

## PRINCIPAL STATE BENEFITS

Weekly benefits	2014/15	2015/16
Basic state pension - single person	£113.10	£115.95
- married couple	£180.90	£185.45
Statutory sick pay	£87.55	£88.45
Statutory maternity pay - first 6 weeks	90% of weekly earnings	
- next 33 weeks	£138.18*	£139.58*
Ordinary statutory paternity pay - 2 weeks	£138.18*	£139.58*
Additional statutory paternity pay - variable period	£138.18*	£139.58*
Statutory adoption pay - 39 weeks	£138.18*	£139.58*

\* or 90% of earnings, if lower

NOTE: A new flat rate state pension is due to start on 6 April 2016

## CAPITAL GAINS TAX

Capital Gains Tax is levied at 18% for basic rate taxpayers (or 28% for higher rate taxpayers) on all gains in excess of a personal exemption of £11,100. For trustees, the tax is levied at 28% on gains in excess of £5,550. There is a lower rate of 10% on the first £10 million of lifetime gains, for individuals realising gains from business assets of which they are owner, officer or employee with more than 5% ownership of the business.

## INHERITANCE TAX

Inheritance Tax (IHT) at a rate of 40% is payable on death on non-exempt transfers in excess of a threshold currently set at £325,000. However, the proportion of the threshold 'unused' on the first death of husband or wife (or civil partners) is effectively transferable to the surviving partner and serves to increase his or her threshold by a corresponding percentage. A reduced IHT rate of 36% applies where death occurred on or after 6 April 2012 and 10% or more of the net estate has been left to charity.

Chargeable lifetime transfers and potentially exempt transfers attract taper relief, if made up to seven years before death on the amount of gift over the nil rated band.

Certain gifts are IHT-free however soon death occurs, including:

- Gifts between UK domiciled husband and wife or between civil partners;
- Total gifts up to £3,000 in a year;
- Small gifts to other recipients (up to £250 each in year);
- Gifts in consideration of marriage or civil partnership ranging from £5,000 from each parent of the couple, to £1,000 from anyone else.

## CORPORATION TAX

The starting rate for small companies (with profits of up to £300,000) was reduced to 20% in April 2011.

The main Corporation Tax rate is also reduced to 20% this year, from 21%, to create a single unified rate. So, from 6 April 2015, there is no longer a marginal rate of Corporation Tax.

## SELF ASSESSMENT DATES

31st July 2015

Second payment on account for 2014/15

5th October 2015

Deadline to notify HMRC of new sources of income if no tax return issued for 2014/15

31st October 2015

Deadline for submitting paper Self Assessment returns to HMRC

30th December 2015

Deadline for submission of online return, where a balancing payment under £3,000 to be collected via PAYE

31st January 2016

Deadline for filing 2014/15 returns, balancing payment due for 2014/15, first payment due for 2015/16

NOTE: Online tax accounts will replace most tax returns by 2020

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The information contained in this leaflet is based on our understanding of the Budget proposals, which are subject to change as the Finance Bill passes through Parliament. No action should be taken without further advice being sought. We can accept no responsibility for any errors or omissions.



# TAXGUIDE 2015-2016



## MAIN BUDGET POINTS 2015

- Lifetime allowance cut to £1m as from April 2016
- Personal allowance 2016/17 £10,800 2017/18 £11,000
- Higher rate threshold rises to £43,300 by 2017/18
- Law change to let existing pensioners access annuity
- ISA withdrawals paid back same tax year keep status
- New Help to Buy ISA with 25% government top-up
- Personal savings allowance, up to £1,000 of savings interest tax-free to basic rate taxpayers from 2016/17

## STAMP DUTY LAND TAX

The tax bands and basis of calculation of SDLT changed on 4 December 2014, with the tax graduated rather than payable at a slab rate on the entire property price. The following rates of Stamp Duty apply for those portions of the purchase price of land or homes that fall within each band:

Rate			
Zero	Up to £125,000	10%	£925,000 to £1.5 million
2%	£125,000 to £250,000	12%	Over £1.5 million
5%	£250,000 to £925,000		

## INCOME TAX RATES

The following allowances and rates will apply in 2015/16 (subject to passing the Finance Bill 2015):

	2014/15	Change	2015/16
Personal allowance*			
Born after 5.4.48	£10,000	+ £600	£10,600
Born 6.4.38 to 5.4.48	£10,500	£100	£10,600
Born before 6.4.38 **	£10,660	£0	£10,660

\* The personal allowance for those with adjusted net income over £100,000 reduces by £1 for every £2 of income.

\*\* For married couples/civil partners, if one born before 6.4.35, tax relief applies to the first £8,355 of taxable income at a rate of 10%.

Tax rates	2014/15	Change	2015/16
20% tax on first ***	£31,865	- £80	£31,785
40% tax on next	£118,135	+ £80	£118,215
45% tax on income over	£150,000	£0	£150,000

\*\*\* A 0% rate may apply to savings income in this band up to £5,000.

A child benefit tax charge up to the full amount of the benefit may apply where the recipient or their partner has 'adjusted net income' over £50,000.

## NATIONAL INSURANCE RATES

The following Class 1 rates will apply for employees (weekly figures):

2015/16 rates	Limit	Employee	Employer
Primary threshold	£155	12%	13.8% (above £156 p.w.)
Upper earnings limit	£815	2%	

Annual 'employment allowance' reduces Class 1 NIC liability by £2,000. No employer's contribution normally payable for under-21s.

Class 4 contributions for the self employed (annual figures):

2015/16 rates	Limit	Rate payable to limit
Lower profits limit	£8,060	Nil
Upper profits limit	£42,385	9%
Rate above upper limit 2%		

## PENSION CONTRIBUTIONS

Everyone under 75 can contribute up to £3,600 a year gross into a pension scheme net of 20% tax relief, even non-taxpayers. Taxpayers receive tax relief at the highest marginal rate they pay on contributions up to their entire earnings from trade, profession or employment, provided total contributions do not exceed the annual allowance of £40,000. In addition, it may be possible to carry forward unused relief from up to three previous years.

Employers can make additional contributions, provided that the annual allowance is not exceeded. If it is, there is a tax charge. For members of defined benefit pension schemes, the annual allowance test is 16x pension, plus 1xcash if paid separately, with adjustment for CPI inflation.

There is a lifetime allowance of £1.25 million, which the total value of pension funds should not exceed, or a lifetime allowance charge will apply. It may be possible to retain a previous higher lifetime allowance, e.g. if granted 'fixed protection 2014' and no relevant benefit accrual as defined by HMRC has occurred since 5th April 2014.

The phased introduction of pension auto-enrolment commenced on 1 October 2012 and now affects many companies with fewer than 50 employees.

## PENSION BENEFITS

New pensions freedom effective from 6 April 2015 lets defined contribution pensioners use their pension pot as they wish from age 55 (57 from 2028), with drawings taxed as income in the year taken. They no longer have to take their 25% tax-free entitlement as a lump sum; it can now be spread over time. An annuity remains an option for part or all of the remainder, but the income drawdown alternative is more flexible and means pension money can stay invested for future needs.

Tax changes also mean that pension assets still held at death now normally escape a 55% tax charge. Subject to the lifetime allowance, benefits paid on death before 75 go to beneficiaries free of tax. If death occurs after 75, a 45% tax charge applies if a fund is paid out within the 2015-16 tax year. From 6 April 2016, a beneficiary's marginal income tax rate will apply.