£3,000	Parent	£5,000
Small gifts per donee	£250	Grandparent/ancestor	£2,500
Normal expenditure out of income	Exempt	Other	£1,000

- A** Additional residence nil rate band (RNRB) of £100,000 available from 6 April 2017 for transfers of a main residence to direct descendants. NRB and RNRB for estate of surviving spouse are increased by unutilised percentage of NRB and RNRB of predeceased spouse. RNRB tapers away for estates over £2m.
- B** Some lifetime gifts are taxed at 20%.
- C** Tax rate reduced to 36% where 10% or more of net chargeable estate is left to charity.

PENSION CONTRIBUTIONS			
	2017/18	2016/17	Note
Annual allowance	£40,000	£40,000	A
Lifetime allowance	£1m	£1m	

A Up to the lower of 100% of earnings or the maximum contribution. Maximum contribution is the annual allowance plus unutilised allowances from the three previous tax years. Up to £3,600 (2016/17: £3,600) may be contributed irrespective of earnings. Annual allowance reduced by £1 for every £2 income over £150,000 to a minimum of £10,000, and to £4,000* (2016/17 £10,000) maximum if certain pension drawings made.

CAPITAL GAINS TAX			
	2017/18	2016/17	Note
Annual exemption:			
Individuals	£11,300	£11,100	
Trusts	£5,650	£5,550	
Entrepreneurs' relief: lifetime allowance	£10m	£10m	
Investors' relief: lifetime allowance	£10m	£10m	
Individuals and trusts:			
Basic and starting rate taxpayers	10%	10%	A
Higher and additional rate taxpayers	20%	20%	A
Trusts and personal representatives	20%	20%	A
Rate where entrepreneurs'/investors' relief applies	10%	10%	

- A** Gains on carried interest and chargeable residential property – 8% surcharge.

INDIVIDUAL SAVINGS ACCOUNTS			
	2017/18	2016/17	Note
Cash and shares combined limit	£20,000	£15,240	
Lifetime ISA	£4,000	N/A	
Junior ISA	£4,128	£4,080	

Note: Help To Buy ISA – deposit limit £1,200, plus up to £200 per month.

TAX EFFICIENT SAVINGS AND INVESTMENTS			
	2017/18	2016/17	Note
Maximum investment			
Seed enterprise investment scheme (SEIS)	£100,000	£100,000	A
Venture capital trusts (VCTs)	£200,000	£200,000	B
Enterprise investment scheme (EIS)	£1m	£1m	B
Social investment tax relief	£1m	£1m	B, C

- A** Income tax relief at 50%.
- B** Income tax relief at 30%.
- C** From 6 April 2017, £1.5m for enterprises up to 7 years old.

NATIONAL INSURANCE CONTRIBUTIONS			
Class 1		Class 1	
Employer	Employee	Employer	Employee
Earnings per week	Rate payable	Earnings per week	Rate payable
£0.01 – £157.00	Nil	£0.01 – £157.00	Nil
£157.01 – £866.00	13.8%	£157.01 – £866.00	12%
Over £866.00	13.8%	Over £866.00	2%
Class 1A and 1B (employers only)		13.8%	
Class 2 (self employed) £2.85 per week (Small earnings exception £6,025)			
Class 3 (voluntary) £14.25 per week			
Class 4 (self-employed)		Profits up to £8,164	0%
		Profits from £8,164 to £45,000	9%
		Profits above £45,000 per annum	2%

Note: The first £3,000 (2016/17 £3,000) of employer's liability relieved by the employment allowance. No employer's NIC for employees aged under 21 (and apprentices up to age 25) on earnings up to £866 per week (the Upper Earnings Limit). From 6 April 2017, Apprenticeship Levy at 0.5% payable on annual pay bills in excess of £3m net of £15,000 annual allowance. From 6 April 2018 Class 2 abolished.

AUTHORISED MILEAGE RATES		
		Per mile
Private cars and vans:	First 10,000 miles in the tax year	45p
	Additional miles	25p
	Each qualifying passenger	5p
Motor cycle		24p
Cycle		20p

CAR AND FUEL SCALE BENEFITS			
Car benefit:	Percentage (see below) of list price		
Fuel benefit:	Percentage (see below) of £22,600		
CO2 emissions (g/km):	Diesel	Petrol	
0 – 50	12%	9%	
51 – 75	16%	13%	
76 – 94	20%	17%	
Each additional 5	Further 1%	Further 1%	
Diesel 175 and over / Petrol 190 and over	37%	37%	

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