

A guide to Budget 2014 – Tax Rates and Allowances

A SIMPLE GUIDE TO THE TAX RATES AND ALLOWANCES ANNOUNCED IN THE BUDGET 2014

This is a basic guide, prepared by ACCA's Technical Advisory team, for members and their colleagues or clients.

It is an introduction only and should not be used as a definitive guide, since individual circumstances may vary. Specific advice should be obtained, where necessary.

	2014/15	2013/14
	£	£
Income tax rates - (non-dividend income)		
10% lower rate tax - savings rate only	Up to 2,880	Up to 2,790
20% basic rate tax	Up to 31,865	Up to 32,010
40% higher rate tax	31,866 - 150,000	32,011 - 150,000
45% additional rate tax	Above £150,000	Above £150,000
<i>From 2008-09 10% starting rate applies to savings income only and will not apply if non-savings income exceeds threshold.</i>		
Income tax rates - (dividend income)		
10% rate	Up to 31,865	Up to 32,010
32.5% higher dividend rate	31,866 - 150,000	32,011 - 150,000
37.5% additional dividend rate	Above £150,000	Above £150,000
Personal allowances		
Personal allowance (age under 65)	N/A	N/A
Personal allowance (age 65 - 74)	N/A	N/A
Personal allowance (age 75 and over)	N/A	N/A
Personal allowance those born after 5 April 1948	10,000	9,440
Personal allowance those born between 6 April 1938 and 5 April 1948	10,500	10,500
Personal allowance those born before 5 April 1938	10,660	10,660
Married couple's allowance those born before 6 April 1935	8,165	7,915
Married couple's allowance – minimum amount	3,140	3,040
Income limit for under 65 personal allowance	100,000	100,000
Income limit for personal allowances (born before 6 April 1948)	27,000	26,100
Blind person's allowance	2,230	2,160
Rent-a-room relief	4,250	4,250
<i>Abatement of personal allowance will apply of £1 for every £2 of taxable income in excess of income limit.</i>		

National insurance		
Lower earnings limit, primary Class 1 (per week)	111	109
Upper earnings limit, primary Class 1 (per week)	805	797
Upper accrual point *	770	770
Primary threshold (per week)	153	149
Secondary threshold (per week)	153	148
Employment allowance (per year per employer)	2,000	N/A
Employee's primary Class 1 rate between primary threshold and upper earnings limit	12.00%	12.00%
Employee's primary Class 1 rate above upper earnings limit	2.00%	2.00%
Employee's contracted-out rebate - salary-related scheme	1.40%	1.40%
Married woman's reduced rate between primary threshold and upper earnings limit	5.85%	5.85%
Married woman's rate above upper earnings limit	2.00%	2.00%
Employer's secondary Class 1 rate above secondary threshold	13.80%	13.80%
Employer's secondary Class 1 rate above secondary threshold (contracted out)	10.40%	10.40%
Employer's contracted-out rebate, salary-related schemes (between LEL and UAP)	3.40%	3.40%
Class 2 rate (per week)	2.75	2.70
Class 2 small earning exception (per year)	5,885	5,725
Special Class 2 rate for share fishermen (per week)	3.40	3.35
Special Class 2 rate for volunteer development workers	5.55	5.45
Class 3 rate (per week)	13.90	13.55
Class 4 lower profits limit	7,956	7,755
Class 4 upper profits limit	41,865	41,450
Class 4 rate between lower profits limit and upper profits limit	9.00%	9.00%
Class 4 rate above upper profits limit	2.00%	2.00%
Pensions		
Annual allowance	40,000	50,000
Lifetime allowance	1,250,000	1,500,000
Relief's and incentives		
Enterprise Investment Scheme (EIS) - maximum	1,000,000	1,000,000
Venture Capital Trust (VCT) - maximum	200,000	200,000
Enterprise Management Incentive Scheme (EMI) - employee limit	240,000	240,000
Seed Enterprise Investment Scheme (SEIS)	100,000	100,000
Income tax relief on EIS schemes	30%	30%
Income tax relief on VCT schemes	30%	30%
Income tax relief on SEIS schemes	50%	50%

Individual Savings Account (ISA):			
	- total maximum investment	11,880	11,520
	- maximum cash element of ISA	5,940	5,760
Junior ISA investment limit		3,840	3,720
Child value of CFT limit		3,840	3,720
New ISA (NISA) limits			
New ISA (NISA) annual limit from 1 July 2014 to 5 April 2015		15,000	N/A
New Junior ISA investment annual limit from 1 July 2014 to 5 April 2015		4,000	N/A
New child value of CFT annual limit from 1 July 2014 to 5 April 2015		4,000	N/A
<i>Between 6 April and 30 June 2014 the total amount you can pay into a cash ISA is £5,940, any amounts that you have paid into your ISA between 6 April 2014 and 30 June 2014 will count against your £15,000 NISA limit for 2014/15</i>			
Capital gains tax			
Rate	- basic rate tax payer	18%	18%
	- higher rate tax payer	28%	28%
Individuals		11,000	10,900
Certain trusts for disabled persons		11,000	10,900
Other trusts		5,500	5,450
Entrepreneurs Relief lifetime limit		10,000,000	10,000,000
Entrepreneurs Rate		10%	10%
Chattels exemption (5/3 taxable on excess)		6,000	6,000
Working and Child tax credits rates			
Working tax credit			
Basic element		1,940	1,920
Couple and lone parent element		1,990	1,970
30 hour element		800	790
Disabled worker element		2,935	2,855
Severe disability element		1,255	1,220
Childcare element of the Working tax credit			
Maximum eligible cost for one child (per week)		175	175
Maximum eligible cost for two or more children (per week)		300	300
Percentage of eligible costs covered		70.00%	70.00%
Child tax credit			
Family element		545	545
Family element, baby addition		Nil	Nil
Child element		2,750	2,720
Disabled child element		3,100	3,015
Severely disabled child element		1,255	1,220
Income threshold and withdrawal rates			
First income threshold		6,420	6,420
First withdrawal rate		41.00%	41.00%
First threshold for those entitled to Child tax credit only		16,010	15,910
Income disregard		5,000	5,000
Income fall disregard		2,500	2,500
Child benefit/Guardian's allowance rates			
Eldest/only child		20.50	20.30
Other children		13.55	13.40
Guardian's allowance		16.35	15.90
<i>An income tax charge will apply to taxpayers with income exceeding £50,000 in a tax year, when child benefit is also received by them or their partner. The charge will reduce the financial benefit of receiving child benefit for those with income between £50,000 and £60,000 and remove it completely for taxpayers with income above £60,000.</i>			

Inheritance tax		
Single persons nil rate band	1 - 325,000	1 - 325,000
Single persons 40% band	over 325,000	over 325,000
Married couples or civil partnerships allowance nil rate band	650,000	650,000
Gifts to charities	Exempt	Exempt
Small gifts to same person	250	250
Marriage/civil partnership gifts by:		
	Parent	5,000
	Grandparent/party	2,500
	Other person	1,000
<i>From 6 April 2012 a reduced rate of IHT of 36% will be introduced where 10% or more of the net estate is left to charity.</i>		
Business Property Relief		
Business or interest in a business and transfer if unquoted shareholdings	100%	100%
Transfers out of a controlling shareholding in quoted companies, land and buildings, plant and machinery used in a qualifying company or partnership	50%	50%
Taxation of trusts		
Trust tax rate excluding dividend income	45.00%	45.00%
Dividend trust rate	37.50%	37.50%
Basic rate trust income tax band	1,000	1,000
Corporation tax		
Normal main rate (profits above £1,500,000)	21%	23%
Small companies rate (profits below £300,000)	20%	20%
Margin relief fraction	1/400	3/400
Capital Allowances		
Main writing down allowance	18%	18%
Special rate writing down allowance	8%	8%
Annual Investment Allowance	500,000	250,000
First year allowances for certain energy-saving/water efficient products	100%	100%
Research and Development Tax Credit Rates		
SME Rate	225%	225%
Large company rate	130%	130%
Repayable tax credit for small and medium sized loss making company	14.50%	11%
<i>For large companies the tax credit is 130% or 10% above the line of tax credit</i>		
Patent Box		
Patent box	10%	10%
<i>The Patent box regime will phased in from April 2013 with companies able to claim the benefit of 60% for 2013/14, 70% for 2014/15, 80% for 2015/16, 90% for 2016/17 and 100% from 2017/18 onwards</i>		
VAT		
Standard rate	20%	20%
Registration threshold	81,000	79,000
Deregistration threshold	79,000	77,000
Cash accounting scheme	1,350,000	1,350,000
Annual accounting scheme	1,350,000	1,350,000
Flat rate scheme	150,000	150,000
Flat rate scheme exit threshold	230,000	230,000

Stamp duty land tax (SDLT)		
0% residential	0 - 125,000	0 - 125,000
1% residential	125,001 - 250,000	125,001 - 250,000
3% residential	250,001 - 500,000	250,001 - 500,000
4% residential	500,001 - 1,000,000	500,001 - 1,000,000
5% residential	1,000,001 - 2,000,000	1,000,001 - 2,000,000
7% residential	over 2,000,000	over 2,000,000
15% non-residential	over 2,000,000	over 2,000,000
0% non-residential	0 - 150,000	0 - 150,000
1% non-residential	150,001 - 250,000	150,001 - 250,000
3% non-residential	250,001 - 500,000	250,001 - 500,000
4% non-residential	over 500,000	over 500,000
<i>From 20 March 2014 residential property purchased by non-natural persons for consideration exceeding £500,000 will be subject to SDLT at 15%</i>		
Annual Tax on Enveloped Dwellings (ATED)		
Property value less than £2,000,000	0	0
Property value between £2,000,000 - £5,000,000	15,400	15,000
Property value between £5,000,000 - £10,000,000	35,900	35,000
Property value between £10,000,000 - £20,000,000	71,850	70,000
Property value more than £20,000,000	143,750	140,000
Stamp duty and stamp duty reserve tax		
Standard rate	0.50%	0.50%
Higher rate	1.50%	1.50%
Insurance Premium Tax		
Standard rate	6.0%	6.0%
Higher rate	20.0%	20.0%

ACCA LEGAL NOTICE

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