

# 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
	£	£
<b>Income tax rates - (non-dividend income)</b>		
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>		
<b>Income tax rates - (dividend income)</b>		
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
<b>Personal allowances</b>		
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>		

<b>National insurance</b>		
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%
<b>Pensions</b>		
Annual allowance	40,000	50,000
Lifetime allowance	1,250,000	1,500,000
<b>Relief's and incentives</b>		
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%

<b>Individual Savings Account (ISA):</b>			
	- 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
<b>New ISA (NISA) limits</b>			
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>			
<b>Capital gains tax</b>			
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
<b>Working and Child tax credits rates</b>			
<b>Working tax credit</b>			
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
<b>Childcare element of the Working tax credit</b>			
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%
<b>Child tax credit</b>			
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
<b>Income threshold and withdrawal rates</b>			
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
<b>Child benefit/Guardian's allowance rates</b>			
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>			

<b>Inheritance tax</b>		
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	5,000
Grandparent/party	2,500	2,500
Other person	1,000	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>		
<b>Business Property Relief</b>		
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%
<b>Taxation of trusts</b>		
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
<b>Corporation tax</b>		
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
<b>Capital Allowances</b>		
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%
<b>Research and Development Tax Credit Rates</b>		
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>		
<b>Patent Box</b>		
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>		
<b>VAT</b>		
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

<b>Stamp duty land tax (SDLT)</b>		
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%
<b>Insurance Premium Tax</b>		
Standard rate	6.0%	6.0%
Higher rate	20.0%	20.0%

#### ACCA LEGAL NOTICE

**This is a basic guide prepared by the ACCA UK's Technical Advisory Service for members and their clients. It should not be used as a definitive guide, since individual circumstances may vary. Specific advice should be obtained, where necessary.**