

# Budget 2017 – building for the future

## UK tax datacard 2017/18 (2016/17 details in brackets)

### Income tax

#### Bands – main rates (a)

2017/18	2016/17	2017/18	2016/17
£1-33,500	(£1-£32,000)	20%	(20%)
£33,501-£150,000	(£32,001-£150,000)	40%	(40%)
Over £150,000	(over £150,000)	45%	(45%)

The first **£5,000** (£5,000) of dividends is taxed at **0%** (0%), and this amount is taken into account in determining the income tax band. Dividends above **£5,000** (£5,000) are taxed at **7.5%** (7.5%), **32.5%** (32.5%) or **38.1%** (38.1%) as the top slice of total income.

The personal savings allowance exempts interest income of **£1,000** (£1,000) for basic rate taxpayers (20%) and **£500** (£500) for higher rate taxpayers (40%). The allowance does not apply to additional rate taxpayers (45%).

In addition to the personal savings allowance, other non-dividend savings income (typically bank and building society interest) is taxed at **0%** (0%) up to **£5,000** (£5,000). This 0% rate is not available if income from other sources, including dividends, exceeds **£5,000** (£5,000).

There are special rules for trusts, and also for individuals with income assessable on the remittance basis.

An additional tax charge applies to clawback child benefit where one income in a household exceeds **£50,000**, with full clawback by **£60,000**.

(a) For the purposes of income tax in Scotland, the 40% band starts at £31,500, otherwise these rates and allowances apply equally.

#### Personal allowances

	2017/18	2016/17
Personal allowance (a)	£11,500	(£11,000)
Income limit for personal allowance (b)	£100,000	(£100,000)
Blind person's allowance	£2,320	(£2,290)
Married couple's allowance (b) (c)	£8,445	(£8,355)
Marriage allowance (d)	£1,150	(£1,100)
Trading income allowance (e) (f)	£1,000	-
Property income allowance (f)	£1,000	-

- The personal allowance applies to all individuals.
- The personal allowance and married couple's allowance are reduced by **£1** for each **£2** by which income exceeds £100,000, irrespective of age or date of birth.
- Relief is limited to **10%**, and extends to civil partnerships. At least one spouse/partner must have been born before 6 April 1935. The allowance is reduced where income exceeds **£28,000** (£27,700), subject to an absolute minimum of **£3,260** (£3,220).
- For those born after 5 April 1938, a basic rate or non taxpayer can transfer up to **£1,150** (£1,100) of the personal allowance to a spouse or civil partner. Relief is given at **20%**.
- The trading income allowance will also apply to certain miscellaneous income from providing assets or services in the course of a trade.
- Trading or property income (before expenses) within these allowances is exempt. Individuals with gross trading or property income above the allowance can choose between deducting **£1,000** or actual allowable expenditure.

#### Cap on income tax reliefs

Certain income tax reliefs are capped at the greater of **£50,000** or **25%** of income. This excludes charitable donations.

#### Company cars – annual benefits

The annual benefit is a percentage of list price, with the percentage dependent on the level of CO<sub>2</sub> emissions. The benefit is **9%** (7%) for emissions of 0-50g/km, and **13%** (11%) for 51-75g/km. For emissions of 76-94g/km, the rate is **17%** (15%) and increases by **1%** at 95g/km, and then for each additional full 5g/km up to a maximum charge of **37%** for emissions of 190g/km (200g/km) or more. Emission levels are rounded down to the nearest multiple of five. List price includes certain accessories, but is reduced for capital contributions of up to **£5,000**.

There is a diesel supplement of **3%**, subject to the maximum charge of **37%**.

The taxable benefit for significant private use of vans is **£3,230** (£3,170).

Where fuel is provided for private use in a company car, the taxable benefit percentage is applied to **£22,600** (£22,200). The benefit for fuel provided for a van with significant private use is **£610** (£598).

### Pensions

	2017/18	2016/17
Lifetime allowance (a)	£1,000,000	(£1,000,000)
Equivalent to defined benefit pension	£50,000	(£50,000)
Maximum contribution annual allowance (b)	£40,000	(£40,000)
Tax on excess	Marginal rate	(Marginal rate)
Normal minimum pension age	55	(55)

- Special rules apply to individuals with benefits exceeding the lifetime allowance at 5 April 2006, and for those with benefits over £1,500,000 on 5 April 2012, over £1,250,000 on 5 April 2014 and over £1,000,000 on 5 April 2016. Excess over the lifetime allowance may be subject to a **25%** charge plus income tax on balances drawn, or **55%** for lump sum benefits.
- There is a reduction in the annual allowance by **£1** for every **£2** of adjusted income in excess of £150,000, up to a limit of £210,000.

Pension auto-enrolment minimum earnings	£10,000	£10,000
---	---------	---------

From 6 April 2017, a new income tax exemption and NICs disregard will cover the first **£500** worth of pension advice provided to an employee in a tax year.

### Capital gains tax

	2017/18	2016/17
Basic rate taxpayers (a)	10%	(10%)
Trustees and <b>40%/45%</b> (40%/45%) taxpayers (a)	20%	(20%)
Annual exempt amount – individuals	£11,300	(£11,100)
Annual exempt amount – trusts	£5,650	(£5,550)
Entrepreneurs' relief lifetime limit	£10m	(£10m)
Entrepreneurs' relief rate	10%	(10%)

- Gains on residential properties not qualifying for principal private residence relief, and on carried interest, are taxed at **18%** and **28%** respectively.

### Inheritance tax

	2017/18	2016/17
Up to <b>£325,000</b> (£325,000) ("nil rate band") (a)	0%	0%
Over <b>£325,000</b> (£325,000) (frozen to 2020/21)	40%	40%

From 6 April 2017, an additional nil rate band of **£100,000** will be available when a main residence is passed on death to a direct descendant. If the net value of the estate exceeds **£2,000,000**, this additional nil rate band will be reduced by **£1** for each **£2** by which the net value exceeds that amount.

A surviving spouse or civil partner may claim the unused proportion of an earlier deceased spouse's, or civil partner's, nil rate band and additional nil rate band, up to the current nil rate band/additional nil rate band.

A reduced rate of **36%** (36%) applies when 10% or more of a net estate is left to charity.

Reduced charges apply on lifetime gifts within seven years of death.

### Tax efficient investments

	2017/18	2016/17
ISA limit (a)	£20,000	£15,240
Junior ISA limit (b)	£4,128	£4,080

- Investment can be in cash or shares, and peer to peer lending platforms.
- Investment can only be in cash or shares.

**Help to Buy ISA:** for first time buyers. Maximum deposits of **£200** per month, plus an initial deposit of up to **£1,000**.

**Venture Capital Trusts (VCTs):** income tax relief at up to **30%** on investment up to **£200,000**, with capital gains tax reliefs.

**Enterprise Investment Scheme (EIS):** income tax relief at up to **30%** on qualifying share subscriptions up to **£1m**, with capital gains tax reliefs.

**Seed Enterprise Investment Scheme (SEIS):** income tax relief of **50%** on investment up to **£100,000**, with rollover of chargeable gains.

**Social Investment Tax Relief (SITR):** income tax relief of **30%** on investment up to **£1.5m** (£1m) with capital gains tax reliefs.

**Lifetime ISAs:** available from April 2017 to adults under the age of 40, who can contribute up to **£4,000** per year. Contributions made before the age of 50 qualify for a **25%** bonus from the Government up to a cumulative bonus of **£32,000**. Funds from Lifetime ISAs can be used to buy a first home at any time from 12 months after the account opening or can be withdrawn from age 60.

### Air passenger duty

Rates per passenger from 1 April 2017 (a) (b)	Lowest class of travel	Other classes of travel	Higher rate (c)
Band A (0-2,000 miles from London)	£13 (£13)	£26 (£26)	£78 (£78)
Band B (over 2,000 miles from London)	£75 (£73)	£150 (£146)	£450 (£438)

- Flights from airports in the Scottish Highlands and Islands, and long haul flights from airports in Northern Ireland are exempt.
- Air passenger duty is not charged for the lowest class of travel for children aged 16 and under at time of flight.
- Aircraft over 20 tonnes and seating fewer than 19 passengers.

## Corporation Tax

Financial year (from 1 April)	2017	2016
Main rate	19%	(20%)
Surcharge on bank profits	8%	8%
Loss annual allowance per group	£5 million	-
Restriction of losses (% of profits above allowance)	50%	-

## Diverted profits tax

Companies with diverted profits pay diverted profits tax at 25% on such profits.

## Capital allowances

Expenditure on:	2017/18	2016/17
Plant and machinery (a)	18%	(18%)
Plant and machinery in certain enterprise zones	100%	(100%)
Motor cars – CO <sub>2</sub> emissions;		
≤75g/km (≤75g/km) (a)	100%	(100%)
75-130g/km (75-130g/km) (a)	18%	(18%)
>130g/km (>130g/km) (a)	8%	(8%)
New and unused zero emission goods vehicles	100%	(100%)
Long life assets/integral features in buildings (a)	8%	(8%)
Patent rights and know-how (a) (b)	25%	(25%)
Mines, oil wells, mineral rights (a) (c)	25%	(25%)
Research and development	100%	(100%)
Energy-saving and water efficient plant and machinery	100%	(100%)
Renovation of business premises (disadvantaged areas)	100%	(100%)

A 100% **annual investment allowance** is given on the first £200,000 per annum of capital expenditure incurred on or after 1 January 2016 per group of companies or related entities, on plant and machinery including long life assets and integral features, but excluding cars.

- (a) These allowances are given on a reducing balance basis.  
 (b) Tax relief for expenditure on certain intangibles is given by accounting write downs (and not capital allowances).  
 (c) Acquisition of mineral deposits and rights qualify for 10% p.a.

## National insurance contributions

### Class 1 employees

Weekly earnings	
Up to £157 (£155)	Nil (nil)
£157.01-£866 (£155.01-£827)	12% (12%)
Over £866 (over £827)	2% (2%)

### Class 1 employers (a) (b)

Weekly earnings	
Up to £157 (£156)	Nil (nil)
Over £157 (Over £156)	13.8% (13.8%)

- (a) Most businesses and charities can claim a reduction of up to £3,000 (£3,000) of their employers' contributions ("NIC employment allowance").  
 (b) No employers' contributions are payable in respect of weekly earnings up to £866 (£827) paid to employees under 21 and apprentices under 25.

### Other

**Class 1A** (employers only): 13.8% (13.8%) on the amounts of taxable benefits.

**Class 1B** (employers only): 13.8% (13.8%) in respect of amounts in a PAYE settlement agreement and the income tax thereon.

**Class 2** (flat rate for self-employed): £2.85 (£2.80) per week on profits above £6,025 (£5,965).

**Class 3** (voluntary): £14.25 (£14.10) per week.

**Class 4** (self-employed): 9% (9%) of profits between £8,164 (£8,060) and £45,000 (£43,000) per annum and 2% (2%) on profits above £45,000 (£43,000).

## Apprenticeship levy

From 1 April 2017, a 0.5% annual levy will be payable by employers, charged on payroll costs in excess of £3,000,000.

## Patent box and research & development tax credits

Financial year (from 1 April)	2017	2016
Patent box – effective corporation tax rate	10%	11%
R&D tax credit for SMEs	130%	130%
R&D expenditure credit – minimum rate	11%	11%

## Value added tax

**Registration threshold:** taxable supplies at the end of any month exceed £85,000 (£83,000) either in the past 12 months or the next 30 days.

Standard rate	20%
Lower rate	5%
Zero rate	0%

## Insurance premium tax

Standard rate	10% (12% from 1 June 2017)
Higher rate	20%

## Annual tax on enveloped dwellings

An annual tax on enveloped dwellings is payable by a company (or similar entity) owning a residential property with a value if not less than £500,000 (£500,000) on 1 April 2012 (or date of acquisition, if later). Tax is charged in bands, from a minimum of £3,500 (£3,500) to a maximum of £220,350 (£218,200).

## Stamp duties and property transaction taxes

### England & Wales: Stamp duty land tax (a)

#### Non-residential land and buildings - rates applied cumulatively

	From 17 March 2016	To 16 March 2016 (b)
£0-£150,000	0%	(0%)
£150,001-£250,000	2%	(1%)
Over £250,000	5%	-
£250,001-£500,000	-	(3%)
Over £500,000	-	(4%)

#### Residential land and buildings (c)(d) - rates applied cumulatively

	2017/18	2016/17
£0-£125,000	0%	(0%)
£125,001-£250,000	2%	(2%)
£250,001-£925,000	5%	(5%)
£925,001-£1,500,000	10%	(10%)
Over £1,500,000	12%	(12%)

### Scotland: Land & buildings transaction tax (a)

#### Non-residential land and buildings - rates applied cumulatively

	2017/18	2016/17
£0 - £150,000	0%	(0%)
£150,001 - £350,000	3%	(3%)
Over £350,000	4.5%	(4.5%)

#### Residential land and buildings (d) - rates applied cumulatively

	2017/18	2016/17
£0 - £145,000	0%	(0%)
£145,001 - £250,000	2%	(2%)
£250,001 - £325,000	5%	(5%)
£325,001 - £750,000	10%	(10%)
Over £750,000	12%	(12%)

- (a) All figures are calculated inclusive of any VAT. For leases, the rate is based on the discounted rental values.  
 (b) Prior to 17 March 2016, rates applied to full consideration.  
 (c) Where residential property over £500,000 is purchased by a company (or similar entity) a 15% rate applies.  
 (d) A 3% surcharge applies to all second and additional residential properties on transactions of £40,000 or more.

Other stamp duty	2017/18
Stamp duty – shares and securities	0.5%
Stamp duty reserve tax	0.5%/1.5%

Stamp duty, and stamp duty reserve tax, is not charged on recognised growth markets, including AIM and ISDX.

This datacard and other relevant information can be downloaded from our website: [www.pwc.co.uk/budget](http://www.pwc.co.uk/budget)

Follow us on Twitter: @pwc\_uk

This data was prepared on Budget day 8 March 2017. It is a brief overview for temporary reference and general guidance on matters of interest only, and does not constitute professional advice. You should not act upon the information contained in this publication without obtaining specific professional advice. No representation or warranty (express or implied) is given as to the accuracy or completeness of the information contained in this publication, and, to the extent permitted by law, PricewaterhouseCoopers LLP, its members, employees and agents do not accept or assume any liability, responsibility or duty of care for any consequences of you or anyone else acting, or refraining to act, in reliance on the information contained in this publication or for any decision based on it.

© 2017 PricewaterhouseCoopers LLP. All rights reserved. In this document, "PwC" refers to PricewaterhouseCoopers LLP (a limited liability partnership in the United Kingdom) which is a member firm of PricewaterhouseCoopers International Limited, each member firm of which is a separate legal entity.