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Doing property business in the UK



MENZIES
BRIGHTER THINKING

Forward

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Laws in the United Kingdom that regulate businesses and taxes are numerous and complex. Therefore we would advise you to consult a Menzies advisor before taking any specific action.

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The UK property market



UK property has always been an attractive asset for domestic and international investors alike. This is partly due to the strength and stability of the UK market and political system, but also due to the profitability of UK property.

In some parts of London in particular, property prices have increased by up to 700% in the last twenty years and around a third of Londoners now rent, compared to just 15% in 2001. Demand for property continues to outstrip supply, meaning UK property benefits from both capital appreciation and reliable monthly returns in terms of rent.

In recent years the UK government has introduced a number of tax changes, aimed at ensuring overseas property investors are taxed on profits and gains made on UK property. Whilst UK property remains an attractive investment, the tax regime is complex and there are a number of common pitfalls to be avoided.

This guide aims to highlight the main taxes that international investors should consider before deciding whether to acquire UK property. However, it does not replace professional advice, which should always be sought before any property is acquired.

Buying and selling property in England, Wales and Northern Ireland



Sellers of UK property will usually engage an estate agent to market the property for sale. Estate agent fees are usually paid by the seller and are commonly a percentage of the final property sale price, although it is possible to negotiate fixed fees.

Once a sale or purchase has been verbally agreed, both the buyer and the seller instruct independent lawyers, often known as conveyancers, to agree the sale and purchase contract. A purchaser's conveyancer will typically conduct a number of property searches to confirm that the seller can pass good title of the property to the buyer and will review any mortgage or other finance agreements.

It is common for the purchaser to instruct a surveyor to undertake a site visit of the property to ensure it is structurally sound and that it complies with relevant building regulations. A mortgage lender will usually insist that a basic survey is carried out, but the purchaser will not normally receive a copy of the report and a more detailed survey is therefore recommended.

The obligation to buy and sell a property only becomes legally binding once contracts have been exchanged. This takes place once both the buyer's and the seller's conveyancers are satisfied that everything is in order. The buyer usually pays a 10% deposit to their conveyancer at this point and the date for completion is agreed. The conveyancer will hold the deposit in an escrow account until the funds are paid to the seller at completion.

The balance of monies are transferred at completion. The purchaser's conveyancer will normally receive the funds in an escrow account and will pay the seller after deducting any fees. The conveyancer will usually pay any taxes or other charges owed by the purchaser at this point.

Tax on property acquisition

Stamp Duty Land Tax



Stamp Duty Land Tax ("SDLT") is charged on purchases of freehold and leasehold land and property in England, Wales and Northern Ireland.

The charge is normally based on the price paid for the property, but can also apply where land and property is acquired in exchange for non-cash payment, for example for the transfer of a mortgage or other debt, or in exchange for services etc.

An SDLT return must be filed and the tax must be paid within 30 days of the property acquisition completion date. This process is normally managed by a solicitor or conveyancer, who will usually file the form and pay the tax on the purchaser's behalf and add the cost to their fees.

Different SDLT rates apply, depending on the price of the property and whether it is residential or non-residential.

Residential property

The SDLT rates for the purchase of residential property are as follows:

Price or transfer value, including lease premium	Rate on purchase of only or main residence by an individual	Rate for companies and for individuals acquiring additional properties
Up to £125,000*	Zero	3%
The next £125,000 (the portion from £125,001 to £250,000)	2%	5%
The next £675,000 (the portion from £250,001 to £925,000)	5%	8%
The next £575,000 (the portion from £925,001 to £1.5 million)	10%	13%
The remaining amount (the portion above £1.5 million)	12%	15%
Net present value of rental payments under lease		
Over £40,000 but not more than £125,000	Zero	3%
Over £125,000	1%	4%

*Transactions for no more than £40,000 are excluded from the surcharge.

The lower rates apply to individuals who replace their only or main residence within three years of selling an existing main residence. Where an existing main residence is not sold at the date of acquiring the new main residence, the higher SDLT rates must be paid, but it may be possible to claim a refund of the additional 3%, if the previous main residence is sold within three years.

The higher rates apply to all companies and to any individuals acquiring share in a second home or an investment property, even where all other properties are overseas.

Where a leasehold property is acquired, SDLT is paid on the lease premium and on the net present value of the rentals payable over the life of the lease.

Properties acquired by certain non-natural persons

SDLT is charged at 15% on residential properties costing £500,000 or more if they are acquired by non-natural persons who fall within the Annual Tax on Enveloped Dwellings ("ATED") regime, unless they are

entitled to claim an exemption. Further information on the ATED regime can be found below.



Multiple dwellings relief

Where a purchaser acquires more than one residential property in a single or in linked transactions, it is possible to make a claim for multiple dwellings relief, if this is beneficial. If relief is claimed, the total amount paid for the properties is divided by the number of properties, SDLT is then calculated at the usual rates on this figure and the resulting amount is multiplied by the number of properties.

The minimum SDLT charge under this method is 1% of the total purchase price, so if the calculations produce a lower charge, the amount payable is increased to 1%.

Acquisitions of six or more residential properties

Where six or more residential properties are acquired in the same transaction, the lower, non-residential rates of SDLT apply.

Non-residential property

Non-residential property includes commercial property such as shops and offices, agricultural land, forests and any other land that or property which is not used as a residence. It also includes mixed use property, i.e. property that has both residential and non-residential elements.

As mentioned above, purchases of six or more residential properties in the same transaction also fall to be treated as non-residential.

The SDLT rates for acquisitions of non-residential property are as follows:

Price or transfer value, including lease premium	SDLT rate
Up to £150,000	Zero
The next £100,000 (the portion from £150,001 to £250,000)	2%
The remaining amount (the portion above £250,000)	5%
Net present value of rental payments under lease	
Over £150,000 but not more than £5 million	1%
Over £5 million	2%

Reliefs for builders and property developers

Builders and property developers are generally subject to SDLT like any other purchaser. However relief may be available in the following limited circumstances.

Part exchange on new homes

Where a builder acquires a home from an individual in part exchange for a new home that the builder is building for them, the builder may be exempt from SDLT on the purchase of the old home if certain conditions are met.

In order for the builder to qualify for exemption, the individual must have lived in the old property as their main residence at some time within the two years before the part exchange, they must buy a new home from the builder and they must intend to live in the new home as their main residence. There is also a restriction on the size of the land that the builder can acquire with the property. This is normally 0.5 hectares.

Developers subject to planning obligations

In exchange for granting planning permission, planning authorities may require developers to provide community amenities such as community buildings. These buildings are usually transferred to the local authority once completed and this can give rise to a double charge to SDLT; once on the acquisition of land by the developer and again on the transfer of the building to the local authority. In these cases the developer can claim relief from SDLT on the first purchase.

Other reliefs

Other reliefs from SDLT are available, for example on certain transactions between group companies and on some acquisitions of property by charities. The rules can be complex and professional advice should always be sought.

First time buyers

Individuals buying their first home and paying £300,000 or less for a residential property are exempt from SDLT. A first time buyer paying between £300,000 and £500,000 pays SDLT at 5% on the amount of the purchase price in excess of £300,000. However If the purchase price is more than £500,000, no relief is due and SDLT is payable in accordance with the normal rates.

A first time buyer is defined as an individual or individuals who have never owned an interest in a

residential property in the United Kingdom or anywhere else in the world and who intends to occupy the property as their main residence.

Value Added Tax



VAT is not normally payable on acquisitions of residential property.

Acquisitions of non-residential property may be subject to VAT at 20% if either the property is a new build and acquired less than three years from construction, or if the seller has opted the building to VAT. However, the seller may not be required to charge VAT if the property is sold as part of a business which is being transferred as a going concern.

Tax on property income



Income from property is taxed in different ways, depending on the nature of the income and on the status of the owner.

Property rental and investment businesses

Taxation of rental profits

Rental income arising on UK property is taxed in the UK regardless of the residency status of the property owner. In general, tax is charged on the net rental income after allowing for the deduction of expenses such as letting fees, insurance, repairs and maintenance etc.

Special rules determine the deductibility of certain expenses for tax purposes, as follows:

- Finance costs – the tax deductibility of interest and other finance costs incurred by individuals (not companies) is being restricted for tax purposes starting from 6 April 2017. The effect of the restriction is to ensure that tax relief for these costs is only given at the basic rate of tax (currently 20% - see below) regardless of the overall tax rate at which the individual pays tax. The restriction is being phased in over four tax years so only 25% of total finance costs will be restricted in tax year 2017-18, increasing to 100% by tax year 2020-21.
- Capital expenditure – depreciation and capital expenditure is generally not tax deductible, however for residential letting businesses relief is given for the cost of replacing items such as furniture and appliances on a like for like basis. Non-residential letting businesses may be entitled to claim capital allowances (a type of tax deductible depreciation) for certain fixtures and fittings within the building. Capital allowances are normally given at a rate of either 8% or 18% per annum on a reducing

balance basis, depending on the nature of the fixture. This is a valuable form of relief which should be negotiated with the seller at the time a property is acquired. Unless joint elections between a property buyer and seller are made, the buyer may be unable to claim.

Tax rates

UK resident individuals are subject to income tax on rental profits. Income tax rates currently range from 20% to 45%, depending on the individual's total taxable income.

UK resident companies are subject to corporation tax on their profits. The current rate of corporation tax is 19%.

Non-resident individuals and companies may be subject to the Non-Resident Landlord scheme. Under this scheme, letting agents and tenants who pay more than £100 per week in rent are required to deduct tax 20% tax at source from rents paid to the landlord and are required to pay this to HMRC on a quarterly basis. Non-resident landlords can apply to HMRC to receive their rental income gross, but if successful will still be required to pay tax annually and file either an income tax or a corporation tax return.

Like resident individuals, non-resident individual landlords are subject to the interest restriction rules described above.

Value Added Tax

Rent on residential property is not normally subject to VAT. Rent on non-residential property, may be subject to VAT if the property has been opted to VAT.

Tax on profit from sale of investment property

UK resident individuals who sell UK property which is held as an investment are subject to capital gains tax (CGT) at either 18% or 28%, depending on whether they are a basic rate or higher rate taxpayer. CGT is charged on the difference between the proceeds received for the sale of the property, less the original property purchase cost and the cost of any improvements. Where property is either gifted or sold for less than market value, CGT is calculated on the basis of deemed market value proceeds.

The sale is reported on the individual's annual income tax return and currently the tax is paid at the time the individual normally pays his or her income tax liability for the relevant tax year. All individuals are entitled to an annual CGT exemption, which is £11,300 for tax year 2017-18, which may reduce the amount of tax due.

UK resident companies are subject to corporation tax at 19% on chargeable gains from the sale of investment property. Unlike individuals, companies are entitled to claim indexation allowance which reduces the chargeable gain by the rate of inflation over the period the property was owned. Property sales are reported in the company's corporation tax return and any tax due is paid on the normal corporation tax due dates.

From 6 April 2015, gains arising on the sale of UK residential property by non-resident individuals and certain non-resident companies are also subject to UK tax, but only in respect of the proportion of any gain arising from 6 April 2015. Where companies and individuals fall within the non-resident CGT regime, tax is charged at the same rates as for resident companies and individuals, however a return must be filed with HMRC within 30 days of the date the property is sold and any tax must usually be paid at the same time.

Generally, companies fall within the non-resident CGT regime if they are close companies. Broadly speaking, close companies are companies controlled by 5 or fewer shareholders.

Sale of residential property by certain non-natural persons

Where a residential property falls within the Annual Tax Charge on Enveloped Dwellings (ATED) regime and is not able to claim any reliefs (see further details below), any gain on that property accruing from 6 April 2013 will be subject to CGT at 28%. This rate will apply regardless of the residency status of the property owner, unless one of the specific exemptions or reliefs apply.

If the relevant property sells at a loss, that loss may only be used against ATED-related chargeable gains in the same or future years.



Property construction and development businesses

Calculation of taxable profit

Companies and individuals that make profit from the construction or development of property are subject to either corporation tax or income tax on the profit from the sale of such property, regardless of residency status. Taxable profit is calculated after allowing a deduction for the cost of acquiring and land or existing buildings to develop and the cost of any development or construction work.

Tax rates

Individuals are subject to income tax on rental profits. Income tax rates currently range from 20% to 45%, depending on the individual's total taxable income.

Companies are subject to corporation tax on their profits. The current rate of corporation tax is 19%.

Value Added Tax

VAT on the construction or development of UK property can be complex. Generally speaking, the construction of brand new residential properties is zero rated, meaning that the builder can recover input VAT on building costs. The conversion of non-residential property into residential property or the conversion of empty residential property, on the other hand may qualify for a reduced rate of VAT of 5%.

VAT on the construction or development of non-residential property is normally charged at 20%.

Annual Tax on Enveloped Dwellings

The Annual Tax on Enveloped Dwellings (“ATED”) regime applies to companies and other non-natural persons (e.g. partnerships with corporate members or other collective investment vehicles), that own dwellings valued at £500,000 or more. For this purpose, the valuation is taken at the earlier of the date the property was acquired, or at the 5 year revaluation date fixed by HMRC. The last fixed revaluation date was 1 April 2017, so any properties already owned at this date must be revalued.

Unless one of a number of exemptions or reliefs apply, the regime imposes an annual tax charge on the property owner, based on the value of each individual property. The property values at which the charges apply has changed frequently over recent years, but for the year to 31 March 2018, the following apply:

Property value	Annual charge
More than £500,000 but not more than £1 million	£3,500
More than £1 million but not more than £2 million	£7,050
More than £2 million but not more than £5 million	£23,550
More than £5 million but not more than £10 million	£54,950
More than £10 million but not more than £20 million	£110,100
More than £20 million	£220,350

Exemptions

There are some exemptions from ATED and where these apply, the property owner is exempt from both the ATED charge and from the requirement to file ATED returns (see below). The exemptions are automatic and do not need to be claimed.

Properties not meeting the definition of a dwelling

Some types of living accommodation are not classed as dwellings and therefore exempt from the regime.

These include:

- Hotels and guest houses
- Accommodation for school pupils and students
- Hospitals and hospices
- Prisons
- Care homes
- Accommodation for members of the armed forces

Other exemptions

Other exemptions from the regime apply to public bodies, bodies established for national purposes, charities that own dwellings for charitable purposes and to properties conditionally exempt from inheritance tax.

Reliefs

As well as outright exemptions from ATED, a number of reliefs apply to mitigate the annual tax charge. However, these reliefs are not automatic must be claimed by filing ATED relief returns within certain time limits (see below).

Property rental businesses

Relief is available to property rental businesses that are carried out on a commercial basis with a view to making a profit. Relief is also available for periods when the property is not let, if steps are being taken to rent the property without delay.

Where a property is unoccupied following the cessation of a rental business, relief from ATED may continue as long as the property is to be sold, converted to or replaced by another property that also qualifies for relief, or converted to or replaced by a non-residential property.

It should be noted that relief is not available for any days where the dwelling is occupied by a non-qualifying individual. Broadly speaking, a non-qualifying individual is an individual who is either a member or shareholder of the entity that owns the property and relatives of those individuals.



Property developers and traders

Relief can also be claimed by property developers who develop residential property on a commercial basis for resale or by traders who buy and sell properties for profit. In order to claim the relief, property traders must be able to demonstrate that properties are acquired with a view to sale and not to hold as investments, which may not qualify for relief.

As with property rental businesses, the relief is not available on any day when the property is occupied by non-qualifying individuals.

Other reliefs

Other ATED reliefs are available on properties that are open to the public, properties acquired by financial institutions in the course of lending, farmhouses, properties that are occupied by certain employees and to providers of social housing.

Administration

Where a person comes within the ATED regime for the first time due to the purchase of a relevant dwelling, the deadline for filing an ATED return and for paying any charge is 30 days following the completion of the acquisition.

Where a person comes within the regime after building a new dwelling or after completing the conversion of a new dwelling from an old one, the filing and tax payment deadlines are extended to 90 days following the earlier of the date on which the dwelling comes into existence for council tax domestic rating purposes, or the date it is first occupied.

Thereafter, ATED returns must be completed and charges paid annually within 30 days of the **start** of the chargeable period, which runs 1 April to 31 March. Therefore if a person owns chargeable property on 1 April 2018, a return must be submitted and the tax paid by 30 April 2018.

Where a person is eligible to claim relief from ATED, this relief must be claimed by submitting the relevant ATED relief return within the above deadlines.

Construction Industry Scheme



Individuals and companies that either sub-contract construction work to others or spend an average of £1 million a year on construction must register as contractors with HMRC under the Construction Industry Scheme (CIS). These rules apply both to UK resident businesses and to non-resident businesses where construction work is undertaken in the UK.

Registered contractors are required to deduct tax at source from payments they make to subcontractors. These deductions are treated as advance payments of the subcontractor's tax and National Insurance.

Work included within CIS

The scheme covers most construction work including work to permanent and temporary structures and to civil engineering work such as roads and bridges. The type of work includes:

- preparing the site, e.g. laying foundations and providing access works
- demolition and dismantling
- building work
- alterations, repairs and decorating
- installing systems for heating, lighting, power, water and ventilation
- cleaning the inside of buildings after construction work

Architecture and surveying are specifically excluded from the scheme, as are some other ancillary services such as carpet fitting, machinery hire without labour and delivery of materials etc.

Responsibilities of contractors

Contractors are required to check whether their subcontractors are registered with HMRC and if so, what their payment status is. Unless a subcontractor has HMRC approved gross payment status, the contractor must deduct tax at source from the money they pay to the subcontractor and must pay this to HMRC on a monthly basis. They must also keep detailed records to demonstrate that the necessary checks have been made.

The applicable withholding tax rate that the contractor must apply depends on the status of the subcontractor, as detailed below.

Responsibilities of subcontractors

Subcontractors are not required to register for CIS with HMRC, but if they don't register contractors are required to deduct tax of 30% from any payments made to them. For registered subcontractors the standard withholding tax rate is 20%, unless they have approved gross payment status from HMRC.

A subcontractor can apply for gross payment status when they register, or at a later time. In order to qualify, the subcontractor will need to be able to demonstrate that all their taxes are up to date, that they are carrying out construction work in the UK and that their turnover exceeds the following amounts:

- £30,000 for a sole trader
- £30,000 for each partner in a partnership, or £100,000 for the whole partnership
- £30,000 for each director of a company, or £100,000 for the whole company

Inheritance Tax

UK property held by both resident and non-resident individuals (from 1 April 2017) will potentially be subject to inheritance tax (IHT) at 40%, if held at death and may be subject to IHT at 20%, if gifted during life time. A number of reliefs and exemptions are available that may reduce or even eliminate the tax charge.



Lifetime gifts

Outright lifetime gifts of property to individuals will be exempt from IHT. Other lifetime gifts (for example into a Trust) will be subject to IHT at 20% to the extent that the value of the property exceeds the individual's nil rate band, which is currently £325,000.

The nil rate band resets every 7 years so gifts of property worth up to £325,000 could be made every 7 years without IHT becoming due. However, if the donor dies within 7 years of making a gift, IHT could retrospectively become due on a tapered scale if the remainder of the donor's estate exceeds the nil rate band.

On death

UK domiciled individuals will be subject to IHT on their entire worldwide estate, whereas non-domiciled individuals will only be subject to IHT on their UK property (including real estate).

If there have been no lifetime gifts during the 7 years before death, the nil rate band of £325,000 should be available and IHT will be charged on the value of the estate in excess of this amount. Assets left to spouses and civil partners are generally exempt from IHT, unless the transferee is not UK domiciled but the transferor was.

Reliefs from IHT of 100% or 50% may be available for relevant business property or agricultural property. Real estate held for the purposes of a trade may qualify for relief, but property held for investment purposes will not.

An additional residential nil rate band of up to £100,000 may be available where a main residence is passed down to direct descendants, if the deceased's estate does not exceed £2 million.

Appendix I – Tax Rate Tables

INCOME TAX RATES

2017/18		2016/17	
Band £	Rate %	Band £	Rate %
0 - 5,000	0*	0 - 5,000	0*
0 - 33,500†	20**	0 - 32,000	20**
33,501† - 150,000	40*	32,001 - 150,000	40*
Over 150,000	45*	Over 150,000	45*

†For Scottish taxpayers only the limit is £31,500.

*Only applicable to savings income. The rate is not available if taxable non-savings income exceeds £5,000. £1,000 of savings income for basic rate taxpayers (£500 for higher rate) may be tax free.

**Except dividends 7.5%. †Except dividends 32.5%. *Except dividends 38.1%.

Other income taxed first, then savings income and finally dividends. The first £5,000 of dividends are tax free.

INCOME TAX RELIEFS

	2017/18	2016/17
Personal allowance	£11,500**	£11,000**
(Reduce personal allowance by £1 for every £2 of adjusted net income over £100,000.)		
**£1,150 (£1,100) may be transferable between certain spouses where neither pay tax above the basic rate.		
Married couple's allowance (relief at 10%*)	£8,445	£8,355
(Either partner 75 or over and born before 6 April 1935.)		
- min. amount	£3,260	£3,220
*Age allowance income limit	£28,000	£27,700
(Reduce age allowance by £1 for every £2 of adjusted net income over £28,000 (£27,700).)		
Blind person's allowance	£2,320	£2,290

INHERITANCE TAX

Death rate	Lifetime rate	Chargeable transfers 2017/18 and 2016/17
Nil	Nil	0 - £325,000 (nil rate band)
40%	20%	Over £325,000

For 2017/18, a further nil rate band of £100,000 may be available in relation to current or former residences. Nil rate bands of surviving spouses/civil partners may be increased by unused nil rate bands of deceased spouses/civil partners.

Reliefs

Annual exemption	£3,000	Marriage - parent	£5,000
Small gifts	£250	- grandparent	£2,500
		- bride/groom	£2,500
		- other	£1,000

Reduced charge on gifts within seven years of death

Years before death	0-3	3-4	4-5	5-6	6-7
% of death charge	100	80	60	40	20

CORPORATION TAX

Year to 31.3.18		Year to 31.3.17	
Profits band £	Rate %	Profits band £	Rate %
All profits	19	All profits	20

Different rates apply for ring-fenced (broadly oil industry) profit.

CAPITAL ALLOWANCES

Plant and machinery - Annual Investment Allowance (AIA)

The AIA gives a 100% write-off on most types of plant and machinery costs, including integral features and long life assets but not cars, of up to £200,000 p.a.

Any costs over the AIA fall into the normal capital allowance pools below. The AIA may need to be shared between certain businesses under common ownership.

Other plant and machinery allowances - The annual rate of allowance is 18%. An 8% rate applies to expenditure incurred on integral features and on long life assets.

A 100% first year allowance may be available on certain energy efficient plant and cars.

Cars - For expenditure incurred on cars, costs are generally allocated to one of the two plant and machinery pools. Cars with CO₂ emissions not exceeding 130gm/km receive an 18% allowance p.a. Cars with CO₂ emissions over 130gm/km receive an 8% allowance p.a. The emissions figure is reduced to 110gm/km for expenditure incurred on or after 1 April 2018.

NATIONAL INSURANCE

2017/18 Class 1 (employed) rates

Employee		Employer**	
Earnings per week	%	Earnings per week**	%
Up to £157	Nil*	Up to £157	Nil
£157.01 - £866	12	Over £157	13.8**
Over £866	2		

*Entitlement to contribution-based benefits retained for earnings between £113 and £157 per week.

**The rate is 0% for employees under 21 and apprentices under 25 on earnings up to £866 per week.

Class 1A (employers) 13.8% on employee taxable benefits

Class 1B (employers) 13.8% on PAYE Settlement Agreements

Class 2 (self-employed) flat rate per week £2.85
small profits threshold £6,025 p.a.

Class 3 (voluntary) flat rate per week £14.25

Class 4 (self-employed) 9% on profits between £8,164 and £45,000 plus 2% on profits over £45,000

CAPITAL GAINS TAX

	2017/18**	2016/17**
Individuals	£	£
Exemption	11,300	11,100
Standard rate	10%	10%
Higher rate*	20%	20%
Trusts		
Exemption	5,650	5,550
Rate	20%	20%

*For higher and additional rate taxpayers.

**Higher rates (18/28%) may apply to the disposal of certain residential property and carried interest.

Entrepreneurs' Relief and Investors' Relief

The first £10m of qualifying gains are charged at 10%. Gains in excess of the limit are charged at the rates detailed above.

VALUE ADDED TAX

Standard rate	20%
Reduced rate	5%
Annual Registration Limit - from 1.4.17 (1.4.16 - 31.3.17 £83,000)	£85,000
Annual Deregistration Limit - from 1.4.17 (1.4.16 - 31.3.17 £81,000)	£83,000

STAMP DUTY AND STAMP DUTY LAND TAX

Land and buildings in England, Wales and N. Ireland

Rate*	Residential*	Non-residential	Rate
%	£	£	%
0	0 - 125,000	0 - 150,000	0
2	125,001 - 250,000	150,001 - 250,000	2
5	250,001 - 925,000	Over 250,000	5
10	925,001 - 1,500,000		
12	Over 1,500,000		

The rates apply to the portion of the total value which falls within each band.

*Rates may be increased by 3% where further residential properties costing £40,000 or over are acquired.

SDLT is charged at 15% on interests in residential dwellings costing more than £500,000 purchased by certain non-natural persons.

Shares and securities - rate 0.5%.

LAND AND BUILDINGS TRANSACTION TAX

Land and buildings in Scotland

Rate*	Residential*	Non-residential	Rate
%	£	£	%
0	0 - 145,000	0 - 150,000	0
2	145,001 - 250,000	150,001 - 350,000	3
5	250,001 - 325,000	Over 350,000	4.5
10	325,001 - 750,000		
12	Over 750,000		

The rates apply to the portion of the total value which falls within each band.

*Rates may be increased by 3% where further residential properties costing £40,000 or over are acquired.

Disclaimer: Rates are for guidance only. No responsibility for loss occasioned by any person acting/refraining from action as a result of this information can be accepted by the authors or firm.