



Chartered
Management
Accountants

THE BCS PARTNERSHIP Ltd

NEWSLETTER

Autumn Statement 25th November 2015



~ BUDGETS 2015 ~

We have had two Budgets this year.

Now we have a third batch of tax changes in the Chancellor's Autumn Statement.

This has confirmed a number of key items and added further changes to the Tax regimes and fiscal policies affecting business people:-

AUTUMN STATEMENT HEADLINES 25th November 2015

~ **SDLT Stamp Duty Land Tax** rates increased by 3% for 'additional' (second) residential properties from 1st April 2016. Higher rates will be charged on purchases of residential properties such as buy to lets and second homes.

Pre 4 December 2014	2014 %'s Applied to Whole of Value	From 4 December 2014	2015 %'s Applied to Each Slice of Value	1 st April 2016 'Additional' Properties
Up to £125,000	Nil	Up to £125,000	Nil	Above £40,000 3%
£125,001 - £250,000	1%	£125,001 - £250,000	2%	5%
£250,001 - £500,000	3%			
£500,001 - £1,000,000	4%	£250,001 - £925,000	5%	8%
£1,000,001 - £2,000,000	5%	£925,001 - £1,500,000	10%	13%
Over £2,000,000	7%	Over £1,500,000	12%	15%

~ **Company Car Tax - Diesel Supplement** – The **3%** addition for Diesel cars will be retained until April 2021.

This amounts to a 15% further increase in tax bills in real terms for most Company Car drivers.

~ **ISA Limits**

These will remain unchanged for 2016/17 at £15,240 and £4,080 for Junior ISAs.

~ **Apprenticeship Levy** Begins April 2017 @ 0.5% of Payroll above £3m. (£15,000 SME Allowance).

~ **Tax Credits**

Overall levels will remain, unchanged.

Tapering Threshold £6,420
Taper 41%

Disregard - Reducing to £2,500 (from £5,000)

~ **Tax-Free Childcare** Upper Income Limit - reducing to £100,000 (from (£150,000)).

MAIN INCOME TAX RATES and ALLOWANCES 2016/17

INCOME TAX RATES & PERSONAL ALLOWANCES

	Personal Allowance ***	40% Threshold	Upper Limit
2015/16	Above £10,600	Taxable Income @ 20% up to £42,385	@ 40% up to £150,000. Then @ 45%
2016/17	£11,000	£43,000	
2017/18	£11,200	£43,600	

And a promise to £12,500 by 2020.

*** Reduced by £1 for every £2 of 'Adjusted Income' earned above £100,000.

NIC

	2015/16	2016/17
Employees - 12% on Employees' earnings Thereafter @ 2%.	£155 - £815 p.wk.	£155 - £827
Employers - 13.8% on Employees' earnings over	£156 p.wk.	£156
Self Employed		
Class 2 Where Profits above £5,965 p.a.	£2.80 p.wk.	£2.80 p.wk.
Class 4 9% on Profits between Thereafter @ 2%.	£8,060 - £42,385 p.a.	£8,060 - £43,000 p.a.

DIVIDENDS

From April 2016, the 1/9th Dividend Credit will be replaced by a set of direct tax rates:-

7.5% for 20% tax payers
32.5% for 40% tax payers
38.1% for 45% tax payers.

There will be a tax-free allowance where dividends do not exceed £5,000 in the Tax Year. (**But all is not what it seems**).
For further details and worked examples as to how this might affect you, contact: BCS at: 01706 646664 or e-mail: bcspart.co.uk

INHERITANCE TAX - Main Residence

The £325,000 basic tax-free Band is frozen until 2021, but an additional IHT-free Band of £150,000 is added from 2017/18, rising to £175,000 in 2020/21.

CORPORATION TAX

19% from 1 April 2017 18% from 1 April 2018

BUY-TO-LET & RENT-A-ROOM

From 1 April 2016 the 10% Wear-and-Tear allowance will be abolished; to allow actual costs to be tax-deducted.
Tax relief on finance charges is to be tapered to Basic Rate over 4 years from April 2017.

The £4,250 allowance for lodgers is increased to £7,000.

EMPLOYER'S NIC ALLOWANCE

Employers will not have to pay the first £3,000 of Er's NIC from next April 2016:-
£2,000 from 1 April 2015 £3,000 from 1 April 2016. (Not applicable if Director = sole employee).

VAT registration £82,000. Cash Accounting £1,350,000.

For a copy of our Tax Focus 2015/16 which shows the key tax rates for the last seven years and the Budget 2015,

Call us on 01706 646664 or e-mail bcspart.co.uk. A *.pdf version is available at: <http://www.bcspart.co.uk/>

~ Minimum Wage Rates ~

From October 2015; the new rates will apply until October 2016

From October	21+ £ p.hr	18-20 £ p.hr	Under18 £ p.hr	Apprentices Under 19 - or 1st Year
2015	6.70	5.30	3.87	3.30
2014	6.50	5.13	3.79	2.73
2013	6.31	5.03	3.72	2.68
2012	6.19	4.98	3.68	2.65

~ Company Cars - Advisory Fuel Rates ~

The AFRs were revised on 1st September 2015. HMRC have reduced the 1400cc Petrol rate by 1ppm and 1ppm for all Diesel cars:-

Engine Size	Petrol	LPG	Diesel
1400 cc or less	11p	8p	
1600 cc or less			9p
1401 cc to 2000 cc	14p	9p	
1601 cc to 2000 cc			11p
Over 2000 cc	21p	14p	13p
Fuel Cost	114.6 ppl	59.4 ppl	112.0 ppl

The rates are due to be revised on 1st December 2015 - but any changes are likely to be insignificant.

~ Suggestion Pay - ESC A57 ~

We remind our readers that this valuable tax concession is still on the table - after 30 years in our experience.

Employees can be paid up to £5,000 TAX FREE for cost-saving suggestions. Even if the suggestions aren't implemented!

An employee can receive as many tax-free awards as may be warranted in each Tax Year - each up to £5,000 - or whatever your Suggestion Scheme considers appropriate.

BCS Partnership has been dealing with Suggestion Pay schemes since the 1990's so we are in a good position to advise businesses how to utilise this incentive. There are some basic rules which need to be followed, but nothing onerous. After all - HMRC use it - you can too!

~ VED - Increases - CO₂ Basis ~

This May - as confirmed in the Summer Budget - saw very significant increases in Vehicle Excise Duty on cars acquired after April 2017. Both the First-Year (Showroom) rates have increased, but also the annual rates will increase for 95% of cars.

Essentially, all except Zero CO₂ cars will pay £140 p.a., removing the incentive to acquire fuel-efficient cars.

Vehicles over £40,000 List Price will pay a further £310, making their VED bill £410 p.a..

Cars over 255 gm/km will be charged a £2,000 First-Year tax.

For further details, contact The BCS Partnership Ltd. 01706 646664. Or attend our Company Cars seminar. (See below).

~ Pension Limits ~

The £1,250,000 Lifetime Allowance will be reduced to £1,000,000 from April 6 2016.

For funds of over £1m, the change will not be retrospective. The allowance will increase by Consumer Price Index from From April 2018.

The present £40,000 Annual Allowance will be tapered to £10,000 for people earning over £150,000 p.a. at the rate of £1 for every £2 over £150,000.

For further advice and guidance on any of the above topics, please contact BCS on 01706 646664.

And to close

~ "Company Cars - The Alternatives" ~ Seminars

Company Car tax will increase 40-50% in real terms over the next 3 years. On the other hand:-

Companies are saving over £10,000 per driver in adopting the Key Alternatives.

So, **BCS** are continuing to run their very successful seminars on Company Cars:-

"Company Cars - The Alternatives" ½ Day - 9.30 am - 12.30 Noon

Spend ½ a day to make an informed decision.

Bristol - Thursday 5th November - Alveston House Hotel, Davids Lane, Thornbury, Bristol BS35 2LA

Birmingham - Thursday 3rd December - Clayton (Bewleys) Hotel, Outwood Lane, Manchester Airport M90 4HL

£149 + VAT for (1) Delegate: +£50 + VAT for additional Delegate per company.

Details and Booking On-line can be found at :- <http://www.bcspart.co.uk/> or telephone **01706 646664**.

Dates for our 2016 programme will be announced mid-December 2015.

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