



WHITE ROSE
Accountants

Budget Summary 2016/2017



PERSONAL TAXATION

Income tax allowances and reliefs	2016/17	2015/16
Personal (basic)	£11,000	£10,600
Personal reduced by £1 for every £2 of net income over	£100,000	£100,000
Transferable tax allowance for married couples/civil partners	£1,100	£1,060
Personal (age) if born before 6/4/38*	N/A	£10,660
Married couples/civil partners (minimum) at 10% [†]	£3,220	£3,220
Married couples/civil partners (maximum) at 10%* [†]	£8,355	£8,355
Blind person's allowance	£2,290	£2,290
Rent-a-room tax-free income	£7,500	£4,250
Venture capital trust (VCT) at 30%	£200,000	£200,000
Enterprise investment scheme (EIS) at 30%	£1,000,000	£1,000,000
EIS eligible for capital gains tax (CGT) deferral relief	No limit	No limit
Seed EIS (SEIS) at 50%	£100,000	£100,000
SEIS CGT reinvestment relief	50%	50%
Registered pension scheme		
• annual allowance	£40,000[‡]	£80,000
• money purchase annual allowance	£10,000	£20,000
• lifetime allowance	£1,000,000	£1,250,000

* Reduced by £1 for every £2 of income over £27,700, until basic minimum reached.

[†] Where at least one spouse/civil partner was born before 6/4/35.

[‡] 50% taper down to £10,000 if threshold income over £110,000 and adjusted income over £150,000.

Rates	2016/17	2015/16
Starting rate at 0% – on savings income up to [^]	£5,000	£5,000
Savings allowance at 0% tax: basic rate taxpayers	£1,000	N/A
• higher rate taxpayers	£500	N/A
• additional rate taxpayers	N/A	N/A
Basic rate of 20% on income up to	£32,000	£31,785
Higher rate of 40% on income up to £150,000 from	£32,001	£31,786
Additional rate of 45% on income over	£150,000	£150,000
Dividend tax credit	N/A	10%
Dividend allowance at 0% tax – all individuals	£5,000	N/A
Tax rate on dividends based on	Dividend	Dividend + tax credit
• basic rate taxpayers	7.5%	10%
• higher rate taxpayers	32.5%	32.5%
• additional rate taxpayers	38.1%	37.5%

Trusts

• standard rate band generally	£1,000	£1,000
• dividends (rate applicable to trusts)	38.1%	37.5%
• other income (rate applicable to trusts)	45%	45%

Child benefit charge: 1% of benefit per £100 of income between £50,000 and £60,000

[^] Not available if taxable non-savings income exceeds the starting rate band.

NATIONAL INSURANCE CONTRIBUTIONS

Class 1 (Employees)

	2016/17		2015/16	
	Employee	Employer	Employee	Employer
NIC rate	12%	13.8%	12%	13.8%
No NICs on the first:				
Under 21*	£155 pw	£827 pw	£155 pw	£815 pw
21 & over*	£155 pw	£156 pw	£155 pw	£156 pw
NICs rate charged up to	£827 pw	No limit	£815 pw	No limit
2% NICs on earnings over	£827 pw	N/A	£815 pw	N/A

* For 2016/17: 25 years for apprentices

Employment allowance

	2016/17	2015/16
Payable per business	£3,000	£2,000

Not available in 2016/17 if a director is the sole employee

Earnings limits or thresholds

	2016/17			2015/16		
	Weekly	Monthly	Annual	Weekly	Monthly	Annual
	£	£	£	£	£	£
Lower earnings limit	112	486	5,824	112	486	5,824
Secondary earnings threshold	156	676	8,112	156	676	8,112
Primary earnings threshold	155	672	8,060	155	672	8,060
Upper earnings limit	827	3,583	43,000	815	3,532	42,385
Upper secondary earnings threshold (under 21)*	827	3,583	43,000	815	3,532	42,385

* For 2016/17: under 25 years for apprentices

Contracted-out rebate

	2016/17	2015/16
On band earnings for salary related schemes only	N/A	£112–£770 pw
Employer rebate	N/A	3.4%
Employee rebate	N/A	1.4%

Class 1A (Employers)

	2016/17	2015/16
Most taxable employee benefits	13.8%	13.8%

Class 2 (Self-Employed)

	2016/17	2015/16
Flat rate	£2.80 pw £145.60 pa	£2.80 pw £145.60 pa
Small profits threshold	£5,965 pa	£5,965 pa

Class 4 (Self-Employed)

	2016/17	2015/16
On profits	£8,060–£43,000 pa 9% Over £43,000 pa 2%	£8,060–£42,385 pa 9% Over £42,385 pa 2%

Voluntary

	2016/17	2015/16
Class 3 flat rate	£14.10 pw £733.20 pa	£14.10 pw £733.20 pa
Class 3A if state pension age before	amount depending on age	amount depending on age