



GUILD

APPLETON LIMITED

CHARTERED CERTIFIED ACCOUNTANTS



BUDGET

2016

BUDGET 16 MARCH 2016

This Summary covers the key tax changes announced in the Chancellor's speech and includes tables of the main rates and allowances.

Alongside our text we have included tips which you may want to consider. At the back of the Summary you will find a calendar of the tax year with important deadline dates shown.

We recommend that you review your financial plans regularly as some aspects of the Budget will not be implemented until later dates.

We will, of course, be happy to discuss with you any of the points covered in this report, and help you adapt and reassess your plans in the light of any legislative changes.



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Introduction

Having previously announced increases in dividend tax rates for 2016/17, the Chancellor had some good news for small business owners in his Budget Speech. Business rates relief has been expanded and made permanent and some of the restrictions on Entrepreneurs' Relief recently introduced have been relaxed.

In addition, £1,000 allowances are introduced for trading profits and rental income which will mean some people will not need to declare such income.

He also cut the top rate of Capital Gains Tax to 20%, however the top rate remains 28% for disposals of second homes and buy-to-lets.

It is fair to say that it is now virtually impossible for taxpayers to work out their tax liabilities using a pencil and paper. This may all be part of the Government's grand plan to encourage taxpayers to use accounting software to communicate with HMRC electronically.

From 2018 small businesses will be required to submit quarterly updates to a digital tax account held by HMRC. Those businesses will be able to volunteer to pay their tax as pay-as-you-go amounts, set by the business itself. We expect further details to be released in the coming weeks on how the administration of taxes will be made digital for all businesses.

By 2017 HMRC will be expected to provide telephone access to businesses and tax credit claimants seven days a week, with extended hours on week days.

Savers will be pleased by the increased ISA limit of £20,000 from 2017. The new lifetime ISA for those aged under 40 looks like an imaginative way to save for long-term needs, such as house purchase or pension.

The Budget was bad news for tax avoiders, in particular for overseas businesses that try to avoid VAT on products sold in the UK, or which seek to avoid paying Corporation Tax generated by letting or developing properties in the UK. Tax avoiders who fall foul of the General Anti-Abuse Rule (GAAR) will suffer a penalty set at 60% of the tax due. A new criminal offence of tax evasion will apply to people who fail to declare significant amounts of offshore income and gains.

This booklet summarises the main announcements from the speech and the documents released on the internet afterwards, and sets out the effect on typical taxpayers. We will be happy to advise you on what it all means for you personally.

Significant points

- Tax-free Personal Allowance will be increased to £11,500 with effect from 6 April 2017.
- Individuals will be able to earn up to £1,000 from trading, and a further £1,000 from letting property, before they need to declare the income or pay tax.
- SDLT due on the purchase of commercial property is reformed, with new bands and rates effective from 17 March 2016.
- Entrepreneurs' Relief reinstated for gains made on business goodwill transferred on incorporation to a close company. In some circumstances this change is backdated to 3 December 2014.
- Capital Gain Tax rates reduced to 20% for higher rate taxpayers and 10% for basic rate taxpayers from 6 April 2016, but no change for CGT due on disposals of residential property or receipts of 'carried interest'.
- Corporation Tax charged on directors' loans increased from 25% to 32.5%, where the loan is still outstanding nine months after the company's year end.
- Business rates relief for small businesses expanded and made permanent.



Personal Income Tax

Tax rates and allowances (Table A)

As previously announced, from 6 April 2016 the Personal Allowance is increased to £11,000 and the rate at which higher rate tax becomes payable to £43,000. Basic rate taxpayers also receive a savings allowance of £1,000 (£500 for higher rate taxpayers), which will tax interest income at 0%.

The basic rate of tax remains at 20%, the higher rate at 40% and the additional rate at 45%.

The first £5,000 of taxable dividend income is taxed at a zero rate. Thereafter, dividends are taxed at 7.5% on basic rate taxpayers, 32.5% on higher rate taxpayers and 38.1% on additional rate taxpayers. With the abolition of the dividend tax credit, these changes mean that taxpayers who run their business through a limited company, taking minimum salary and maximum dividends, will pay significantly more tax on dividends in 2016/17.

Personal Allowance (PA)

In keeping with the Government's commitment to increase the Personal Allowance to £12,500 by the end of the current Parliament, the PA will rise again to £11,500 from 6 April 2017, not £11,200 as previously announced.

The allowance is reduced by £1 for every £2 by which income exceeds £100,000. This means that individuals with income in excess of £122,000 for 2016/17 and £123,000 for 2017/18 will not receive a Personal Allowance. The abatement of the allowance triggers a high marginal rate of 60% in this range.

New allowances from April 2017

Two new allowances are introduced from 6 April 2017 – one for selling goods and services and one for income from property. The allowances are both set at £1,000. Their introduction will mean that those who make up to £1,000 a year from occasional trading, or earn up to £1,000 in property income (for example from renting their driveway) will not need to pay tax on that income or declare it to HMRC.

Higher rate threshold

The threshold rises again in 2017/18 to £45,000, being the Personal Allowance for 2017/18 of £11,500 plus a basic rate band of £33,500.

National Insurance Contributions

Class 2 NIC

National Insurance for the self-employed is to be simplified. Class 2 NIC will be abolished from 6 April 2018 and class 4 NIC will be reformed to enable the self-employed to continue to earn entitlements to the state pension and certain contributory benefits. This role is currently performed by Class 2 NIC, payable for 2016/17 at a rate of £2.80 per week where profits exceed £5,965 a year.

Employment

Tax relief for travel and subsistence

This tax relief is to be restricted for workers engaged through employment agencies, such as an umbrella companies, from 6 April 2016. This means such temporary workers won't be able to claim expenses for travelling to work, and won't be due a lunch allowance either.

Individuals who contract through their own personal service companies may be caught by this change in the tax rules, but only where the contract they perform falls under the IR35 rules. If IR35 doesn't apply, the contractor can carry on claiming a reimbursement of travel and lunch costs from his own company.

Disguised remuneration

The disguised remuneration rules, first introduced with effect from 9 December 2010, prevent the avoidance of tax through schemes that involve payments made to employees by third parties. The most common example is a loan made by an employee benefit trust on terms that the loan would be interest free and would never be repaid. An opportunity to disclose and settle such arrangements, avoiding the penalties imposed, closed in 2015.

Since 2010, schemes have been promoted that exploit perceived loopholes in this legislation. As a result, new anti-avoidance measures are to be introduced in stages. The first stage introduces two measures (effective immediately), as follows:

- HMRC will withdraw a relief that applies in cases where the settlement opportunity has been taken up. Unless tax on the disguised remuneration is paid to HMRC by 30 November 2016, any "investment return" on that disguised remuneration will be subject to the 2010 rules and thus related penalties.
- There will be a new charge on (broadly) all disguised remuneration loans outstanding on 5 April 2019. Any charge will fall on the employer in the first instance.

Further changes will be introduced in future Finance Bills.



Termination payments

Under the current rules, a £30,000 tax exemption applies to certain payments made on the termination of employment. However, the same payments can be made completely free of National Insurance Contributions (NIC) without limit. This is to be changed from April 2018, such that employer NIC will be due on taxable payments in excess of the £30,000 limit. The rules on the availability of the £30,000 exemption will be tightened from the same date, to avoid manipulation.

Salary sacrifice

The Government is considering limiting the range of benefits that attract income tax and NIC advantages when provided as part of a salary sacrifice scheme.

'Fair bargain' rule and benefits in kind

A benefit in kind tax charge does not generally apply to something that is a 'fair bargain' between the employee and the employer. This is the case where an employee receives goods or services from their employer at the same cost and on the same terms and conditions as a member of the public buying on arm's length terms. Legislation will confirm that this fair value rule does not apply to benefits with specific rules for working out the tax charge, such as living accommodation, cars, vans and cheap loans. Instead, the benefit in kind tax charge will continue to apply and will be reduced by any payments made by the employee.

This potentially means that an employee may be in a worse position than the member of the public. The employee may suffer a benefit in kind charge on top of the market rate he pays. However, employees who hire cars from an employer in the hire-car business are excluded from the application of this rule.

Company car tax

As previously announced, the appropriate percentages for most company cars will increase at 6 April 2016 and continue to rise in future years. Diesel cars continue to be subject to a 3% supplement, subject to the 37% maximum charge.

Zero emission vans

The tax charge for zero emission vans will remain at 20% of the standard charge for 2016/17, rather than increasing to 40% as originally planned. The standard charge for a company van is set at £3,170, meaning that the amount charged to tax on a zero emission van will now be £634. Consequently, a basic rate taxpayer will pay tax of £126.80 on a zero emission van and a higher rate taxpayer will pay £253.60.



Payrolling

From 2016/17, employers who register with HMRC can collect the tax on most taxable benefits in kind provided to employees through the payroll, rather than reporting those benefits on form P11D after the end of the tax year.

The opportunity to payroll benefits is not yet available for vouchers and credit tokens, living accommodation or cheap loans, but vouchers will be brought into payrolling from 2017/18. Employers who wish to payroll these benefits from April 2017 will need to register with HMRC to do so before 6 April 2017.

Savings and Pensions

Pensions

No further changes to pension tax relief were announced, but from 6 April 2016 there will be a tapered reduction in the Annual Allowance (AA) for most people with income (including pension contributions) above £150,000. At income above £210,000 the £40,000 AA is reduced to the minimum of £10,000.

The Lifetime Allowance for tax-relieved pension savings is cut from £1.25m to £1m from 6 April 2016. Those affected by the changes should consider claiming 'fixed' or 'individual' protection, but these are investment decisions requiring appropriate advice.

Lifetime Individual Savings Accounts (ISAs)

A new type of ISA – the Lifetime ISA – will be introduced from April 2017. It can be opened by anyone aged 18 to 40, and the savers will be able to contribute to the ISA up until the age 50.

The annual limit for saving in the lifetime ISA will be £4,000, but savers will receive a bonus from the Government of 25% of the amount saved. The funds can be used either to buy a first home, or to save for retirement.

Where used to buy a first home, the Government bonus will be paid as long as the account has been open for at least 12 months and the home acquired does not cost more than £450,000. It will be possible to transfer savings from a Help to Buy ISA into the new lifetime ISA, although savers can only use the bonus from one of the ISAs when buying their first home.

Where the lifetime ISA is used to save for retirement, the funds can be withdrawn with the Government bonus from the age of 60. The Government is to consider whether the funds can be withdrawn with the bonus on other specific life events.

ISA limit

The total amount that can be saved in ISAs is increased to £20,000 from 6 April 2017. For 2016/17 the investment limit for an adult ISA remains £15,240 and for a Junior ISA is £4,080.



Help to Save

A new Help to Save scheme will be launched no later than April 2018 to encourage adults in receipt of Universal Credit to save. A Government bonus of 50% will be paid on savings of up to £50 a month paid into a designated Help to Save scheme. The bonus will be paid after two years, with the option to save for a further two years, allowing savers to save up to £2,400 and earn a Government bonus of up to £1,200. There will be no restrictions on how the savings can be used.

Capital Gains Tax

Rates

Capital Gains Tax (CGT) is to be cut from 28% to 20% for higher rate taxpayers and from 18% to 10% for basic rate taxpayers with effect from 6 April 2016. However, gains made on buy-to-let properties and second homes will still be subject to CGT at 18% or 28%. Also, receipts of carried interest by venture capital investors will continue to be taxed at 28%. This will add further complexity to the tax system as different assets will be subject to CGT at potentially four different tax rates.

The CGT rate for trusts and estates is also cut to 20% for most assets, other than residential property and carried interest, where it remains 28%.

The annual exemption for individuals and estates remains £11,100 for 2016/17 and that for most trusts remains £5,500.


Entrepreneurs' Relief

Entrepreneurs' Relief (ER), which gives a 10% tax rate for qualifying disposals, is to be expanded to long-term investors in unquoted companies. In a departure from the current conditions for ER, the investor will not have to be an employee or officer of the company, or hold at least 5% of the share capital. As long as the investor subscribes for the shares after 16 March 2016, and holds them for at least three years from 6 April 2016, the gain on sale will be taxed at 10%. There will be a lifetime cap on these investor gains of £10 million, which will apply separately to the lifetime cap for other ER gains.

In December 2014 the use of ER on the incorporation of a business was restricted. ER cannot be claimed where business-related goodwill is passed to a company which is connected to the seller. The Government has now decided to row back slightly on that restriction, allowing ER to be claimed on the transfer of goodwill to a company, if the seller ends up with a minority share in the company of less than 5%. This change is back-dated to 3 December 2014.

There are also technical changes to the ER rules for joint ventures and partnerships, relaxing some of the anti-avoidance rules introduced in 2015.





In a further change, ER will be able to be claimed on an 'associated disposal' of a privately-held asset when the accompanying disposal of business assets is to a family member. Relief can be claimed in some circumstances where the disposal of business assets does not meet the present 5% minimum requirement. This change is backdated to 18 March 2015.

Employee Shareholder Status (ESS)

From 1 September 2013, employees have been able to surrender a collection of employment rights in return for shares in their employing company. These are known as Employee Shareholder Status shares. When the employee sells the ESS shares he pays no Capital Gains Tax on any amount of gain, as long as the initial value of the ESS shares was no more than £50,000. From 17 March 2016, the tax-free gain on ESS will be limited to £100,000 per person for life. This change will limit the use of ESS shares by entrepreneurs who want to lock-in a tax-free gain on shares held in their own companies.

Business Tax

Corporation Tax rates

All companies now pay Corporation Tax at the single rate of 20%. This rate will drop to 19% on 1 April 2017. The Government now proposes to reduce the Corporation Tax rate to 17% from 1 April 2020, rather than the previously announced 18%.

Companies with profits over £1.5 million pay Corporation Tax in quarterly instalments. Those with profits over £20 million will see the timing of those instalments accelerated by four months for periods beginning on/after 1 April 2019 (not 2017 as previously proposed).

Corporation Tax losses

Companies that make losses may change their operations so that they move into a completely different area of trade. In such cases the losses made in the early period can become trapped and unusable, as tax law prevents the loss from being set against a different trade.

From 1 April 2017 such restrictions on the use of losses will be lifted. A company will be able to carry forward losses to use against profits made from any activity. This is a very welcome change particularly for small businesses with more than one activity.

Companies with profits over £5 million will only be able to relieve losses against 50% of their profits. The £5 million threshold will apply across a group of companies.

Directors loans

When a company which is controlled by its directors, or by five or fewer shareholders, makes a loan to a shareholder, it must pay an extra Corporation Tax charge, currently set at 25% of the loan. The Corporation Tax charge is payable if the loan is outstanding nine months after the year-end, and can be reclaimed when the loan is repaid or waived.

This Corporation Tax charge will rise to 32.5% for loans made on and after 6 April 2016. This has aligned this tax charge with the dividend tax payable by higher rate taxpayers in 2016/17. Loans made to a charity will be exempt from this tax charge.

Interest deduction for companies

The UK tax rules permit companies to deduct an unlimited amount of interest paid on loans taken out for business purposes. These rules are now due to change for large multinational businesses. This may help to level the playing field between smaller companies and large multinationals, which can borrow from related companies in other countries.

Business rates

The Government is to cut business rates. From 1 April 2017 the doubling of small business rate relief from 50% to 100% will become permanent. Businesses with a rateable value of £12,000 or less will not pay business rates from that date and tapered relief will be available to businesses with a rateable value between £12,000 and £15,000. The threshold for the standard business rates multiplier will increase to £51,000.

Capital allowance for cars

Until April 2018, businesses purchasing new cars with CO₂ emissions below 75g/km are able to claim a 100% first year allowance. The 100% first year allowance for low emission cars is to be extended for another three years, until April 2021. However, the qualifying emissions threshold will fall to 50g/km from April 2018.

The threshold for cars eligible for the 18%pa rate of capital allowances will be reduced from 130g/km to 110g/km from April 2018. Cars with emissions above this threshold are only eligible for 8%pa rate of capital allowances.

Business Premises Renovation Allowance

The Business Premises Renovation Allowance (BPRA) comes to an end on 31 March 2017 for corporation tax and on 5 April 2017 for income tax. The Government has confirmed that this scheme will not be extended beyond these dates.



Value Added Tax

Registration threshold

Businesses will have to register for VAT when their turnover for 12 consecutive months is £83,000, with effect from 1 April 2016. Registration is required where turnover is expected to reach that threshold within the next 30 days. The threshold below which a business may deregister for VAT will be set at £81,000 from April 2016.

VAT evasion – foreign traders

The Government is taking action to tackle unfair competition from traders based overseas, who sell their goods through online marketplaces in the UK. Such traders frequently fail to add VAT to their prices, although they should do. This means they undercut UK traders who apply VAT correctly.

HMRC will be given the power to require an overseas trader to appoint a tax representative in the UK. HMRC will also be able to inform online marketplaces of the traders who have not complied. If the overseas trader continues to evade VAT and no action is taken to prevent the fraud, then the online marketplace can be made jointly and severally liable for the unpaid VAT incurred by selling in the UK via that online marketplace's website.

Businesses which provide warehouse facilities to overseas traders to store goods before they are sold in the UK will be subject to additional regulation. The warehouse facilities owner will have to meet a fit and proper person test and maintain accurate records from 2018. In addition it will be required to provide evidence of the due diligence it has undertaken to ensure overseas clients are following VAT rules.

VAT fraud

The Government is to consult on a new penalty for participating in VAT fraud, to come into effect in 2017.

Property

Stamp Duty Land Tax (SDLT) supplement

As previously announced a SDLT supplement of 3% will apply from 1 April 2016 to purchases of second and subsequent residential homes, including buy-to-let properties and holiday homes, where the cost of the second home is £40,000 or more. The Government has now confirmed that the supplement will apply to all purchases, including bulk purchases made by large investors.



SDLT on commercial property

The rules for calculating SDLT on non-residential properties are reformed with effect from 17 March 2016. For property deals completed before that date, SDLT is charged at a single rate on the whole price paid for the property, under the so-called 'slab' system.

Where non-residential property is sold on and after 17 March 2016, the SDLT charge will be calculated according to the value falling within each band, as applies for SDLT on residential properties. The new bands are:

- 0% up to £150,000
- 2% £150,001 to £250,000
- 5% over £250,000

Purchasers who exchanged before 17 March 2016, but completed after that date, will have a choice whether they pay SDLT under the new or the old rules.

Also from 17 March 2016, a new 2% rate will apply to new leasehold transactions where the net present value of the rent is more than £5 million.

These changes don't apply to properties in Scotland where Land and Buildings Transaction Tax (LBTT) is set by the Scottish Government.

Offshore property developers

Legislation is to be introduced to prevent property developers from using offshore structures to avoid tax on their trading profits derived from developing and letting property in the UK. HMRC will also create a task force to focus on offshore property developers.

Abolition of 'wear and tear' allowance

Landlords of fully furnished residential lettings are currently able to claim a deduction of, broadly, 10% of gross rents. This compensates for not being able to claim any tax relief on the capital cost of fixtures and fittings. As previously announced, this 'wear and tear' allowance is abolished for 2016/17, but is replaced by a deduction for the replacement cost of capital items such as free-standing fridges, beds, etc. Unlike the wear and tear allowance, this relief is also available for partly furnished properties.

Much greater record keeping will be required to track all such costs and to show that the cost is for a replacement, rather than an initial asset; the latter do not get any relief.

Rent-a-room relief

As previously announced, the amount of tax-exempt rental income that someone can have from renting out one or more rooms in their main residence is increasing to £7,500 from 6 April 2016. The previous limit of £4,250 had been in force since 1997.



Other Measures

Inheritance Tax

As previously announced, the nil rate band remains frozen at £325,000 and the 'residential enhancement' to the nil rate band will be introduced from 6 April 2017. The latter will increase from £100,000 to £125,000 over the course of the Parliament and applies when a home is left, broadly, to a direct descendent.

Finance Bill 2016 will include the promised 'downsizing' provisions, so that the enhancement will still be available in some circumstance when a home is not being left on death.

Making tax digital

From 2018 businesses, the self-employed and landlords who are keeping their tax records digitally and providing regular digital updates to HMRC will have the option to adopt pay-as-you-go payment patterns. HMRC say this will enable them to choose a payment system that suits them and help them to better manage their cashflow. It will also improve cashflow for HMRC and may eventually become compulsory.

Insurance Premium Tax

The rate of Insurance Premium Tax will rise to 10% from its current level of 9.5% from 1 October 2016. The money raised from this increase will be used to fund work on flood defences.

Museums and galleries

A new tax relief is to be introduced from April 2017 for museums and galleries in respect of temporary and touring exhibition costs.

Correcting past offshore non-compliance

A legal requirement is to be introduced to correct past offshore non-compliance within a defined period of time. New sanctions will apply to those who fail to meet the deadline.

General Anti-Abuse Rule (GAAR)

A new penalty of 60% of the tax charged will apply to all cases successfully challenged by the GAAR. Small changes will also be made to the GAAR to improve its ability to tackle marketed avoidance schemes.



Income Tax Rates and Allowances (Table A)

Main allowances	2016/17	2015/16
Personal Allowance *†	£11,000	£10,600
Blind Person's Allowance	2,290	2,290
Allowed only at 10%		
Married Couple's Allowance (born before 6/4/35) **	8,355	8,355
Income limit for age-related allowances	27,700	27,700
Dividend and Savings Allowances		
Dividend Tax Allowance (DTA) §	5,000	N/A
Personal Savings Allowance (basic rate taxpayer) §	1,000	N/A
Personal Savings Allowance (higher rate taxpayer) §	500	N/A

*Personal Allowance (PA) will be withdrawn at £1 for every £2 by which 'adjusted income' exceeds £100,000. There will therefore be no allowance given if adjusted income is £122,000 or more (2015/16: £121,200).

†Up to 10% of the PA (2016/17: £1,100; 2015/16: £1,060) can be transferred to a spouse or civil partner who is no more than a basic rate taxpayer.

**Married Couple's Allowance is reduced by £1 for every £2 by which adjusted income exceeds the income limit, down to a minimum of £3,220.

§The DTA taxes the first £5,000 of dividend income at nil rather than the rate that would otherwise apply – see rates below. The Personal Savings Allowance (PSA) operates as a nil rate band for interest income.

Rate bands	2016/17	2015/16
Basic	32,000	31,785
Higher	32,001-150,000	31,786-150,000
Additional	over 150,000	over 150,000

Rates	2016/17	2015/16
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Rates differ for General, Savings and Dividend income within each band:

	G	S	D	G	S	D
Basic	20%	20%	7.5%	20%	20%	10%
Higher	40%	40%	32.5%	40%	40%	32.5%
Additional	45%	45%	38.1%	45%	45%	37.5%

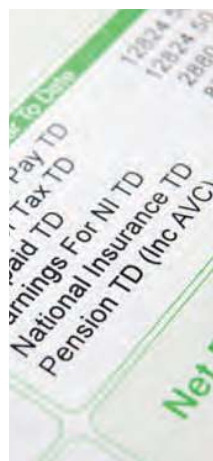
General income (salary, pensions, business profits, rent) uses Personal Allowance, basic rate and higher rate bands before savings income (interest). To the extent that savings income falls in the first £5,000 of the basic rate band, it is taxed at nil rather than 20%. The PSA (see above) will tax interest at nil where it would otherwise be taxable at 20% or 40%.

Dividends are taxed as the 'top slice' of income. For 2016/17, the dividend received is taxable. In 2015/16, the dividend received was grossed up by 100/90 to determine the taxable dividend. A non-repayable tax credit equal to 10% of the taxable amount was then deductible against the income tax liability on the taxable dividend.

High Income Child Benefit Charge (HICBC)

1% of child benefit for each £100 of net income between £50,000 and £60,000.

Remittance basis charge	2016/17	2015/16
For non-UK domiciled individuals who have been UK resident in at least		
7 of the preceding 9 tax years	£30,000	£30,000
12 of the preceding 14 tax years	60,000	50,000
17 of the preceding 20 tax years	90,000	N/A



Registered Pensions (Table B)

	2016/17	2015/16
Lifetime allowance (LA)	£1.00m	£1.25m
Annual allowance (AA)*	40,000	40,000
LA charge if excess drawn as	Cash 55%/income 25%	
AA charge on excess inputs	20%-45%	

Annual relievable pension inputs are the higher of earnings (capped at AA) or £3,600.

*For 2016/17 the AA is usually reduced by £1 for every £2 by which relevant income exceeds £150,000, down to a minimum AA of £10,000.

Car and Fuel Benefits (Table C)

Cars

Taxable benefit is chargeable value multiplied by chargeable percentage.

Chargeable value:

Initial list price of car (including most accessories), reduced by any capital contribution (maximum £5,000) by employee when the car is first made available.

Chargeable percentage:

CO ₂ emissions (g/km)	Petrol	Diesel
0-50	7%	10%
51-75	11%	14%
76-94	15%	18%
Above 94	Add 1% for every 5g/km	
Above 200 (petrol)/185 (diesel)	37% maximum	

Car Fuel

Where employer provides fuel for private motoring in an employer-owned car, CO₂-based percentage from above table multiplied by £22,200 (2015/16 £22,100).

Employee contributions for fuel do not reduce taxable figure unless all private fuel is paid for by the employee (in which case there is no benefit charge).

National Insurance Contributions (Table D)

Class 1 (Employees)	Employee	Employer
Main NIC rate	12%	13.8%
No NIC on first	£155pw	£156pw
Main rate* charged up to	£827pw	no limit
2% rate on earnings above	£827pw	N/A
Employment allowance per qualifying business	N/A	£3,000

*Nil rate of employer NIC for employees under the age of 21 and apprentices under 25, up to £827pw.

Employer contributions (at 13.8%) are also due on most taxable benefits (Class 1A) and on tax paid on an employee's behalf under a PAYE settlement agreement (Class 1B).

Class 2 (Self employed)

Flat rate per week	£2.80
Small profits threshold	£5,965

Class 3 (Voluntary)

Flat rate per week	£14.10
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Class 3A

Contributions vary with age

Class 4 (Self employed)

On profits £8,061 – £43,000	9.0%
On profits over £43,000	2.0%



April 2016

M	T	W	T	F	S	S
				1	2	3
4		5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	
30						

- 5** End of tax year. Cut-off for income and gains between 2015/16 and 2016/17.
- 19** Employers pay PAYE for quarter or month March 2016, cheque to reach accounts office.
- 19** Last day for final 2015/16 Employer Payment Summary to reach HMRC.
- 21** PAYE electronic payment deadline: funds to clear HMRC's bank account.

June 2016

M	T	W	T	F	S	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

- 17** Employers pay PAYE for month May 2016.
- 22** PAYE electronic payment deadline.

August 2016

M	T	W	T	F	S	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

- 1** If 2014/15 tax return not filed, further £300 (or 5% of tax due if higher) penalty.
- 2** Employers submit P46(car) form showing quarter's changes to company cars.
- 19** Employers pay PAYE for month July 2016.
- 22** PAYE electronic payment deadline.

May 2016

M	T	W	T	F	S	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

- 1** Commencement of £10 daily penalties for 2014/15 tax returns not filed.
- 3** Employers submit P46(car) form showing quarter's changes to company cars.
- 19** Employers pay PAYE for month April 2016.
- 20** PAYE electronic payment deadline.
- 31** Employers send 2015/16 P60 to employees.

July 2016

M	T	W	T	F	S	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

- 5** Agree 2015/16 PAYE Settlement Agreement
- 6** Employers send P9D, P11D and annual share scheme returns to HMRC; P9D, P11D to employees.
- 19** Employers pay class 1A NIC for 2015/16.
- 19** Employers pay PAYE for quarter or month June 2016.
- 22** PAYE electronic payment deadline.
- 31** Deadline for payment of second instalment of 2015/16 self-assessed income.

September 2016

M	T	W	T	F	S	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

- 19** Employers pay PAYE for month August 2015.
- 22** PAYE electronic payment deadline.

October 2016

M	T	W	T	F	S	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

31

- 1 Corporation Tax payday for companies with 31 December 2015 year-end.
- 5 Deadline for notifying HMRC if income tax or CGT is due for 2015/16 and no tax return received.
- 19 Employers pay PAYE for quarter or month September 2016, also PAYE Settlement Agreement for 2015/16.
- 21 PAYE electronic payment deadline.
- 31 Last day to file 2015/16 SA return on paper.

December 2016

M	T	W	T	F	S	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

- 19 Employers pay PAYE for month November 2016.
- 22 PAYE electronic payment deadline.
- 30 File 2015/16 SA return online to take advantage of coding out of income tax underpayments.
- 31 Corporation Tax filing deadline for companies with 31 December 2015 year-end.

February 2017

M	T	W	T	F	S	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28					

- 1 If 2014/15 tax return not filed, a further penalty of £300 (or 5% of tax due if higher)
- 2 Employers submit P46(car) form showing quarter's changes to company cars.
- 17 Employers pay PAYE for month January 2017.
- 22 PAYE electronic payment deadline.
- 28 Deadline for payment of balance of 2015/16 tax to avoid late payment penalty.

November 2016

M	T	W	T	F	S	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

- 2 Employers submit P46(car) form showing quarter's changes to company cars.
- 18 Employers pay PAYE for month October 2016.
- 22 PAYE electronic payment deadline.

January 2017

M	T	W	T	F	S	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

- 1 Corporation Tax payday for companies with 31 March 2016 year-end.
- 19 Employers pay PAYE for quarter or month Dec 2016.
- 20 PAYE electronic payment deadline.
- 31 Online filing deadline for 2015/16 income tax and CGT return. Deadline for tax payments to avoid interest. Companies affected by IR35 to file Earlier Year Update for 2015/16.

March 2017

M	T	W	T	F	S	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

- 17 Employers pay PAYE for month February 2017.
- 22 PAYE electronic payment deadline.
- 31 Corporation Tax filing deadline for companies with 31 March 2016 year-end.

Electronic payments due on a weekend must be made on the previous working day unless "Faster Payments" is used.

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REGISTERED NUMBER 7201842

DIRECTOR

PAUL A MORRISSY FCCA



REGISTERED AS AUDITORS IN THE UNITED KINGDOM BY THE
ASSOCIATION OF CHARTERED CERTIFIED ACCOUNTANTS