

Proposed tax rates and allowances for 2018/19

The following tables contain the proposed tax rates and allowances for 2018/19. Please be aware that these rates are not yet final.

For those of you planning ahead for 2018/19 the proposed rates are a useful point of reference. Maybe you are considering remuneration planning options or perhaps looking to purchase a new car? If so then the information on the income tax and NIC bands, reduced dividend allowance, increased car benefits rates and revised limits on car CO₂ emissions for capital allowances will be particularly useful.

Why are the rates and allowances only proposals?

The Spring Statement will take place on Tuesday 13 March 2018 at which time the government will respond to the updated OBR forecast for the economy and the public finances. The Chancellor has said that the government will consider longer-term fiscal challenges and start consultations on how these can be addressed. Importantly, the government has stated that it will retain the option to make changes to fiscal policy at the Spring Statement if the economic circumstances require it. All of this means that whilst the majority of the figures and bands for the tax system are now available and as detailed, the Spring Statement could change these.

We will be providing you with the finalised 2018/19 rates and allowances following the Spring Statement. Please contact us if you require advice in the meantime.

Proposed Rates and Allowances 2018/19

These rates are mainly derived from the Westminster Autumn Budget, the Scottish Draft Budget and announcements made by the Welsh Assembly. These may be subject to change before the start of the new tax year.

INCOME TAX RATES

Income tax rates (other than 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

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 - 32,423	21	Over 150,000	45
32,424 - 150,000	41		
Over 150,000	46		

* Savings and dividend income are taxed using UK rates.

STARTING RATES FOR SAVINGS INCOME

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

DIVIDEND RATES

2018/19 and 2017/18

Dividend ordinary rate	7.5%
Dividend upper rate	32.5%
Dividend additional rate	38.1%

PENSIONS TAX RELIEF

	2018/19	2017/18
Lifetime Allowance limit	£1,030,000	£1 million
Annual Allowance limit	£40,000	£40,000
Tapered Annual Allowance (applies to income over this amount)	£150,000	£150,000
Money Purchase Annual Allowance	£4,000	£4,000

INDIVIDUAL SAVINGS ACCOUNT (ISA)

	2018/19	2017/18
The ISA limit	£20,000	£20,000
Lifetime ISA	£4,000	£4,000
Help to Buy ISA monthly subscription limit (initial deposit limit £1,000)	£200	£200
Junior ISA	£4,260	£4,128

INCOME TAX ALLOWANCES

	2018/19	2017/18
Personal allowance	£	£
Personal allowance	11,850	11,500
Income limit for personal allowance	100,000	100,000
Income limit for married couple's allowance	28,900	28,000
Marriage allowance	1,185	1,150
Married couple's allowance for those born before 6 April 1935		
Maximum amount of married couple's allowance	8,695	8,445
Minimum amount of married couple's allowance	3,360	3,260
Blind person's allowance	2,390	2,320
Dividend allowance	2,000	5,000
Personal savings allowance		
Personal savings allowance for basic rate taxpayers	1,000	1,000
Personal savings allowance for higher rate taxpayers	500	500

VAT

	2018/19
Standard rate	20%
Reduced rate	5%
Annual Registration Limit - from 1.4.18 (1.4.17 £85,000)	£85,000
Annual Deregistration Limit - from 1.4.18 (1.4.17 £83,000)	£83,000

CAPITAL ALLOWANCES

Annual Investment Allowance	£200,000	
	%	
Main Rate Pool Writing Down Allowance	18	
Special Rate Pool Writing Down Allowance	8	
Enhanced Capital Allowances	100	
Cars purchased on or after 1 April 2018	Cars purchased before 1 April 2018	
Exceeds 110gm/km	Exceeds 130gm/km	8
Does not exceed 110gm/km	Does not exceed 130gm/km	18
Does not exceed 50gm/km	Does not exceed 75gm/km	100

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

CAR BENEFIT

Company cars 2018/19		Notes
Percentage of car's list price taxed	CO ₂ emissions gm/km	For diesel cars add a 4% supplement but maximum still 37%. For cars registered before 1 January 1998 the charge is based on engine size. 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.
13	0-50	
16	51-75	
19	76-94	
additional 1% up to 37% (max.)	for every additional 5* 180 and above*	

CAR FUEL BENEFITS

	2018/19	2017/18
Fuel charge multiplier	£23,400	£22,600

VAN BENEFITS

	2018/19	2017/18
Van benefit	£3,350	£3,230
Fuel benefit	£633	£610

INHERITANCE TAX

Death rate	Lifetime rate	Chargeable transfers 2018/19 and 2017/18
Nil	Nil	0 - £325,000
40%	20%	Over £325,000
		2018/19 2017/18
Residence nil rate band limit		£125,000 £100,000
Reliefs		
Annual exemption	£3,000	Marriage - parent £5,000
Small gifts	£250	- grandparent £2,500
		- bride/groom £2,500
		- other £1,000

CORPORATION TAX RATES

	Year to 31.3.19	Year to 31.3.18
All profits	19%	19%

CGT RATES AND ANNUAL EXEMPTION

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

Higher rates (18/28%) may apply to the disposal of certain residential property and carried interest.

Gains which qualify for Entrepreneurs' Relief or Investors' Relief are charged at 10% for the first £10m of qualifying gains.

STAMP DUTY LAND TAX

Land and buildings in England, Wales* 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		

* Up to 31 March 2018

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		

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		