



AVEY OF LONDON

Accounting | Financial Reporting

REFERENCE GUIDE TO UK TAX RATES AND ALLOWANCES

2019/20

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DISCLAIMER

This booklet contains a quick reference guide to UK tax rates and allowances for individuals, companies and other tax payers.

The information in the schedules is based upon relevant Budget Announcements and other announcements and may be subject to the subsequent amendments. This guidance is not intended to be a definitive statement covering all aspects. It is only a brief summary and no action should be taken without consulting the detailed legislation or seeking professional advice.

Should you require further information or would like to discuss any specific elements of the legislation applicable to you or your business, you can contact AVEY of London using details below and we will be happy to assist.

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A. CORPORATION TAX RATES

RATE	2019/20	2018/19	2017/18
Main rate (all profits except ring fence profits)	19%	19%	19%

The Corporation Tax main rate (for all profits except ring fence profits) is 19% for the years starting the 1 April 2017, 2018 and 2019 and is reduced to 17% for the year starting 1 April 2020.

B. RING FENCE COMPANIES

RATE	2019/20	2018/19	2017/18
Small profits rate (companies with profits under £300,000)	19%	19%	19%
Main rate (companies with profits over £300,000)	30%	30%	30%
Ring fence fraction	11/400	11/400	11/400

There are different Corporation Tax rates for companies that make profits from **oil extraction or oil rights** in the UK or UK continental shelf. These are known as 'ring fence' companies.

Ring fence companies can claim Marginal Relief on profits between £300,000 and £1.5 million.

C. SUPPLEMENTARY CHARGE

RATE	From 1 January 2016	From 1 January 2015
Supplementary charge	10%	20%

Supplementary Charge **applies to ring fence profits** accruing from 17 April 2002. The current rate of Supplementary Charge is 10% which has been reduced from 20% with effect from 1 January 2016. The tax base of profits subject to Supplementary Charge is the ring fence profits of the company chargeable to Corporation Tax after removing financing costs and deducting any Field, Cluster, or Investment allowances available.

D. INCOME TAX RATES AND ALLOWANCES

INCOME TAX ANNUAL ALLOWANCES	2019/20	2018/19	2017/18
Personal allowance	£12,500	£11,850	£11,500
Income limit for personal allowances	£100,000	£100,000	£100,000
Transferable marriage allowance	£1,250	£1,185	£1,150
Blind person's allowance	£2,450	£2,390	£2,320
Trading allowance	£1,000	£1,000	£1,000
Property allowance	£1,000	£1,000	£1,000
Dividend allowance	£2,000	£2,000	£5,000
Personal savings allowance:			
- Basic rate taxpayers	£1,000	£1,000	£1,000
- Higher rate taxpayers	£500	£500	£500
Married couple's allowance (relief at 10%):			
- Either partner born before 6 April 1935	£8,915	£8,695	£8,445
- Income limit	£29,600	£28,900	£28,000
- Minimum where income exceeds limit	£3,450	£3,360	£3,260
TAX RATES AND BANDS AFTER ALLOWANCES (per year)	2019/20	2018/19	2017/18
Starting rate for savings (0%)	£0-£5,000	£0-£5,000	£0-£5,000
Basic rate (20%)	Up to £37,500	Up to £34,500	Up to £33,500
Higher rate (40%)	£37,501 to £150,000	£34,501 to £150,000	£33,501 to £150,000
Additional rate (45%)	Over £150,000	Over £150,000	Over £150,000
Starting rate does not apply to savings where individual's other non-savings income is £16,850 or more. It is reduced by £1 for every £1 of income above the Personal Allowance.			

E. DIVIDENDS

BAND	2019/20	2018/19	2017/18
Dividend ordinary rate	7.50%	7.50%	7.50%
Dividend upper rate	32.50%	32.50%	32.50%
Dividend additional rate	38.10%	38.10%	38.10%
Tax on dividends is only paid on dividends above dividend allowance in the tax year. The dividend allowance has reduced to £2,000 from 6 April 2018. No tax is payable on dividends from shares in ISA.			

F. NATIONAL INSURANCE CONTRIBUTIONS (NIC)

CLASS 1 NICs: EMPLOYEE AND EMPLOYER THRESHOLDS (per week)	2019/20	2018/19	2017/18
Weekly Lower Earnings Limit (LEL)	£118	£116	£113
Weekly Primary Threshold (PT)	£166	£162	£157
Weekly Secondary Threshold (ST)	£166	£162	£157
Upper Earnings Limit (UEL)	£962	£892	£866
Upper Secondary Threshold for under 21s	£962	£892	£866
Apprentice Upper Secondary Threshold (AUST) for under 25s	£962	£892	£866
Employment Allowance (per employer)	£3,000	£3,000	£3,000
EMPLOYEE'S (PRIMARY) CLASS 1 NIC RATES	2019/20	2018/19	2017/18
Below LEL	0%	0%	0%
LEL – PT	0%	0%	0%
PT – UEL	12%	12%	12%
Above UEL	2%	2%	2%
Reduced rate for certain married women and widows:			
PT – UEL	5.85%	5.85%	5.85%
Above UEL	2%	2%	2%
Employees over state pension age pay nil primary NIC.			
EMPLOYER'S (SECONDARY) CLASS 1 NIC RATES	2019/20	2018/19	2017/18
Below ST	0%	0%	0%
Above ST	13.8%	13.8%	13.8%
Employer's (secondary) Class 1 NIC for employees under 21:			
Below UST	0%	0%	0%
Above UST	13.8%	13.8%	13.8%
Employer's (secondary) Class 1 NIC for Apprentices under 25:			
Below AUST	0%	0%	0%
Above AUST	13.8%	13.8%	13.8%
Employers pay Class 1A and 1B NIC on their employee's benefits. Class 1A NIC rate is 13.8% on benefits in kind payable on 19th/22nd July after the end of the tax year. Class 1B NIC rate is 13.8% payable on PAYE Settlement Agreement benefits, tax due 19th/22nd October after the end of the tax year.			

F. NATIONAL INSURANCE CONTRIBUTIONS (NIC) (Continued)

CLASS 2 NICS: SELF-EMPLOYED THRESHOLDS (per year)	2019/20	2018/19	2017/18
Small Profits Threshold (SPT)	£6,365	£6,205	£6,025
CLASS 2 CONTRIBUTION RATES (per week)	2019/20	2018/19	2017/18
Below SPT	£0	£0	£0
Above SPT	£3.00	£2.95	£2.85
Special Class 2 rate for share fishermen	£3.65	£3.60	£3.50
Special Class 2 rate for volunteer development workers	£5.90	£5.80	£5.65
CLASS 3 NICS: OTHER RATES AND THRESHOLDS (per week)	2019/20	2018/19	2017/18
Voluntary contributions	£15.00	£14.65	£14.25
CLASS 4 NICS: SELF-EMPLOYED THRESHOLDS (per year)	2019/20	2018/19	2017/18
Lower Profits Limit (LPL)	£8,632	£8,424	£8,164
Upper Profits Limit (UPL)	£50,000	£46,350	£45,000
CLASS 4 NICS: SELF-EMPLOYED RATES	2019/20	2018/19	2017/18
Below LPL	0%	0%	0%
LPL to UPL	9%	9%	9%
Above UPL	2%	2%	2%

G. INDIVIDUAL SAVINGS ACCOUNTS (ISAs)

INDIVIDUAL SAVINGS ACCOUNTS (ISAs)	2019/20	2018/19	2017/18
Annual limit	£20,000	£20,000	£20,000
Junior ISA annual limit	£4,368	£4,260	£4,128
Lifetime ISA annual limit	£4,000	£4,000	£4,000
Help to buy ISA monthly limit	£200	£200	£200

H. INVESTMENT RELIEFS

INVESTMENT RELIEFS	Annual investment limit	Income tax relief rate
Enterprise investment scheme (EIS)	£1,000,000*	30%
Venture capital trusts (VCT)	£200,000	30%
Seed enterprise investment scheme (SEIS)	£100,000	50%
Social investment tax relief (SITR)	£1,000,000	30%

*£2 million if at least £1 million of that is invested in knowledge-intensive companies.

I. CAR AND FUEL ALLOWANCES

COMPANY CARS: ADVISORY FUEL RATES (AFRs) EFFECTIVE FROM 1 MARCH 2019 (per mile)			
	Petrol	LPG	Diesel
Engine size: 1400cc or less	11 pence	7 pence	
Engine size: 1401cc to 2000cc	14 pence	8 pence	
Engine size: over 2000cc	21 pence	13 pence	
Engine size: 1600cc or less			10 pence
Engine size: 1601cc to 2000cc			11 pence
Engine size: over 2000cc			13 pence
<p>AFRs are used to work out mileage costs for company cars provided to employees. Hybrid cars are treated as either petrol or diesel cars for this purpose. Advisory electricity rate for fully electric cars is 4p per mile.</p>			
EMPLOYEE VEHICLES: MILEAGE ALLOWANCE PAYMENTS (MAPs) (per mile)			
	Car	Motorcycle	Cycle
0 - 10,000 miles	45p	24p	20p
10,001 mile and over	25P	24p	20p
<p>MAPs are what is paid to employees for using their own vehicle for business journeys. Employers can pay their employees an 'approved amount' of MAPs each year without having to report them to HMRC.</p>			

J. NATIONAL MINIMUM AND LIVING WAGE

NATIONAL MINIMUM AND LIVING HOURLY WAGE	From Apr 2019	From Apr 2018	Apr 2017 to Mar 2018
Apprentice*	£3.90	£3.70	£3.50
16 to 18	£4.35	£4.20	£4.05
18 to 20	£6.15	£5.90	£5.60
21 to 24	£7.70	£7.38	£7.05
25 and over (Living Wage)	£8.21	£7.83	£7.50
<p>*This rate is for apprentices aged 16 to 18 and those aged 19 or over who are in their first year.</p>			

K. WORKING AND CHILD TAX CREDITS

WORKING AND CHILD TAX CREDITS	2019/20	2018/19	2017/18
Working tax credit per year*			
Basic element	£1,960	£1,960	£1,960
Lone parent or couple element	£2,010	£2,010	£2,010
30-hour a week element	£810	£810	£810
Disability element	£3,165	£3,090	£3,000
Severe disability element (on top of disability element)	£1,365	£1,330	£1,290
Childcare element (maximum recovery of eligible costs)	70%	70%	70%
- Maximum eligible costs for 1 child (per week)	£175	£175	£175
- Maximum eligible costs for 2 + more children (per week)	£300	£300	£300
Child tax credit per year*			
Family element	£545	£545	£545
Child element (for each child)	£2,780	£2,780	£2,780
Disabled child element (on top of the child element)	£3,355	£3,275	£3,175
Severe disabled child element (on top of the disabled child element)	£1,360	£1,325	£1,290
Income thresholds per year for both working and child tax credits			
Income threshold	£6,420	£6,420	£6,420
Income threshold for those entitled to child credit only	£16,105	£16,105	£16,105
Withdrawal rate	41%	41%	41%
Income rise disregard	£2,500	£2,500	£2,500
Income fall disregard	£2,500	£2,500	£2,500

*Universal credit is being phased in from April 2013 to replace various benefits including working tax credit and child tax credit.

L. REGISTERED PENSION SCHEMES

REGISTERED PENSION SCHEMES	2019/20	2018/19	2017/18
Annual allowance	£40,000	£40,000	£40,000
Adjusted annual income limit	£150,000	£150,000	£150,000
Minimum where annual income exceeds limit	£10,000	£10,000	£10,000
Life time allowance	£1,055,000	£1,030,000	£1,000,000

Any unused annual allowance can be carried forward for up to three years.

For every £2 above adjusted income the annual allowance is reduced by £1 up to minimum of £10,000.

Maximum individual tax-relievable contributions are the higher of:

- 100% of taxable UK earnings; or
- £3,600 (where the scheme applies tax relief at source).

M. CAPITAL GAINS TAX

RATES	2019/20	2018/19	2017/18
Individuals - standard rate tax payers	10%	10%	10%
Individuals – higher rate tax payers	20%	20%	20%
Gains on residential property (standard rate payers)	18%	18%	18%
Gains on residential property (higher rate payers)	28%	28%	28%
Gains qualifying for Entrepreneurs’ Relief	10%	10%	10%
Capital Gains Tax on property where the Annual Tax on Enveloped Dwellings is paid	28%	28%	28%
ANNUAL EXEMPT AMOUNTS	2019/20	2018/19	2017/18
Individuals and most estates	£12,000	£11,700	£11,300
Most trusts	£6,000	£5,850	£5,650
Chattels (5/3 taxable on excess above)	£6,000	£6,000	£6,000
Entrepreneurs’ relief lifetime allowance	£10 million	£10 million	£10 million

N. CAPITAL ALLOWANCES

CAPITAL ALLOWANCES RATES	2019/20	2018/19	2017/18
Annual Investment Allowance (AIA)*	£1,000,000	£200,000	£200,000
Main Writing Down Allowance	18%	18%	18%
Special Rate Writing Down Allowance	6%	8%	8%
Patent rights and know how	25%	25%	25%
Mines, oil wells and other mineral rights**	25%	25%	25%
Research & development	100%	100%	100%
Energy saving and water saving equipment	100%	100%	100%
Electric cars charging points	100%	100%	100%
New zero-emission goods vehicles (electric vans)	100%	100%	100%
Cars (bought from April 2015)			
New and unused cars with CO2 emissions up to 75 g/km	100%	100%	100%
New cars with CO2 emissions between 75 g/km and 130 g/km and second hand cars with CO2 emission up to 130 g/km	18%	18%	18%
New and second hand cars with CO2 emissions over 130 g/km	6%	8%	8%
*The AIA amount has temporarily increased to £1 million between 1 January 2019 and 31 December 2020.			
**For qualifying expenditure on the acquisition of a mineral asset, the Writing Down Allowance is 10%.			

O. STAMP DUTY LAND TAX (SDLT)

RATE BANDS FOR PURCHASES IN 2019/20	Residential*	Non-Residential	Leases**
Up to £125,000 (First-time buyers: first £300,000 for property up to £500,000)	0%	-	
The next £125,000 (the portion from £125,001 to £250,000)	2%	-	
The next £675,000 (the portion from £250,001 to £925,000)	5%	-	
The next £575,000 (the portion from £925,001 to £1.5 million)	10%	-	
The remaining amount (the portion above £1.5 million)	12%	-	
Up to £150,000		0%	
The next £100,000 (the portion from £150,001 to £250,000)		2%	
The remaining amount (the portion above £250,000)		5%	
Non-residential leases			
£0 to £150,000			0%
The portion from £150,001 to £5,000,000			1%
The portion above £5,000,000			2%
Residential leases			
£0 to £125,000			0%
Over £125,000			1%
<p>*Additional 3% is charged on top of the normal SDLT rates if more than one residential property is owned. The additional 3% SDLT is not payable if the acquired property is replacing the individual's main and only residence.</p> <p>**On band of net present value</p>			

P. VALUE ADDED TAX (VAT)

VAT RATE	2019/20	2018/19	2017/18
Standard	20%	20%	20%
Reduced	5%	5%	5%
Zero	0%	0%	0%

VAT REGISTRATION TURNOVER THRESHOLDS	2019/20	2018/19	2017/18
Registration threshold	£85,000	£85,000	£85,000
Deregistration threshold	£83,000	£83,000	£83,000

VAT ACCOUNTING SCHEMES IN 2019/20	Turnover to join	Turnover to leave
Cash accounting	up to £1.35 million	over £1.6 million
Annual accounting	up to £1.35 million	over £1.6 million
Flat rate scheme	up to £150,000 (excluding VAT)	over £230,000 (including VAT)

For VAT periods starting on or after 1 April 2019, VAT-registered businesses with a taxable turnover above the VAT registration threshold are required to keep digital VAT business records and send returns using Making Tax Digital (MTD) compatible software. Businesses with a taxable turnover below the VAT registration threshold are not required to send returns using MTD compatible software but can sign up for MTD voluntarily.

Q. INHERITANCE TAX

INHERITANCE TAX	2019/20	2018/19	2017/18
Nil-rate band*	£325,000	£325,000	£325,000
Residence nil-rate band**	£150,000	£125,000	£100,000
Rate of tax on excess***	40%	40%	40%
Chargeable life-time transfers	20%	20%	20%

*Unused nil rate band is transferable to spouse or civil partner.
 **Additional nil rate band available to cover the family home.
 ***36% where 10% or more of the net estate is left to charity.

Annual gifts of up to £3,000 per donor are exempt. Inheritance Tax is payable on gifts to individuals above £325,000 if gifted within 7 years before death.

No Inheritance Tax is payable on estates above the £325,000 threshold if left to spouse, civil partner, a charity or a community amateur sports club.