

**Tax Rates
2019/20**

Accountancy

JJU

Many of the rates and allowances shown in this card are subject to a range of exceptions and special rules that apply in different circumstances. The details set out below should be taken only as a general guide.

Personal Tax

Income tax rates

General rate	Dividend rate	Taxable income 2019/20	Taxable income 2018/19
20% ⁽¹⁾	7.5%	£0 to £37,500	£0 to £34,500
40%	32.5%	£37,501 to £150,000	£34,501 to £150,000
45%	38.1%	Over £150,000	Over £150,000

Certain trusts taxed at 45% (38.1% on dividend income).

(1) Savings income of up to £5,000 taxable at 0% in certain circumstances.

Main allowances and reliefs

	2019/20	2018/19
Personal allowance ⁽¹⁾	£12,500	£11,850
Dividend allowance ⁽²⁾	£2,000	£2,000
Personal savings allowance ⁽²⁾		
Basic rate taxpayer	£1,000	£1,000
Higher rate taxpayer	£500	£500
Additional rate tax payer	Nil	Nil

(1) Withdrawn at a rate of £1 of allowance for every £2 of income over £100,000.

(2) The dividend allowance and personal savings allowance utilise the basic and higher rate bands.

Capital gains tax

	2019/20	2018/20
Basic rate taxpayers	10% ⁽¹⁾	10% ⁽¹⁾
Higher rate taxpayers	20% ⁽²⁾	20% ⁽²⁾
Trustees	20% ⁽²⁾	20% ⁽²⁾
Entrepreneurs' relief	10%	10%
Annual exemption (individuals and personal representatives)	£12,000	£11,700
Annual exemption (trustees)	£6,000	£5,850

(1) A rate of 18% applies to chargeable gains accruing on the disposal of residential property and certain other assets.

(2) A rate of 28% applies to chargeable gains accruing on the disposal of residential property and certain other assets.

Individual savings accounts (ISAs)

	2019/20	2018/20
Maximum investment	£20,000	£20,000
Cash in a junior ISA (under 18s)	£4,368	£4,260

Registered pension schemes: tax relief

	2019/20	2018/20
Annual contribution allowance 100% of salary up to	£40,000 ⁽¹⁾	£40,000 ⁽¹⁾
Permitted pension contribution (irrespective of salary)	£3,600	£3,600
Lifetime benefit allowance	£1,055,000	£1,030,000

(1) Broadly, reduced by £1 for every £2 of income above £150,000, to a minimum allowance of £10,000

Inheritance Tax Tax rate on death

	2019/20	2018/20
Nil	Up to £325,000	Up to £325,000
40%	Above £325,000	Above £325,000

For 2019/20 an additional 'residence nil rate band' of £150,000 (2018/19 £125,000) can be used, broadly, against the transfer of residential property or proceeds to a child or grandchild.

Lifetime gifts

Most lifetime gifts to individuals are charged to inheritance tax only if made within seven years before the donor's death. Subject to the nil rate band they are charged on the following scale:

Years before death	0-3	3-4	4-5	5-6	6-7
% of death charge	100	80	60	40	20
% effective rate	40	32	24	16	8

Lifetime gifts to most trusts are, subject to the nil rate band, chargeable at half the death rate increasing on the above scale if death occurs within seven years.

Business Tax

Corporation tax

	FY2019	FY2018
Taxable profits	19%	19%

For FY2020 the rate will be 17%.

Capital allowances

Annual investment allowance	2019/20	2018/19
100% allowance for expenditure on plant and machinery (excluding cars) up to:	£1,000,000	£200,000/ £1,000,000 ⁽¹⁾
First year allowances		
Qualifying assets	100%	100%
Writing-down annual allowances (on a reducing balance basis)		
Integral features, long life plant and machinery, and certain cars	6% pa	8% pa
Structures and buildings	2%	2% ⁽²⁾
Other plant and machinery	18% pa	18% pa

(1) Annual investment allowance of £1m from 1 January 2019 to 31 December 2020.

(2) Structures and buildings allowance commenced 29 October 2018.

Indirect Taxes

VAT

	FY2019	FY2018
Standard rate	20%	20%
Fraction	1/6	1/6
Registration ⁽¹⁾ - annual turnover limit	£85,000	£85,000
De-registration – annual turnover limit	£83,000	£83,000
Cash accounting turnover limit	£1,350,000	£1,350,000
Annual accounting turnover limit	£1,350,000	£1,350,000

(1) The threshold is nil for non-UK established businesses making taxable supplies in the UK.

National insurance contributions 2019/20

Class 1 Employees' rates

Weekly earnings	Rate
Below £166	Nil
£166 to £962	12%
Over £962	2%

Class 1 Employers' rates

Weekly earnings	Rate
Below £166	Nil
Over £166 ⁽¹⁾	13.8%
Annual allowance for most employers	£3,000

(1) Special rules for employees under 21 years old, or apprentices under 25 years old.

Class 1A	13.8% on most benefits in kind not within Class 1
Class 2 Self-employed	Flat rate £3.00 pw (if earnings exceed £6,365).
Class 3 Voluntary	Flat rate £15.00 pw.
Class 4 Self-employed	9% on annual profits between £8,632 and £50,000. 2% on annual profits above £50,000.