

INCOME TAX

Rates: individuals

| | Taxable income | Dividend income | Other savings | Other |
|--------------------------------|----------------|-----------------|---------------|-------|
| | £ | % | % | % |
| 2016/17 | | | | |
| Starting rate band for savings | 0-5,000 | 7.5 | 0 | N/A |
| Basic rate band | 0-32,000 | 7.5 | 20 | 20 |
| Higher rate band | 32,001-150,000 | 32.5 | 40 | 40 |
| Additional rate band | Excess | 38.1 | 45 | 45 |

| | | | | |
|--------------------------------|----------------|------|----|-----|
| 2015/16 | | | | |
| Starting rate band for savings | 0-5,000 | 10 | 0 | N/A |
| Basic rate band | 0-31,785 | 10 | 20 | 20 |
| Higher rate band | 31,786-150,000 | 32.5 | 40 | 40 |
| Additional rate band | Excess | 37.5 | 45 | 45 |

Dividends are deemed to be the top slice of income in computing the tax liability, followed by other savings income.

If the remittance basis of taxation is claimed, foreign dividend income is taxed at the rate applicable to other income.

From 6 April 2016 savings income of up to £1,000 for basic rate taxpayers and up to £500 for higher rate taxpayers will not be subject to income tax.

From 6 April 2016 dividends will no longer carry a notional 10% tax credit. Instead the first £5,000 of dividend income for all taxpayers will not be subject to income tax.

| Allowances: individuals | 2016/17 | 2015/16 | | |
|---|---------|---------|---------------|--------------|
| | £ | % | £ | % |
| Born after 5 April 1938 | | | | |
| Personal | 11,000 | 100 | <i>10,600</i> | <i>100</i> |
| Born prior to 6 April 1938 | | | | |
| Personal | 11,000 | 100* | <i>10,660</i> | <i>100</i> * |
| Married Couple | 8,355 | 10* | <i>8,355</i> | <i>10</i> * |
| Other | | | | |
| Blind Person's Allowance | 2,290 | 100 | <i>2,290</i> | <i>100</i> |
| * The additional age related allowances are reduced by 50% of the excess of the total income above £27,700. The minimum Married Couple's Allowance after such reduction, if applicable, is £3,220. The Married Couple's Allowance is only available where either spouse was born before 6 April 1935. | | | | |
| Personal allowances for those with taxable income in excess of £100,000 are reduced by £1 for every £2 of taxable income in excess of £100,000. | | | | |
| An individual can transfer up to £1,100 (2015/16 £1,060) of their unused personal allowance to their spouse or civil partner, provided that the recipient does not pay tax at the higher or additional rates. | | | | |

Rates: UK trusts

| | Dividend income | Other savings | Other |
|---|-----------------|---------------|-------|
| | % | % | % |
| Life interest trusts and estates in administration | 7.5 | 20 | 20 |
| Discretionary trusts, subject to a standard rate band of £1,000 | 38.1 | 45 | 45 |

NATIONAL INSURANCE CONTRIBUTIONS

| | 2016/17 | 2015/16 | | |
|-------------------------------------|-----------------|---------|-----------------|-------------|
| | Weekly earnings | Rate | Weekly earnings | Rate |
| | £ | % | £ | % |
| Employed (Class 1) | | | | |
| Primary contributions (employees) | 0-154 | Nil | <i>0-154</i> | <i>Nil</i> |
| | 155-827 | 12.0 | <i>155-815</i> | <i>12.0</i> |
| | Over 827 | 2.0 | <i>Over 815</i> | <i>2.0</i> |
| Secondary contributions (employers) | Over 156 | 13.8 | <i>Over 156</i> | <i>13.8</i> |

For 2015/16 1.4% primary and 3.4% secondary rebates are given for salary related contracted out schemes on weekly earnings of between £112 and £770. From 6 April 2016 these rebates are no longer available.

An annual allowance of £3,000 (2015/16 - £2,000) is available to offset against an employer's Class 1 secondary liability. From 6 April 2016 this will not apply to companies whose only employees are directors.

Employers pay 13.8% Class 1A/1B contributions on the cost of benefits in kind.

Self-employed

Class 2 contributions are £2.80 (2015/16 - £2.80) per week unless annual profits do not exceed £5,965 (2015/16 - £5,965).

Class 4 contributions are 9% of annual profits between £8,060 and £43,000 (2015/16 - between £8,060 and £42,385), and 2% thereafter.

INVESTMENTS AND SAVINGS

Enterprise Investment Schemes and Venture Capital Trusts

| Income tax relief and maximum qualifying investment per year | % | £ |
|--|----|-----------|
| Seed Enterprise Investment Scheme ("SEIS") | 50 | 100,000 |
| Enterprise Investment Scheme ("EIS") | 30 | 1,000,000 |
| Venture Capital Trust ("VCT") | 30 | 200,000 |

The minimum period of ownership necessary to avoid withdrawal of income tax relief is three years for EIS and SEIS investments, and five years for VCT investments.

Capital gains tax relief

Any gain on investment in an EIS or SEIS company on which income tax relief has been given will be exempt from capital gains tax on a subsequent disposal after three years, subject to certain conditions. All gains on the disposal of shares in VCTs are exempt, up to the maximum qualifying investment.

50% of capital gains reinvested into a subscription for shares that qualifies for SEIS income tax relief in the same or following tax year are exempt from capital gains tax. The relief is withdrawn in circumstances where the related SEIS income tax relief is withdrawn.

Capital gains tax deferral (EIS only)

Tax on capital gains can be deferred if the gains are reinvested into a subscription for qualifying (broadly, EIS) shares, without limit. Gains eligible to be reinvested are those realised within three years before and one year after the date of the subscription for the EIS shares. The deferred tax falls due when the related EIS shares are either disposed of or cease to be qualifying shares.

Individual Savings Accounts (ISAs)

For 2016/17 the annual ISA subscription limit is £15,240. Subscription can be into any combination of cash or stocks and shares ISAs.

The account is free of all income tax and capital gains tax. Withdrawals may be made from the account at any time without loss of tax relief.

The Junior ISA limit is £4,080. Withdrawals cannot normally be made until the child is 18.

From 2017/18, an individual under the age of 40 may open a 'Lifetime ISA' with an annual savings limit of £4,000 and with a contribution from the government of an additional 25%. The funds may be drawn to purchase a first home or at any time after the age of 60.

PENSIONS

Annual allowance

Tax relief is given on annual contributions to registered pension schemes, which are not in drawdown, up to the lower of 100% of earnings and £40,000. The annual allowance is tapered by £1 for every £2 of adjusted income in excess of £150,000 subject to a minimum of £10,000. If relief is not used in a year it may be carried forward for up to 3 years provided the individual was a member of a registered scheme in the year to which the unused relief relate.

Lifetime allowances

The lifetime allowance is £1 million (£1.25 million prior to 5 April 2016) and will increase from 2018 in line with inflation. Until 5 April 2017 individuals with pensions which were valued at over £1.25m on 5 April 2014 and who do not benefit from primary protection from the lifetime allowance charge may elect to protect an allowance of the lower of £1.5 million and the value of benefits at this date. Individual protection will be available for individuals with pensions valued at over £1 million at 5 April 2016, and fixed protection will be available for those who wish to retain the £1.25 million lifetime allowance in exchange for ceasing to make further pension contributions.

RESIDENT NON-UK DOMICILIARIES

Resident non-UK domiciliaries can claim the remittance basis such that their foreign income and gains are only subject to UK taxation to the extent that they are remitted to the UK.

No remittance basis charge is payable by resident non-UK domiciliaries who:

- have been resident in the UK for fewer than 7 out of the previous 9 tax years; or
- have unremitted foreign income and gains of less than £2,000; or
- are under the age of 18 for the whole tax year; or
- are dual resident and protected by a double taxation agreement.

| Resident in the UK for | Annual remittance basis charge |
|------------------------|--------------------------------|
| | £ |

| | |
|--|--------|
| at least 7 of the previous 9 tax years | 30,000 |
| at least 12 of the previous 14 tax years | 60,000 |
| at least 17 of the previous 20 tax years | 90,000 |
| In most cases, remittance basis users will not be entitled to the annual income tax allowances and capital gains tax annual exemption. | |

When the remittance basis is not claimed, resident non-UK domiciliaries will be subject to UK taxation on their worldwide income and gains (including deemed income and gains).

From 6 April 2017, resident non-UK domiciliaries will be deemed domiciled in the UK for income tax, capital gains tax and inheritance tax purposes where they have been resident in the UK for 15 or more of the previous 20 tax years.

CAPITAL GAINS TAX

| Gains | 2016/17 | 2015/16 |
|--|---------|---------|
| | % | % |
| Individuals - gains within basic rate band (note 2) | 10 | 18 |
| Individuals - gains exceeding basic rate band (note 2) | 20 | 28 |
| UK Trusts and estates in administration | 20 | 28 |
| Self settlements and certain offshore trusts (note 3) | 20 | 28 |
| Non-resident non-natural persons (note 4) | 28 | 28 |

Notes:

- From 6 April 2016 the disposal of residential property, not qualifying for main residence relief, will attract a surcharge of 8%. This will also apply to carried interest.
- The remaining basic rate band is calculated as £32,000 (2015/16 - £31,785) less taxable income and any gains on which entrepreneurs' relief has been claimed. Non-resident individuals are only subject to capital gains tax on disposals of UK residential property (subject to rebasing and certain reliefs).
- Capital payments from certain offshore trusts are chargeable at rates applicable to individuals plus a maximum supplementary charge of 60% of the tax. Offshore trusts are also subject to capital gains tax on the disposal of UK residential property (subject to rebasing and certain reliefs).
- Non-resident non-natural persons are only subject to capital gains tax on the disposal of UK residential property at a rate of 28% including surcharge (subject to rebasing and certain reliefs)

| Annual Exemption | 2016/17 | 2015/16 |
|--|---------|---------------|
| | £ | £ |
| Individuals | 11,100 | <i>11,100</i> |
| Trustees | 5,550 | <i>5,550</i> |
| The annual exemption available to trusts is normally divided equally between all those UK resident trusts made by the same settlor after 6 June 1978. The minimum exemption per trust is one tenth of the full annual exemption for individuals. | | |

Indexation Allowance

Companies receive Indexation Allowance on capital gains as a percentage of base cost, calculated with reference to increases in the Retail Price Index since 31 March 1982 or, if later, the date of acquisition.

Entrepreneurs' Relief

Gains made by individuals and by trustees (where a life interest beneficiary has a qualifying interest in the business) on the disposal of the whole or part of a business, certain business assets or relevant shareholdings will qualify for this relief as follows:

- Claims may be made on more than one occasion up to a lifetime limit of £10 million for disposals occurring on or after 6 April 2011.
- Taxable gains are charged at a rate of 10%.

– The asset must have been a qualifying asset for at least one year.

Entrepreneurs' relief is extended to gains realised on the disposal of shares in unlisted trading companies where newly issued shares are subscribed to after 17 March 2016 and held for at least three years from 6 April 2016. Gains qualifying in this way are subject to a separate lifetime cap of £10 million.

INHERITANCE TAX

| Rates | Transfers on death | Lifetime transfers |
|--|--------------------|--------------------|
| Gross cumulative chargeable transfers | % | % |
| £0-£325,000 | Nil | Nil |
| Excess | 40 | 20 |

From 6 April 2017 an additional residence nil-rate band will be available when a person's home passes on death to a direct descendant. This will be £100,000 for 2017/18, increasing to £175,000 in 2020/21. The residence nil-rate band will be withdrawn by £1 for every £2 that the net value of the estate exceeds £2 million.

Subject to certain provisions, any unused proportion of the nil-rate band is carried forward to the second death for married couples and civil partners.

A reduced rate of 36% applies to taxable estates where 10% or more of the estate is left to charity.

Potentially exempt transfers

Inheritance tax does not generally arise on lifetime transfers between individuals provided that the donor survives the gift by at least 7 years.

Reduced tax charge on gifts within seven years of death:

| | | | | | |
|-------------------------------|-------|-------|-------|-------|-------|
| Years before death | 0 – 3 | 3 – 4 | 4 – 5 | 5 – 6 | 6 – 7 |
| % of full tax charge at death | 100 | 80 | 60 | 40 | 20 |

Credit is given for tax paid on lifetime transfers within seven years of death.

If the value of the lifetime transfer falls within the nil rate band, the above relief may have no effect.

Trusts

Transfers to trusts (other than charitable trusts, trusts for people who are disabled and trusts established on death) are taxed as lifetime transfers.

Discretionary trusts and most trusts created on or after 22 March 2006 are subject to an IHT charge of up to 6% every 10 years, and exit charges.

Exemptions and reliefs

| | | |
|--|---|---------|
| Normal expenditure out of income | £ | Exempt |
| Annual exemption | | 3,000 |
| Small gifts to same person – per year | | 250 |
| Spouses and civil partners both with UK domicile | | Exempt |
| Spouses and civil partners where donee is not UK domiciled | | 325,000 |
| Marriage gifts made by: | | |
| – parent | | 5,000 |
| – grandparent | | 2,500 |
| – other person | | 1,000 |
| Gifts to charities and qualifying political parties | | Exempt |
| Transfers of qualifying heritage assets (subject to various undertakings) | | Exempt |
| Agricultural property relief | | % |
| Transfers with vacant possession (or right to obtain within 12 months) | | 100 |
| Land let under a tenancy for more than 12 months made on or after 1 September 1995 | | 100 |
| Most other cases | | 50 |
| Business property relief (subject to exclusions) | | |
| Unincorporated businesses | | 100 |
| Unquoted shares | | 100 |
| Quoted shares (controlling holding) | | 50 |
| Land, buildings, machinery or plant used by qualifying businesses | | 50 |

Tax payments on chargeable lifetime transfers

Inheritance tax on chargeable lifetime transfers and transfers becoming chargeable on death is due 6 months after the end of the month of transfer or death.

Pre-owned assets

A charge to income tax may arise on benefits received by individuals having free or low cost enjoyment of assets they formerly owned or funded, subject to some exemptions, including a de minimis of £5,000 a year of the taxable value of the benefit.

For land and buildings the taxable benefit is the open market rent. For chattels and intangible property, the taxable benefit is determined by applying the official rate of interest to the capital value of the asset. Most assets are to be revalued every 5 years.

CORPORATION TAX

| Rates | Year from 1 April | |
|-----------|-------------------|------|
| | 2016 | 2015 |
| | % | % |
| Main rate | 20 | 20 |

The main rate became aligned with the small companies rate from 1 April 2015.
The main rate will fall to 19% from 1 April 2017 and to 17% from 1 April 2020.

Tax payments

| Quarterly payments on account – for large companies (including members of large groups) | Period from start of accounting period |
|---|--|
| First | 6 months and 14 days |
| Second | 9 months and 14 days |
| Third | 12 months and 14 days |
| Fourth | 15 months and 14 days |

| Small and medium companies | Period from end of accounting period |
|----------------------------|--------------------------------------|
| Due date | 9 months and 1 day |

Growing companies do not have to pay by instalments in the period in which they become large if their profits are less than £10 million.

Tax returns

The filing date is twelve months after the end of the accounting period. Special rules apply for periods of account of longer than twelve months.

CAPITAL ALLOWANCES

First year / Initial allowances

The following expenditure is eligible for 100% writing down allowance in the first year:

- Annual Investment Allowance ("AIA") (note 1)
- Designated energy saving plant and machinery (note 2)
- Designated water efficient equipment (note 2)
- New low emission cars (emissions below 75g/km)
- Equipment for re-fuelling vehicles with natural gas, biogas or hydrogen fuel
- Research and development
- Renovation of vacant business properties in disadvantaged areas

| Annual writing down allowances ("WDA") | % of reducing balance |
|--|-----------------------|
| Special rate pool | 8 |

- Long life assets (life of at least 25 years)
- Integral features of a building
- Cars (emissions of 130g/km and above)
- Thermal insulation

| | |
|----------------------------------|----|
| – Solar panels | |
| Main rate pool | 18 |
| – Other plant and machinery | |
| – Cars (emissions below 130g/km) | |
| Patents and know-how | 25 |

Notes:

(1) From 1 April 2014 (for corporation tax) or 6 April 2014 (for income tax) to 31 December 2015, the AIA was £500,000. From 1 January 2016, the AIA is £200,000.
(2) Loss making companies investing in energy saving plant and machinery or water efficient equipment can surrender losses from such expenditure for a cash payment of 19% of the expenditure, subject to a cap of the higher of £250,000 and the company's PAYE/NIC liability.

For purchases of land and buildings, a joint election must be entered into between the purchaser and the seller determining the amount of the purchase price attributable to the fixtures for capital allowances purposes. The seller must also have pooled the relevant expenditure on the fixtures in order for the purchaser to claim allowances.

CAR & FUEL BENEFITS

Company car benefits

The benefit is calculated using a percentage of the list price when new. This percentage is determined as follows:

| CO ₂ emissions (g/km) | 2016/17 | 2015/16 |
|----------------------------------|--|---------|
| | % | % |
| 0 - 50 | 7 | 5 |
| 51 - 75 | 11 | 9 |
| 76 - 94 | 15 | 13 |
| 95 - 99 | 16 | 14 |
| 100 and above | Increased by 1% for each 5g/km over 95g/km | |

Notes:

- 1 The maximum percentage is 37% (2015/16 - 37%).
- 2 For diesel cars, the percentage is increased by 3%, still subject to the above maximum.
- 3 Different rules apply for vehicles which meet the definition of a company van.

Fuel benefit scale rates

The benefit is calculated by applying the percentage as determined for car benefits to the fixed amount of £22,200 (2015/16 - £22,100). The fuel benefit scale charge is reduced to nil if the employee is required to, and does, make good the cost of all fuel provided for private use.

Authorised annual mileage rates

Tax free mileage allowances are 45p per mile on the first 10,000 miles, and 25p thereafter. For National Insurance purposes the mileage allowance is 45p per mile irrespective of annual mileage.

VALUE ADDED TAX

| Rates | % |
|----------|----|
| Standard | 20 |
| Reduced | 5 |

| Thresholds | From 1 April | 1 April |
|---|--------------|-----------|
| | 2016 | 2015 |
| | £ | £ |
| Registration threshold (for supplies in previous 12 months or next 30 days)* | 83,000 | 82,000 |
| Deregistration threshold* | 81,000 | 80,000 |
| Cash accounting scheme | 1,350,000 | 1,350,000 |
| Annual accounting scheme | 1,350,000 | 1,350,000 |
| Flat rate scheme | 150,000 | 150,000 |
| De minimis limits for partial exemption (provided exempt input tax is less than 50% of total input tax) | 625 pcm | 625 pcm |
| Partially exempt businesses with residual input tax are required to apply an annual adjustment. | | |

* Not available to non-established taxable persons.

STAMP DUTY & STAMP DUTY RESERVE TAX

| | |
|--|------|
| Shares and marketable securities - standard rate | 0.5% |
| - higher rate | 1.5% |

Transfers of shares or marketable securities traded on recognised growth markets are not subject to stamp taxes. Stamp duty reserve tax does not apply to transfers of holdings in unit trusts or open ended investment companies, except for non pro-rata redemptions in specie.

STAMP DUTY LAND TAX

| Residential property Consideration (incl VAT where applicable) | Within each band |
|--|------------------|
| | % |
| £0 - £125,000 | Nil |
| £125,001 - £250,000 | 2 |
| £250,001 - £925,000 | 5 |
| £925,001 - £1,500,000 | 10 |
| More than £1,500,000 | 12 |

From 1 April 2016 the rate of SDLT is increased by 3% for purchases of residential property where the purchaser already owns at least one residential property, or for all purchases by companies and most trusts.

A charge of 15% applies to purchases of residential property by 'non-natural persons' (predominantly companies) for consideration in excess of £500,000 subject to certain exclusions.

| Non-residential property Consideration (incl VAT where applicable) | Within each band |
|--|------------------|
| | % |
| £0 - £150,000 | Nil |
| £150,001 - £250,000 | 2 |
| More than £250,000 | 5 |

| Lease rentals (residential and non-residential) Net present value of lease payments | Within each band |
|---|------------------|
| | % |
| £0 - £125,000* | Nil |
| £125,001* - £5,000,000 | 1 |
| More than £5,000,000** | 2 |

* Nil band is £150,000 for non-residential property

** Applies only to non-residential property from 17 March 2016, otherwise the rate is 1%.

Returns and payments

Stamp duty returns must be filed within 30 days of the effective date of the transaction which is also the due date for payment of any tax.

ANNUAL TAX ON ENVELOPED DWELLINGS

| Property Value | Annual tax | |
|---------------------------|------------|---------|
| | 2016/17 | 2015/16 |
| | £ | £ |
| £500,000 - £1 million | 3,500 | - |
| £1 million - £2 million | 7,000 | 7,000 |
| £2 million - £5 million | 23,350 | 23,350 |
| £5 million - £10 million | 54,450 | 54,450 |
| £10 million - £20 million | 109,050 | 109,050 |
| Over £20 million | 218,200 | 218,200 |

The tax for the 2016/17 year is payable by a company or other corporate body owning a high value residential property on 1 April 2016. The return and payment are due by 30 April 2016.

TAX DATES: RETURNS & PAYMENTS

| Personal and trust tax returns | 2015/16 | 2014/15 |
|------------------------------------|--------------------|-----------------|
| 2015/16 paper return | By 31 October 2016 | |
| 2015/16 online return | By 31 January 2017 | |
| Tax payments | | |
| First interim income tax payment | 31 January 2017 | 31 January 2016 |
| Second interim income tax payment | 31 July 2017 | 31 July 2016 |
| Final balancing income tax payment | 31 January 2018 | 31 January 2017 |
| Capital gains tax payment | 31 January 2018 | 31 January 2017 |

Professional advice should be sought before taking any action based on this Budget summary.