

A guide to Budget 2015

Think Ahead



Tax Rates & Allowances

	2014/15	2015/16
	£	£
Income tax rates - (non-dividend income)		
10% lower rate tax - savings rate only	Up to 2,880	Up to 5,000
20% basic rate tax	Up to 31,865	Up to 31,785
40% higher rate tax	31,866 - 150,000	31,786 - 150,000
45% additional rate tax	Above £150,000	Above £150,000
<i>From 2008-09 10% starting rate applies to savings income only and will not apply if non-savings income exceeds threshold.</i>		
Income tax rates - (dividend income)		
10% rate	Up to 31,865	Up to 31,785
32.5% higher dividend rate	31,866 - 150,000	31,786 - 150,000
37.5% additional dividend rate	Above £150,000	Above £150,000
Personal allowances		
Personal allowance those born after 5 April 1948	10,000	10,600
Personal allowance those born between 6 April 1938 and 5 April 1948	10,500	10,600
Personal allowance those born before 6 April 1938	10,660	10,660
Married couple' s allowance those born before 6 April 1935	8,165	8,355
Married couple' s allowance – minimum amount	3,140	3,220
Income limit for under 65 personal allowance	100,000	100,000
Income limit for personal allowances (born before 6 April 1948)	27,000	27,700
Blind person's allowance	2,230	2,290
Rent-a-room relief	4,250	4,250
Transferable tax allowance for married couples and civil partners	N/A	1,060
<i>Abatement of personal allowance will apply of £1 for every £2 of taxable income in excess of income limit.</i>		

National insurance		
Lower earnings limit, primary Class 1 (per week)	111	112
Upper earnings limit, primary Class 1 (per week)	805	815
Upper accrual point	770	770
Primary threshold (per week)	153	155
Secondary threshold (per week)	153	156
Employment allowance (per year per employer)	2,000	2,000
Employee's primary Class 1 rate between primary threshold and upper earnings limit	12%	12%
Employee's primary Class 1 rate above upper earnings limit	2.00%	2.00%
Employee's contracted-out rebate - salary-related scheme	1.40%	1.40%
Married woman's reduced rate between primary threshold and upper earnings limit	5.85%	5.85%
Married woman's rate above upper earnings limit	2.00%	2.00%
Employer's secondary Class 1 rate above secondary threshold	13.80%	13.80%
Employer's secondary Class 1 rate above secondary threshold (contracted out)	10.40%	10.40%
Employer's contracted-out rebate, salary-related schemes (between LEL and UAP)	3.40%	3.40%
Class 2 rate (per week)	2.75	2.80
Class 2 small earning exception (per year)	5,885	5,965
Special Class 2 rate for share fishermen (per week)	3.40	3.45
Special Class 2 rate for volunteer development workers	5.55	5.60
Class 3 rate (per week)	13.90	14.10
Class 4 lower profits limit	7,956	8,060
Class 4 upper profits limit	41,865	42,385
Class 4 rate between lower profits limit and upper profits limit	9.00%	9.00%
Class 4 rate above upper profits limit	2.00%	2.00%
From 6 April 2015 there will be no employer's liability to NIC for employees under 21.		
Pensions		
Annual allowance	40,000	40,000
Lifetime allowance	1,250,000	1,250,000
Relief's and incentives		
Enterprise Investment Scheme (EIS) - maximum	1,000,000	1,000,000
Venture Capital Trust (VCT) - maximum	200,000	200,000
Enterprise Management Incentive Scheme (EMI) - employee limit	240,000	240,000

Seed Enterprise Investment Scheme (SEIS)	100,000	100,000
Income tax relief on EIS schemes	30%	30%
Income tax relief on VCT schemes	30%	30%
Income tax relief on SEIS schemes	50%	50%

Individual Savings Account (ISA):			
New ISA (NISA) limits			
New ISA (NISA) annual limit	15,000	15,240	
New Junior ISA investment annual limit	4,000	4,080	
New child value of Child Trust Fund annual limit	4,000	4,080	
Capital gains tax			
Rate	- basic rate tax payer	18%	18%
	- higher rate tax payer	28%	28%
Individuals	11,000	11,100	
Certain trusts for disabled persons	11,000	11,100	
Other trusts	5,500	5,550	
Entrepreneurs Relief lifetime limit	10,000,000	10,000,000	
Entrepreneurs Rate	10%	10%	
Chattels exemption (5/3 taxable on excess)	6,000	6,000	
Working and Child tax credits rates			
Working tax credit			
Basic element	1,940	1,960	
Couple and lone parent element	1,990	2,010	
30 hour element	800	810	
Disabled worker element	2,935	2,970	
Severe disability element	1,255	1,275	
Childcare element of the Working tax credit			
Maximum eligible cost for one child (per week)	175	175	
Maximum eligible cost for two or more children (per week)	300	300	
Percentage of eligible costs covered	70.00%	70.00%	
Child tax credit			
Family element	545	545	
Child element	2,750	2,780	
Disabled child element	3,100	3,140	
Severely disabled child element	1,255	1,275	
Income threshold and withdrawal rates			
First income threshold	6,420	6,420	
First withdrawal rate	41.00%	41.00%	

First threshold for those entitled to Child tax credit only	16,010	16,105
Income disregard	5,000	5,000
Income fall disregard	2,500	2,500
Child benefit/Guardian's allowance rates		
Eldest/only child	20.50	20.70
Other children	13.55	13.70
Guardian's allowance	16.35	16.55
<p><i>An income tax charge will apply to taxpayers with income exceeding £50,000 in a tax year, when child benefit is also received by them or their partner. The charge will reduce the financial benefit of receiving child benefit for those with income between £50,000 and £60,000 and remove it completely for taxpayers with income above £60,000.</i></p>		

Inheritance tax			
Single persons nil rate band	1 - 325,000	1 - 325,000	
Single persons 40% band	over 325,000	over 325,000	
Married couples or civil partnerships allowance nil rate band	650,000	650,000	
Gifts to charities	Exempt	Exempt	
Small gifts to same person	250	250	
Marriage/civil partnership gifts by:			
	Parent	5,000	5,000
	Grandparent/party	2,500	2,500
	Other person	1,000	1,000
<p><i>From 6 April 2012 a reduced rate of IHT of 36% will be introduced where 10% or more of the net estate is left to charity.</i></p>			
Business Property Relief			
Business or interest in a business and transfer if unquoted shareholdings	100%	100%	
Transfers out of a controlling shareholding in quoted companies, land and buildings, plant and machinery used in a qualifying company or partnership	50%	50%	
Taxation of trusts			
Trust tax rate excluding dividend income	45.00%	45.00%	
Dividend trust rate	37.50%	37.50%	
Basic rate trust income tax band	1,000	1,000	
Corporation tax			
£1-£300,000	20%	20%	

£300,001-£1,500,000	21.25%	20%
Over £1,500,000	21%	20%
Capital Allowances		
Main writing down allowance	18%	18%
Special rate writing down allowance	8%	8%
First year allowances for certain energy-saving/water efficient products	100%	100%
Annual investment allowance	100%	100%
AIA from 1 April 2014 to 31 December 2015 maximum £500,000pa. From 1 January 2016 £25,000pa. (subject to change).		
Research and Development Tax Credit Rates		
SME Rate	225%	230%
Large company rate	130%	130%
Large companies expenditure credit scheme	10%	11%
Patent Box		
Patent box	10%	10%
<i>The Patent box regime will phased in from April 2013 with companies able to claim the benefit of 60% for 2013/14, 70% for 2014/15, 80% for 2015/16, 90% for 2016/17 and 100% from 2017/18 onwards</i>		
VAT		
Standard rate	20%	20%
Registration threshold	81,000	82,000
Deregistration threshold	79,000	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
Flat rate scheme exit threshold	230,000	230,000

Stamp duty land tax (SDLT) Property purchases in England, Wales and Northern Ireland		
Band		Rate incremental
0% residential		£1-£125,000
2% residential		£125,001-£250,000
5% residential		£250,001-£925,000
10% residential		£925,001-£1.5m
12% residential		Above £1.5 million
0% non-residential and mixed-use properties		£1 to £150,000
1% non-residential and mixed-use properties		£150,001-250,000
3% non-residential and mixed-use properties		£250,001 -£500,000

4% non-residential and mixed-use properties		Above £500,000
Stamp duty land tax (SDLT) Property purchases in Scotland		
Band		Rate incremental
0% residential		£1-£135,000
2% residential		£135,001-£250,000
10% residential		£250,001-£1m
12% residential		Above £1m
0% non-residential and mixed-use properties		£1-£150,000
3% non-residential and mixed-use properties		£150,00-£350,000
4.5% non-residential and mixed-use properties		Above £350,000
Leases 1% on present value of rents above £150,000		
<i>From 20 March 2014 residential property purchased by non-natural persons for consideration exceeding £500,000 will be subject to SDLT at 15%</i>		
Annual Tax on Enveloped Dwellings (ATED)		
More than £1m but not more than £2m	n/a	£7,000
More than £2m but not more than £5m	£15,400	£23,350
More than £5m but not more than £10m	£35,900	£54,450
More than £10m but not more than £20m	£71,850	£109,050
More than £20m	£143,750	£218,200

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