



The following information is based on proposals set out by the Chancellor in his Budget of 19 March 2014 but is subject to amendment in the Finance Bill.

Income tax

Rates

	2014/15		2013/14	
	%		%	
Basic	20	up to £31,865	20	up to £32,010
Higher	40	£31,866 to £150,000	40	£32,011 to £150,000
Additional	45	Above £150,000	45	Above £150,000

Non-savings income is taxed as the first slice of income, followed by savings income and then dividends.

Dividends falling into the basic rate band are taxed at 10%.

The higher rate of tax for dividends is 32.5% (2013/14 32.5%) and the additional rate is 37.5% (2013/14 37.5%). This is reduced by the dividend tax credit.

Savings income falling into the first £2,880 of taxable income (2013/14 £2,790) will be taxed at 10%.

Reliefs

	2014/15	2013/14
Payment on loss of office	£30,000	£30,000
Enterprise Investment Scheme ^(a)	£1,000,000	£1,000,000
Venture Capital Trust ^(a)	£200,000	£200,000
SEED Enterprise Investment Scheme ^(b)	£100,000	£100,000
Social Investment Relief ^(a)	£1,000,000	n/a

Note: (a) Relief restricted to 30%.
(b) Relief available up to 50%.

Allowances

	2014/15	2013/14
Personal allowance:		
Those born after 5 April 1948 ^(a)	£10,000	£9,440
Those born between 6 April 1938 and 5 April 1948 ^{(a)(b)}	£10,500	£10,500
Those born before 6 April 1938 ^{(a)(b)}	£10,660	£10,660

Note: (a) Progressively withdrawn for income over £100,000, leading to a marginal tax rate of 60% on income in the band £100,000 to £120,000 (to £118,880 in 2013/14).
(b) Age-related element progressively withdrawn for income over £27,000 (2013/14: £26,100).

Non-UK domiciled individuals – levy to use remittance basis of taxation

	2014/15	2013/14
Resident in UK 7 out of the preceding 9 years	£30,000	£30,000
Resident in UK 12 out of the 14 preceding years	£50,000	£50,000

National Insurance Contributions

Rates

	2014/15	2013/14
Class 1 (earnings related)		
Lower earnings limit (LEL) (per week)	£111	£109
Upper earnings limit (UEL) (per week – employees only)	£805	£797
Upper accruals point (UAP)	£770	£770
Earnings threshold (per week)		
■ Primary threshold	£153	£149
■ Secondary threshold	£153	£148
Employee rate:		
■ Between earnings threshold and UEL	12%	12%
■ Earnings above UEL	2%	2%
Employer rate:		
■ Above earnings threshold	13.8%	13.8%
Employment allowance (per employer)	£2,000	n/a
Class 2 (self-employed flat rate)		
Per week	£2.75	£2.70
Small earnings exception (per year)	£5,885	£5,725
Class 3 (voluntary): per week	£13.90	£13.55
Class 4 (self-employed)		
Lower profits limit LPL (per year)	£7,956	£7,755
Upper profits limit UPL (per year)	£41,865	£41,450
Rate:		
■ Between LPL and UPL	9%	9%
■ Above UPL	2%	2%

Reliefs

	2014/15	2013/14
Contracted out Class 1 relief (between LEL and UAP)		
Employee rate	1.4%	1.4%
Employer rate	3.4%	3.4%

Individual Savings Accounts (ISA)

	1 Jul 2014	6 Apr 2014	2013/14
Annual investment limit	£15,000	£11,880	£11,520
Maximum cash investment	£15,000	£5,940	£5,760

Income and gains on ISA investments are tax free.

Inheritance tax

	2014/15	2013/14
Nil	Up to £325,000	Up to £325,000
40% ^(a)	Above £325,000	Above £325,000

Note: (a) Reduced to 36% from 2012/13 where at least 10% of the net estate is left to a charity.

Any unused nil-rate band may be transferred to the deceased's spouse or civil partner.

Certain lifetime gifts are subject to inheritance tax. In these cases tax is charged at 20%.

On death, any gifts made within the previous seven years will become taxable (at the rates shown in the table above), but the tax payable will be reduced by tapering relief if the donor has survived at least three years.

Car and Car Fuel benefits

Cars

The taxable benefit in respect of a car provided by an employer is calculated by reference to the car's carbon dioxide emission rating, with the scale charge varying between 11% (for vehicles emitting under 95g/km) to a maximum of 35% of the list price. There is a supplementary charge of 3% for diesel cars until April 2016 but not so as to take the total percentage beyond the maximum of 35% mentioned above. The scale charge for ultra low emission vehicles (under 75g/km) is currently 5% and for electric cars the scale charge is 0%.

Car fuel

The taxable benefit in respect of fuel provided by an employer is the 'appropriate percentage' of £21,700 (2013/14 £21,100) where the appropriate percentage is the figure (from 5% to 35%) used to determine the taxable benefit in respect of the provision of the car.

Approved Mileage Allowance Payments

	2014/15	2013/14
Own cars and vans		
Up to 10,000 miles (per mile)	45p	45p
Over 10,000 miles (per mile)	25p	25p

Air Passenger Duty Rates

	Lowest class ^(b)		Standard rate	
	1 Apr 2014	1 Apr 2013	1 Apr 2014	1 Apr 2013
Destination bands				
Band A (0-2000 miles ^(a))	£13	£13	£26	£26
Band B (2001-4000 miles ^(a))	£69	£67	£138	£134
Band C (4001-6000 miles ^(a))	£85	£83	£170	£166
Band D (over 6000 miles ^(a))	£97	£94	£194	£188

Note: (a) Distance from London to capital city of destination country.
(b) The lowest class rate does not apply where there is only one class of travel and the seat pitch exceeds 40".
(c) A higher rate applies to aircraft over 20 tonnes with fewer than 19 seats.

Insurance Premium Tax Rates

	1 Apr 2014	1 Apr 2013
General rate	6%	6%
Higher rate (certain policies)	20%	20%



Stamp Taxes

Rate payable on chargeable consideration	Stamp duty land tax		Transfers of shares
	UK land transactions		
	Residential	Non-residential or mixed use	
Nil	£0-£125k	£0-£150k	0.5%/1.5% ^(c)
1%	£125,001-£250k	£150,001-£250k	
3%	£250,001-£500k	£250,001-£500k	
4%	£500,001-£1m	£500,001+	
5%	£1,000,001-£2m	n/a	
7%	Above £2m	n/a	
15% ^{(a)(b)}	Above £500k	Mixed use is apportioned	

Note: (a) Not applicable to individuals or where property is used for certain commercial purposes.
(b) Reduced from £2m as of 20 March 2014.
(c) Applicable to transfers of shares to depository receipt systems and certain clearance service systems.

In addition rent is taxed at 1% of its Net Present Value, less £125,000 in the case of residential property and £150,000 in the case of non-residential and mixed-use property.

Annual Tax on Enveloped Dwellings

From 1 April 2013 ATED is payable by companies that own high value residential property. ATED does not apply to individuals or to entities which use residential property for a qualifying business purpose. The amount of ATED is worked out using a banding system based on the value of your property.

Property value	1 Apr 2014	1 Apr 2013
£2 million to £5 million	£15,400	£15,000
£5 million to £10 million	£35,900	£35,000
£10 million to £20 million	£71,850	£70,000
£20 million and over	£143,750	£140,000

Capital Gains Tax

Rates

Companies pay corporation tax on capital gains after indexation allowance at their normal rate. Gains and losses on sales of shareholdings of 10% or more in trading companies or trading groups are exempt, subject to certain exclusions.

Gains realised by individuals are taxed at a flat rate of 18% (for basic rate taxpayers) or 28% (for higher or additional rate taxpayers). These rates are reduced to an effective rate of 10% where Entrepreneurs' Relief is available.

Reliefs

	2014/15	2013/14
Annual gains exemption for individuals	£11,000	£10,900
Chattels proceeds exemption	£6,000	£6,000
Enterprise Investment Scheme ^(a)	100%	100%
SEED Enterprise Investment Scheme ^(b)	100%/50%	100%/50%
Venture Capital Trust ^(a)	100%	100%
Principal private residence ^{(a)(c)}	100%	100%
Entrepreneurs' relief (cumulative lifetime allowance) ^(a)	£10m	£10m

Note: (a) Subject to conditions.
(b) 100% relief on gain on investment. Relief also available on reinvested gains of 50% up to maximum investment of £100,000 (2013/14 50%).
(c) Final period exemption reduced from 36 months to 18 months.

Pensions

	2014/15	2013/14
Annual contribution allowance 100% of salary up to	£40,000	£50,000
Permitted pension contribution (irrespective of salary)	£3,600	£3,600
Lifetime benefit allowance	£1,250,000	£1,500,000

Value Added Tax

	1 Apr 2014	1 Apr 2013
Standard rate	20%	20%
Lower rate	5%	5%
Registration limit – annual turnover above	£81,000	£79,000
Simplified arrangements – annual turnover below	£1,350,000	£1,350,000

Corporation Tax

	1 Apr 2014	1 Apr 2013
Main rate ^{(a)(b)}	21%	23%
Small profits rate ^(d)	20%	20%
Where profits ^(c)	£0-£300k	£0-£300k
Marginal relief where profits ^(c)	£300k-£1,500k	£300k-£1,500k
Marginal relief fraction ^(d)	1/400	3/400
Profit threshold for quarterly instalment payments ^(c)	£1,500k	£1,500k

Note: (a) Ring fence profits are taxed at 30%.
(b) Main rate to be reduced to 20% on 1 April 2015.
(c) Reduced by reference to number of associated companies.
(d) Ring fence profits from UK oil extraction and rights are taxed at 19% with a marginal relief fraction of 1/400.

Intangible Assets

Companies receive a deduction for expenditure on an accounts basis. Allowances at 4% p.a. are available by election.

Patent Box

From 1 April 2013 profits from qualifying patent interests are taxed at 10%. This is being phased in over 5 years:

Year commencing 1 April	2013	2014	2015	2016	2017
Percentage of benefits available	60%	70%	80%	90%	100%

Research and Development Relief

	Additional deduction	
	1 Apr 2014	1 Apr 2013
SMEs	125%	125%
Non-SMEs	30%	30%

SMEs which make losses can surrender the deduction in exchange for a payment of up to 14.5% (2013/14 11%) of the loss.

Research and Development Expenditure Credit ('RDEC')

Large Companies will be able to claim an RDEC at a rate of 10% for qualifying expenditure incurred after 1 April 2013. This will replace the old scheme from 1 April 2016. It will be a taxable credit which can ultimately be surrendered for cash for loss making large companies or surrendered against group companies' tax liabilities.

Capital Allowances

	2014/15	2013/14
Plant and machinery		
Main writing down allowance rate ^(a)	18%	18%
Special rate pool (long life assets and integral features within a building) ^(a)	8%	8%
■ Energy saving/environmentally beneficial assets	100%	100%
■ 100% Annual investment allowance on expenditure up to ^(b)	£500,000	£250,000
Commercial or industrial building in an Enterprise Zone ^(c)	100%	100%
Research and development	100%	100%
Business Premises Renovation Allowance	100%	100%
Motor cars		
Low emission less than or equal to 95g/km	100%	100%
Emissions less than or equal to 130g/km ^(a)	18%	18%
Emissions greater than 130g/km ^(a)	8%	8%

Note: (a) Reducing balance.
(b) Annual Investment Allowance will reduce to £25,000 from 1 January 2016.
(c) Transitional rules apply from April 2011.

The budget proposals and other tax changes are summarised on this page. The proposals may, however, be amended significantly before enactment. The content of this communication is intended to provide a general guide to the subject matter and should not be regarded as a basis for ascertaining liability to tax or determining investment strategy in specific circumstances. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the particular situation.