Spring Statement 2018

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Spring Statement 2018

The Chancellor Philip Hammond presented his first Spring Statement on Tuesday 13 March 2018.

In his speech he provided an update on the economy and responded to the Office for Budget Responsibility forecasts. In addition he launched consultations on various aspects of the tax system.

In this publication we concentrate on the tax consultations that were announced either at Spring Statement or in recent weeks. We are also taking this opportunity to remind you of tax changes which take effect for 2018/19.

You should contact us before taking any action as a result of the contents of this summary.

Changes to the timing of tax legislation

Chancellor Philip Hammond has implemented some fundamental changes to the UK fiscal timetable.

In the 2016 Autumn Statement, the Chancellor announced that he would be introducing a new Budget timetable, which would see the main annual Budget moving from its traditional spring setting to the autumn and the Autumn Statement being replaced by a Spring Statement. The first Autumn Budget was presented in November 2017.

The new process

While the general process of developing tax policy will remain the same, the timescales for policy making and consultation have changed significantly. The government hopes that the new system will allow more time to scrutinise and consult on draft tax legislation before it is introduced.

The new timing of the Autumn Budget will allow the announcement of most new measures well in advance of the tax year in which they are due to take effect. The Spring Statement also offers the opportunity for the government to consult during the early stages of policy making, and publish calls for evidence on long-term tax policy issues.

Under the new system, measures announced in the Autumn Budget will generally be consulted on during the winter and spring, with draft legislation being published in the summer, ahead of the introduction of the Finance Bill in the winter. This will then receive Royal Assent the following spring.

Personal Tax

The personal allowance

The personal allowance for 2018/19 is £11,850.

Comment

Some individuals do not benefit from the full personal allowance. There is a reduction in the personal allowance for those with 'adjusted net income' over £100,000, which is £1 for every £2 of income above £100,000. So for 2018/19 there is no personal allowance where adjusted net income exceeds £123,700.

The marriage allowance

The marriage allowance permits certain couples, where neither pays tax at more than the basic rate, to transfer 10% of their unused personal allowance to their spouse or civil partner, reducing their tax bill by up to £237 a year in 2018/19.

Tax bands and rates

The basic rate of tax is currently 20%. From 6 April 2018 the band of income taxable at this rate is £34,500 so that the threshold at which the 40% band applies is £46,350 for those who are entitled to the full personal allowance. Additional rate taxpayers pay tax at 45% on their income in excess of £150,000.

The tax on income (other than savings and dividend income) is different for taxpayers who are resident in Scotland to taxpayers resident elsewhere in the UK. The Scottish income tax rates and bands apply to income such as employment income, self-employed trade profits and property income.

In the 2018/19 Scottish Budget, the Finance Secretary for Scotland announced significant changes to income tax bands and rates for Scottish resident taxpayers, introducing five possible income tax rates as shown in the table of rates at the end of this summary. The income tax rates range between 19% and 46%. Scottish taxpayers are entitled to the same personal allowance as individuals in the rest of the UK.

From April 2019, the National Assembly for Wales has the right to vary the rates of income tax payable by Welsh taxpayers.

Tax on dividends

In 2017/18 the first £5,000 of dividends are chargeable to tax at 0% (the Dividend Allowance). From 6 April 2018 the Dividend Allowance is reduced to £2,000. Dividends received above the allowance are taxed at the following rates:

- 7.5% for basic rate taxpayers
- 32.5% for higher rate taxpayers
- 38.1% for additional rate taxpayers.

Dividends within the allowance still count towards an individual's basic or higher rate band and so may affect the rate of tax paid on dividends above the Dividend Allowance.

To determine which tax band dividends fall into, dividends are treated as the last type of income to be taxed.

Comment

The government expects that even with the reduction in the Dividend Allowance to £2,000, 80% of 'general investors' will pay no tax on their dividend income. However, the reduction in the allowance affects family company shareholders who take dividends in excess of the £2,000 limit. The cost of the restriction in the allowance for basic rate taxpayers is £225 increasing to £975 for higher rate taxpayers and £1,143 for additional rate taxpayers.

Tax on savings income

Savings income is income such as bank and building society interest.

The Savings Allowance applies to savings income and the available allowance in a tax year depends on the individual's marginal rate of income tax. Broadly, individuals taxed at up to the basic rate of tax have an allowance of £1,000. For higher rate taxpayers the allowance is £500. No allowance is due to additional rate taxpayers.

Some individuals qualify for a 0% starting rate of tax on savings income up to £5,000. However, the rate is not available if taxable non-savings income (broadly earnings, pensions, trading profits and property income less allocated allowances and reliefs) exceeds £5,000.

Increased limits for knowledge-intensive companies

The government has legislated to encourage more investment in knowledge-intensive companies under the Enterprise Investment Scheme (EIS) and Venture Capital Trusts (VCTs). From 6 April 2018, the measures:

- double the limit on the amount an individual may invest under the EIS in a tax year to £2 million from the current limit of £1 million, provided any amount over £1 million is invested in one or more knowledge-intensive companies
- raise the annual investment limit for knowledge-intensive companies receiving investments under the EIS and from VCTs to £10 million from the current limit of £5 million. The lifetime limit will remain the same at £20 million, and
- allow knowledge-intensive companies to use the date when their annual turnover first exceeds £200,000 in determining the start of the initial investing period under the permitted maximum age rules, instead of the date of the first commercial sale.

This measure is subject to normal state aid rules.

EIS knowledge-intensive fund consultation

The government is consulting on the introduction of a new approved fund structure within the EIS, with the possibility of additional incentives to attract investment. Such a fund structure would be focused on mainly investing in knowledge-intensive companies. This consultation outlines and seeks views on possible elements and constraints of such a fund structure, while also seeking to better understand the capital requirements of innovative knowledge-intensive companies.

Business Tax

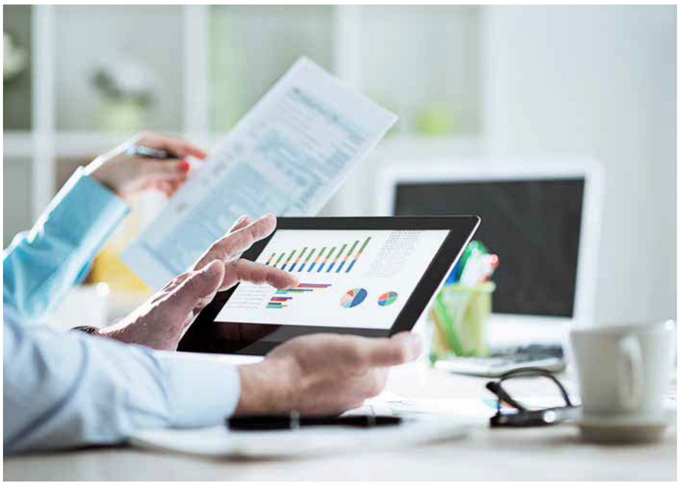
Making Tax Digital for Business: VAT

HMRC is phasing in its landmark Making Tax Digital (MTD) regime, which will ultimately require taxpayers to move to a fully digital tax system. Regulations have now been issued which set out the requirements for MTD for VAT. Under the new rules, businesses with a turnover above the VAT threshold (currently £85,000) must keep digital records for VAT purposes and provide their VAT return information to HMRC using MTD functional compatible software.

The new rules have effect from 1 April 2019, where a taxpayer has a 'prescribed accounting period' which begins on that date, and otherwise from the first day of a taxpayer's first prescribed accounting period beginning after 1 April 2019.

HMRC is piloting MTD for VAT during 2018, ahead of its introduction in April 2019.

Keeping digital records and making quarterly updates will not be mandatory for taxes other than VAT before April 2020, although businesses below the VAT threshold which have voluntarily registered for VAT can opt to join the scheme.



As with electronic VAT filing at present, there will be some exemptions from MTD for VAT. However, the exemption categories are tightly-drawn and unlikely to be applicable to most VAT registered businesses.

Comment

Keeping digital records will not mean businesses are mandated to use digital invoices and receipts but the actual recording of supplies made and received must be digital. It is likely that third party commercial software will be required. Software will not be available from HMRC. The use of spreadsheets will be allowed, but they will have to be combined with add-on software to meet HMRC's requirements.

In the long run, HMRC is still looking to a scenario where income tax updates are made quarterly and digitally, and this is really what the VAT provisions anticipate.

Corporation tax rates

Corporation tax rates have already been enacted for periods up to 31 March 2021.

The main rate of corporation tax is currently 19%. The rate for future years is:

- 19% for the Financial Years beginning on 1 April 2018 and 1 April 2019
- 17% for the Financial Year beginning on 1 April 2020.

Class 2 and 4 National Insurance contributions (NICs)

Class 2 NICs will be abolished from April 2019. The Chancellor confirmed in March 2017 that there will be no increases to Class 4 NICs rates in this Parliament.

Intangible fixed assets

The Intangible Fixed Assets regime, which was introduced from 1 April 2002, fundamentally changed the way the UK corporation tax system treats intangible fixed assets (such as copyrights, patents and trademarks) and goodwill. As the regime is now more than 15 years old, the government would like to examine whether there is scope for reforms that would simplify it and make it more effective in supporting economic growth.

The government is seeking stakeholder views and evidence on specific aspects of the regime, including:

- the impact of the 1 April 2002 commencement rule and the restriction on goodwill and customer related intangibles on the complexity and competitiveness of the regime
- the use of the election for a 4% per annum fixed rate of relief
- the impact of the regime's de-grouping rules on mergers and acquisitions.

Corporate tax and the digital economy

The government published a 'position paper' at Autumn Budget 2017, setting out its view on the challenges raised by the digital economy. In summary, the digital economy has put the corporate tax system under pressure, creating imbalances between those firms with and without a physical presence. Certain digital businesses, like social media platforms or search engines, create value in ways that are not reflected in existing tax rules. The government's view is that these businesses rely on the active participation of UK users but existing international rules do not take account of this value in determining how much of their profit is subject to UK corporation tax.

This is a long term project. In the meantime there is a need to consider interim action. Of the options that have been put forward, the government thinks the most attractive is a tax on the revenues that businesses generate from the provision of digital services to the UK market.

An updated position paper has now been issued which seeks to address and develop the questions that have so far been raised. This includes:

- setting out a more detailed explanation of how user participation is considered to create value for certain digital businesses
- a possible approach for incorporating user-created value into the international tax rules and
- some of the important questions regarding the detailed design of a revenue-based interim measure.

Cash and digital payments

With cash use falling from 62% of all payments in 2006 to only 40% in 2016, the government will consult and seek evidence about how the role of digital payments is to fit into the growing digital economy. This will include identifying what further work can be done to remove barriers to digital payments. At the same time the government acknowledges that cash must remain accessible and secure, especially for the 2.7 million people entirely reliant on cash payments. It is also determined to further strengthen the crackdown on the use of cash as a method of money laundering and tax evasion.

Online platforms

The government has launched a call for evidence on the role of online platforms in ensuring tax compliance by their users. The types of online platforms the government is principally interested in are platforms:

- that allow people to earn money from spare resources such as cars and spare rooms
- that allow people to use their time to generate extra income
- that connect buyers with individuals or businesses offering services or goods for sale.

The government wants to ensure that, where people have tax obligations because of these activities, it is easy for them to comply. The government considers that some do not fully understand or are unaware of their tax obligations. The focus of the work will be on direct taxes.

VAT collection - split payment

The government wants to combat online VAT fraud by harnessing new technology and is consulting on VAT split payment. This will utilise payments industry technology to collect VAT on online sales and transfer it directly to HMRC. In the government's view this would significantly reduce the challenge of enforcing online seller compliance and offer a simplification for business.

VAT registration threshold: call for evidence

The government considers that the current design of the VAT registration threshold may be dis-incentivising small businesses from growing their business and improving their productivity. The Office of Tax Simplification had previously recommended that the government examine the current approach to the VAT threshold.

This call for evidence will explore the effect of the current threshold on small businesses. Different policy options will be considered and whether these options could better incentivise growth.

Comment

The UK VAT registration threshold of £85,000 is the highest in the EU.

VAT fraud in labour provision in the construction sector

The government will pursue legislation to shift responsibility for paying VAT along the supply chain with the introduction of a domestic VAT reverse charge for supplies of construction services with effect from October 2019. The long lead-in time reflects the government's commitment to give businesses adequate time to prepare for the changes.

Extension of security deposit legislation

The government announced at Autumn Budget 2017 that it would introduce legislation to extend the scope of existing security deposits legislation to include corporation tax and Construction Industry Scheme deductions, with effect from April 2019. A consultation has now been published inviting comments on the how to implement the changes.

Legislation will allow HMRC to require high risk businesses to provide an upfront security deposit, where it believes there is a serious risk to the revenue. Currently HMRC has powers to require a security deposit in respect of other taxes such as VAT and Pay As You Earn.

Employment Taxes

Employer provided cars

The scale of charges for working out the taxable benefit for an employee who has use of an employer provided car are now announced well in advance. Most cars are taxed by reference to bands of CO_2 emissions multiplied by the original list price of the vehicle. Currently there is a 3% diesel supplement. The maximum charge is capped at 37% of the list price of the car.

In the current tax year there is a 9% rate for cars with CO_2 emissions up to 50gm/km. From 6 April 2018 this will be increased to 13%, and from 6 April 2019 to 16%.

For other bands of CO_2 emissions there will generally be a 2% increase in the percentage applied by each band from 6 April 2018. For 2019/20 the rates will increase by a further 3%.

The government previously announced that they will legislate to increase the diesel supplement from 3% to 4%. This will generally apply to all diesel cars (unless the car is registered on or after 1 September 2017 and meets the Euro 6d emissions standard) but the maximum is still 37%. There is no change to the current position that the diesel supplement does not apply to hybrid cars. The change will have effect from 6 April 2018.

Employer-Supported Childcare schemes close to new joiners

Many employers help employees with childcare costs, often by providing childcare vouchers by way of salary sacrifice. Following the roll out of Tax-Free Childcare, the new government scheme to help working parents, existing Employer-Supported Childcare (ESC) schemes were expected to close to new joiners from April 2018. However following the Chancellor's Statement Education Secretary Damian Hinds made a concession to delay scrapping the scheme by six-months.

Employees already using ESC can choose whether to remain in existing schemes or switch to Tax-Free Childcare, but parents cannot be in both Tax-Free Childcare and ESC at the same time.

Comment

The Childcare Choices website provides useful guidance on the options available to parents.

Different forms of remuneration

In the Spring Budget 2017 the government stated that it wished to consider how the tax system 'could be made fairer and more coherent'. A call for evidence was subsequently published on employee expenses. The government's aim is to better understand the use of the income tax relief for employees' business expenses. It sought views on how employers currently deal with employee expenses, current tax rules on employee expenses and the future of employee expenses.

Following the call for evidence:

- the government announced that the existing concessionary travel and subsistence overseas scale rates will be placed on a statutory basis from 6 April 2019. Employers will only be asked to ensure that employees are undertaking qualifying travel
- the government also announced that employers will no longer be required to check receipts when making payments to employees for subsistence using benchmark scale rates. This will apply to standard meal allowances paid in respect of qualifying travel and overseas scale rates. Employers will only be asked to ensure that employees are undertaking qualifying travel. This will have effect from April 2019 and will not apply to amounts agreed under bespoke scale rates or industry wide rates
- HMRC will work with external stakeholders to explore improvements to the guidance on employee expenses, particularly on travel and subsistence and the claims process for tax relief.

Self-funded work-related training

The government had previously announced that it would consult on extending the scope of tax relief currently available to employees and the self-employed for work-related training costs. A call for evidence consultation has now been issued. Under current rules:

- an employee only receives tax relief on self-funded training if it is both 'wholly exclusively and necessarily' and an intrinsic contractual duty of their existing employment and
- a self-employed person can only deduct training costs incurred wholly and exclusively for their business where it maintains or updates existing skills.

The purpose of the consultation is to gain an understanding as to how an extension to the existing tax relief can be designed to upskill or retrain those who want or need to change their career. This will include taking into account lessons from previous initiatives and ensuring that tax relief on work-related training is not obtained on recreational activities.

Changes to termination payments

The government previously announced changes to align the rules for tax and employer NICs by making an employer liable to pay Class 1A NICs on any part of a termination payment that exceeds the £30,000 threshold that currently applies for income tax. In November 2017 the government decided to implement a one year delay for the Class 1A NICs measure so the change will take effect from April 2019.

'Non-contractual' payments in lieu of notice (PILONs) will be treated as earnings rather than as termination payments and will therefore be subject to income tax and Class 1 NICs. This will be done by requiring the employer to identify the amount of basic pay that the employee would have received if they had worked their full notice period. This takes effect from April 2018.

The government will legislate to ensure that employees who are UK resident in the tax year in which their employment is terminated will not be eligible for foreign service relief on their termination payments. Reductions in the case of foreign service are retained for seafarers. Broadly the changes will have effect from 6 April 2018 and apply to all those who have their employment contract terminated on or after 6 April 2018.

Capital Taxes

Capital gains tax (CGT) rates

The current rates of CGT are 10%, to the extent that any income tax basic rate band is available, and 20% thereafter. Higher rates of 18% and 28% apply for certain gains; mainly chargeable gains on residential properties with the exception of any element that qualifies for private residence relief.

There are two specific types of disposal which potentially qualify for a 10% rate, both of which have a lifetime limit of £10 million for each individual:

- Entrepreneurs' Relief (ER). This is targeted at working directors and employees of companies who own at least 5% of the ordinary share capital in the company and the owners of unincorporated businesses
- Investors' Relief. The main beneficiaries of this relief are external investors in unquoted trading companies who have had newly-subscribed shares.

ER - relief after dilution of holdings

The government will consult on how access to ER might be given to those whose holding in their company is reduced below the normal 5% qualifying level (meaning 5% of both ordinary share capital and voting power) as a result of raising funds for commercial purposes by means of an issue of new shares. The proposal would allow shareholders to elect to crystallise a gain on their shares before the dilution occurs. This would be achieved by treating the shareholding as having been sold and immediately re-purchased at the prevailing market value. The election will have to be made in their tax return for the year in which the dilution takes place. The shareholder may also elect to defer the accrued gain until their shares are actually disposed of.

Inheritance tax (IHT) nil rate band

The nil rate band has remained at £325,000 since April 2009 and is set to remain frozen at this amount until April 2021.

IHT residence nil rate band

From 6 April 2017, a new nil rate band, called the 'residence nil rate band' (RNRB), has been introduced, meaning that the family home can be passed more easily to direct descendants on death.

The RNRB is being phased in. For deaths in 2017/18 it is £100,000, rising to £125,000 in 2018/19, £150,000 in 2019/20 and £175,000 in 2020/21. Thereafter it will rise in line with the Consumer Price Index.

There are a number of conditions that must be met in order to obtain the RNRB, which may involve redrafting an existing will.

Downsizing

The residence nil rate band may also be available when a person downsizes or ceases to own a home on or after 8 July 2015 where assets of an equivalent value, up to the value of the residence nil rate band, are passed on death to direct descendants.

Office of Tax Simplification (OTS) review of inheritance tax

The Chancellor has requested the OTS to carry out a review of the inheritance tax regime to ensure that the system is fit for purpose. The review should include a focus on administrative issues such as the submission process, as well as practical issues concerning routine estate planning.

Other Matters

Property transaction taxes

In the Autumn Budget, the Chancellor announced an exemption from Stamp Duty Land Tax (SDLT) for first-time home buyers. From 22 November 2017, there is an exemption from SDLT on the first £300,000 when buying a home, where the total price of the property is not more than £500,000. 5% is payable on purchases between £300,000 and £500,000.

However, with devolved taxes, buying a property in Scotland and Wales can bring different tax consequences.

In Scotland Land and Buildings Transaction Tax (LBTT) applies instead of SDLT. Therefore an LBTT relief for first-time buyers of properties up to £175,000 has been proposed in the Scottish Draft Budget 2018/19. This is subject to a government consultation before the relief launches in 2018/19.

Welsh first-time buyers benefit from the Budget SDLT relief until 31 March 2018. Land Transaction Tax (LTT) replaces SDLT in Wales from 1 April 2018. The starting rate for LTT will be £180,000, benefiting not just first-time buyers but other home buyers in Wales. A higher rate, of 3% over standard rates for additional residential properties, applies to purchases throughout the UK whether SDLT, LBTT or LTT applies.

Extension of offshore time limits

HMRC is asking for views on the design principles for legislation to implement a new minimum tax assessment time limit of 12 years for HMRC to make assessments or notices of determination in cases involving offshore income, gains or chargeable transfers.

Comment

The current assessment time limits are ordinarily four years (six years in the case of carelessness by the taxpayer). HMRC wants to extend the time limit because it can take much longer to establish the facts about offshore transactions, particularly if they involve complex offshore structures.

Making Tax Digital – sanctions for late submission and late payment

Following significant support on consultation, the government intends to take forward points based late submission penalties. There will be further consultation on the draft legislation to be published in summer 2018.

Business rates

Business rates have been devolved to Scotland, Northern Ireland and Wales. The business rates revaluation in England currently takes place every five years. In the Autumn Budget, the government announced an increase in the frequency of valuations to every three years following the next revaluation. The Chancellor has now announced that the next revaluation will be brought forward by one year to 2021. It will be based on market value rentals at 1 April 2019.

Tackling the plastic problem

The government will call for evidence as to how changes to the tax system could be used to reduce the amount of single-use plastics that are wasted by reducing unnecessary production, increasing re-use and improving recycling. The government would also like to explore how to drive innovation in this area to achieve the same outcomes.

Other consultations to be issued

In his speech, the Chancellor announced consultations would be issued on:

- how to help the UK's least productive businesses to learn from, and catch-up with, the most productive
- how to eliminate late payments particularly to benefit small business
- whether the use of non-agricultural red diesel tax relief contributes to poor air quality in urban areas
- consultation on reduced Vehicle Excise Duty rates for the cleanest vans.

Tax Rates and Allowances 2018/19

INCOME TAX RATES

Income tax rates (other than savings and dividend income)

2018/19		2017/18	
Band £	**Rate %**	**Band £**	**Rate %**
0 - 34,500	20	0 - 33,500	20
34,501 - 150,000	40	33,501 - 150,000	40
Over 150,000	45	Over 150,000	45

Scotland income tax rates (savings and dividend income are taxed using UK rates and bands)

2018/19		2017/18	
Band £	**Rate %**	**Band £**	**Rate %**
0 - 2,000	19	0 - 31,500	20
2,001 - 12,150	20	31,501 - 150,000	40
12,151 - 31,580	21	Over 150,000	45
31,581 - 150,000	41		
Over 150,000	46		

Savings income	**2018/19 and 2017/18**
Starting rate for savings	0%
Starting rate limit for savings	£5,000

£1,000 of savings income for basic rate taxpayers (£500 for higher rate) may be tax free.

Dividend income	**2018/19 and 2017/18**
Dividend ordinary rate	7.5%
Dividend upper rate	32.5%
Dividend additional rate	38.1%

The first £2,000 (£5,000) of dividends are tax free.

INCOME TAX RELIEFS

	2018/19	**2017/18**
Personal allowance	£11,850**	£11,500**

(Reduce personal allowance by £1 for every £2 of adjusted net income over £100,000.)
**£1,185 (£1,150) may be transferable between certain spouses where neither pay tax above the basic rate.

Married couple's allowance (relief at 10%)*	£8,695	£8,445
(Either partner 75 or over and born before 6 April 1935.)		
- min. amount	£3,360	£3,260
*Age allowance income limit	£28,900	£28,000

(Reduce age allowance by £1 for every £2 of adjusted net income over £28,900 (£28,000).)

Blind person's allowance	£2,390	£2,320

CAPITAL GAINS TAX

Individuals	**2018/19****	**2017/18****
Exemption	£11,700	£11,300
Standard rate	10%	10%
Higher rate*	20%	20%
Trusts		
Exemption	£5,850	£5,650
Rate	20%	20%

*For higher and additional rate taxpayers.
**Higher rates (18/28%) may apply to the disposal of certain residential property and carried interest.

Entrepreneurs' Relief and Investors' Relief

The first £10m of qualifying gains are charged at 10%. Gains in excess of the limit are charged at the rates detailed above.

INDIVIDUAL SAVINGS ACCOUNTS

	2018/19	**2017/18**
Overall investment limit	£20,000	£20,000
Junior account limit	£4,260	£4,128

NATIONAL INSURANCE

2018/19 Class 1 (employed) rates

Employee		**Employer****	
Earnings per week	**%**	**Earnings per week****	**%**
Up to £162	Nil*	Up to £162	Nil
£162.01 - £892	12	Over £162	13.8**
Over £892	2		

*Entitlement to contribution-based benefits retained for earnings between £116 and £162 per week. **The rate is 0% for employees under 21 and apprentices under 25 on earnings up to £892 per week.

Class 1A (employers)	13.8% on employee taxable benefits
Class 1B (employers)	13.8% on PAYE Settlement Agreements
Class 2 (self-employed)	flat rate per week £2.95 small profits threshold £6,205 p.a.
Class 3 (voluntary)	flat rate per week £14.65
Class 4 (self-employed)	9% on profits between £8,424 and £46,350 plus 2% on profits over £46,350

INHERITANCE TAX

Death rate	**Lifetime rate**	**Chargeable transfers 2018/19 and 2017/18**
Nil	Nil	0 - £325,000 (nil rate band)
40%	20%	Over £325,000

A further nil rate band of £125,000 (£100,000) may be available in relation to current or former residences. Nil rate bands of surviving spouses/civil partners may be increased by unused nil rate bands of deceased spouses/civil partners.

Reliefs

Annual exemption	£3,000	Marriage	- parent	£5,000
Small gifts	£250		- grandparent	£2,500
			- bride/groom	£2,500
			- other	£1,000

Reduced charge on gifts within seven years of death

Years before death	0-3	3-4	4-5	5-6	6-7
% of death charge	100	80	60	40	20

CAR, VAN AND FUEL BENEFITS

Company cars 2018/19	
Percentage of car's list price taxed	**CO_2 emissions gm/km**
13	0-50
16	51-75
19	76-94
additional 1%	for every additional 5*
up to 37% (max.)	180 and above*

For diesel cars generally add a 4% supplement (unless the car is registered on or after 1 September 2017 and meets the Euro 6d emissions standard) but the maximum is still 37%.

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.

*If the CO_2 figure does not end in a 5 or 0 round down to the nearest 5 or 0.

Car fuel benefit 2018/19

£23,400 x 'appropriate percentage'*

*Percentage used to calculate the taxable benefit of the car for which the fuel is provided.

The charge does not apply to certain environmentally friendly cars.

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.

Van benefit per vehicle 2018/19

Van benefit £3,350	Fuel benefit £633

The charges do not apply to vans if a 'restricted private use condition' is met throughout the year.

A reduced charge may be due if the van cannot in any circumstances emit CO_2 by being driven.

MILEAGE ALLOWANCE PAYMENTS

2018/19 and 2017/18

Cars and vans	**Rate per mile**
Up to 10,000 miles	45p
Over 10,000 miles	25p
Bicycles	20p
Motorcycles	24p

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

STATUTORY PAY RATES

Weekly benefit		**2018/19**	**2017/18**
Basic retirement pension	- single person	£125.95	£122.30
	- married couple	£201.45	£195.60
New state pension		£164.35	£159.55

Statutory pay rates - average weekly earnings £116 (£113) or over

Statutory Sick Pay		£92.05	£89.35
Statutory Maternity and	- first six weeks	90% of weekly earnings	
Adoption Pay	- next 33 weeks	£145.18*	£140.98*
Statutory Paternity Pay	- two weeks	£145.18*	£140.98*

*Or 90% of weekly earnings if lower.

TAX RELIEFS FOR INDIVIDUALS

2018/19

Enterprise Investment Scheme (EIS)

Relief on investments in certain unquoted trading companies up to £1m p.a. (£2m for knowledge intensive companies):
- Income tax relief at 30%.
- Capital gains exemption on disposal.

Unlimited amounts of capital gains from the disposal of other assets may be able to be deferred by making an EIS investment.

Seed Enterprise Investment Scheme (SEIS)

Relief on investments in certain unquoted trading companies up to £100,000 p.a.:
- Income tax relief at 50%.
- Capital gains exemption on disposal.

Capital gains from the disposal of other assets may be exempt up to £50,000 p.a. by making an SEIS investment.

Venture Capital Trusts (VCTs)

Relief on investments in certain quoted companies up to £200,000 p.a.:
- Income tax relief at 30%.
- Capital gains exemption on disposal.

Dividends received from VCTs may be exempt from income tax.

Social Investment Relief (SIR)

Relief on investments in certain social enterprises (inc. charities) up to £1m p.a.:
- Income tax relief at 30%.
- Capital gains exemption on disposal.

Capital gains from the disposal of other assets may be able to be deferred by making an SIR investment up to £1m p.a.

(All reliefs subject to detailed conditions being met.)

CORPORATION TAX

Year to 31.3.19		**Year to 31.3.18**	
Profits band £	**Rate %**	**Profits band £**	**Rate %**
All profits	19	All profits	19

Different rates apply for ring-fenced (broadly oil industry) profit.

CAPITAL ALLOWANCES

Plant and machinery - Annual Investment Allowance (AIA)

The AIA gives a 100% write-off on most types of plant and machinery costs, including integral features and long life assets but not cars, of up to £200,000 p.a.

Any costs over the AIA fall into the normal capital allowance pools below. The AIA may need to be shared between certain businesses under common ownership.

Other plant and machinery allowances - The annual rate of allowance is 18%. An 8% rate applies to expenditure incurred on integral features and on long life assets.

A 100% first year allowance may be available on certain energy efficient plant and cars.

Cars - For expenditure incurred on cars, costs are generally allocated to one of the two plant and machinery pools. Cars with CO_2 emissions not exceeding 130gm/km receive an 18% allowance p.a. Cars with CO_2 emissions over 130gm/km receive an 8% allowance p.a. The emissions figure is reduced to 110gm/km for expenditure incurred on or after 1 April 2018.

PENSION PREMIUMS

2018/19 and 2017/18

Tax relief available for personal contributions: higher of £3,600 (gross) or 100% of relevant earnings (max. £40,000). Any contributions in excess of £40,000, whether personal or by the employer, may be subject to income tax on the individual. The £40,000 limit may be reduced where 'adjusted income' exceeds £150,000.

The limit may be reduced to £4,000 once money purchase pensions are accessed. Where the £40,000 limit is not fully used it may be possible to carry the unused amount forward for three years.

Employers will obtain tax relief on employer contributions if they are paid and made 'wholly and exclusively'.

VALUE ADDED TAX

Standard rate	20%
Reduced rate	5%
Annual Registration Limit-from 1.4.18 (1.4.17 - 31.3.18 £85,000)	£85,000
Annual Deregistration Limit-from 1.4.18 (1.4.17 - 31.3.18 £83,000)	£83,000

STAMP DUTY AND STAMP DUTY LAND TAX

Land and buildings in England and N. Ireland

Rate	**Residential**	**Non-residential**	**Rate**
%	**£**	**£**	**%**
0	0 - 125,000	0 - 150,000	0
2	125,001 - 250,000	150,001 - 250,000	2
5	250,001 - 925,000	Over 250,000	5
10	925,001 - 1,500,000		
12	Over 1,500,000		

A first-time buyer exemption may apply on residential purchases up to £300,000 and for the first £300,000 of purchases up to £500,000.

LAND AND BUILDINGS TRANSACTION TAX

Land and buildings in Scotland

Rate	**Residential**	**Non-residential**	**Rate**
%	**£**	**£**	**%**
0	0 - 145,000	0 - 150,000	0
2	145,001 - 250,000	150,001 - 350,000	3
5	250,001 - 325,000	Over 350,000	4.5
10	325,001 - 750,000		
12	Over 750,000		

Proposed relief for first-time buyers on residential purchases up to £175,000.

LAND TRANSACTION TAX

Land and buildings in Wales from 1 April 2018

Rate	**Residential**	**Non-residential**	**Rate**
%	**£**	**£**	**%**
0	0 - 180,000	0 - 150,000	0
3.5	180,001 - 250,000	150,001 - 250,000	1
5	250,001 - 400,000	250,001 - 1,000,000	5
7.5	400,001 - 750,000	Over 1,000,000	6
10	750,001 - 1,500,000		
12	Over 1,500,000		