JOHNSTON
CARMICHAEL

Budget Review

March 2016

Helping you understand how proposed
changes might impact you or your business

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Foreword by Susie Walker

Making Britain fit for the future

George Osborne introduced widespread tax changes in the 2016 Budget. Overall it feels like a good Budget for individuals and business. The main losers will be tax avoiders and overseas property developers who currently can escape paying tax on profits from properties developed in the UK. The main beneficiaries are those who work and save.

Only fuel duty remains as it was before the Chancellor delivered his eighth Budget speech in which he talked about global uncertainty and turbulent financial markets. This was in addition to the need for Britain to continue upon the same economic path his government has followed over their period in power. He presented a Budget that seeks to put the next generation first, a Britain that lives within our means, and can withstand pressures from a dangerous cocktail of global risks that are ahead of us. A Budget that seeks to have Britain running a surplus by 2019/20.

I hope you enjoy reading our summary of the main announcements that affect our client base. Should you have any questions, please contact one of the team listed within the document or your usual Johnston Carmichael adviser.

Susie Walker
Head of Tax

Contents

The Budget Briefing proposals may be subject to amendment in a Finance Act. You should contact us before taking any action as a result of the contents of this summary.

Personal Tax

Personal allowance and higher rate threshold

The Chancellor announced increases in personal allowance and the higher rate threshold to take effect from the 2017/18 tax year as follows:

	2016/17	2017/18
	£	£
Personal Allowance	11,000	11,500
Basic rate threshold	32,000	33,500
Higher rate threshold	43,000	45,000

From 6 April 2016 the Scottish Rate of Income Tax will apply if you live in Scotland. For 2016/17 the overall rates of income tax paid will be the same UK wide. For 2017/18, the Scottish rates are expected to be announced in Autumn 2016.

Dividend tax

The Government is to abolish the dividend tax credit with effect from 5 April 2016 and will introduce a new 0% dividend allowance of £5,000 per year. The new rates of tax on dividend income above the dividend allowance will be 7.5% for basic rate taxpayers, 32.5% for higher rate taxpayers and 38.1% for additional rate taxpayers.

Capital Taxes

Capital Gains Tax (CGT)

A number of key changes were announced to CGT.

CGT rates

Current rates of CGT will reduce from 6 April 2016 as follows:

> The 18% rate which applied to gains arising within an individual's income tax basic rate band will be reduced to 10%

> Gains arising in excess of an individual's income tax basic rate band are taxed currently at 28%, but will now be reduced to 20%.

These new reduced CGT rates applying from 6 April 2016 will not apply to chargeable gains accruing on the disposal of residential property (that do not qualify for private residence relief) and carried interest.

CGT annual exemption

The CGT annual exemption for individuals is currently £11,100. For most trustees the annual exemption is currently £5,550.

CGT – Entrepreneurs' Relief (ER)

ER remains for individuals making qualifying disposals.

The Chancellor also announced in the Budget an extension to the relief for long-term investors. If an individual acquires newly issued shares on or after 17 March 2016 in an unlisted trading company, and holds these for a period of at least three years starting from 6 April 2016, then the gains on the disposal of the ordinary shares will be taxed at a 10% CGT rate, subject to a lifetime cap of £10 million.

CGT – Extending ER on associated disposals

As previously advised in earlier Budget updates, changes were introduced in 2015 aimed at restricting ER for contrived arrangements. As a result of the changes, genuine transactions were caught and ER being denied. In the 2015 Autumn Statement, the Government confirmed it would bring forward legislation to amend these changes in order to support businesses which undertake genuine commercial transactions.

Legislation introduced in Finance Act 2015 impacted on ER being available when an individual disposed of an asset held personally which was used in a business carried on by their partnership or company at the same time as they retired or reduced their participation in the business.
The legislation set out that if 'partnership purchase arrangements' and/or 'share purchase arrangements' existed within the business structure at the time of disposal, then ER would be denied. This had the impact of denying ER on most disposals of assets held outside of a business where a family business was concerned. The 2016 Budget changes revise the definitions used within the legislation and backdate the changes to the date when the Finance Act 2015 became effective, being 18 March 2015.

This measure will have the effect of allowing ER to be claimed on an 'associated disposal' of a privately held asset when the accompanying disposal of business assets is to a family member.

CGT – ER: changes to joint ventures and partnerships

Finance Act 2015 again introduced rules which combated the abuse of ER. Whilst these rules have helped prevent abuse of the relief, they also have resulted in the relief not being due to investors in genuine commercial structures where tax avoidance was not a main motive.

The Chancellor announced a new definition of 'trading company' and 'trading group' which is backdated to 18 March 2015. The impact of this is that a company which holds shares in a joint venture company will be treated as carrying on a proportion of the activities of that company in proportion to the investing company's fractional shareholding in it. In terms of the activities of a corporate partner within a business, this will be treated as having its true nature (trading or non-trading) when determining whether the company is a trading company, rather than automatically being considered an investment company which is what the Finance Act 2015 changes created.

These new definitions will mean that whether a company is classified as a trading company or holding company of a trading group, depends on the size of the claimant's shareholding in the company.

CGT – changes to rules to extend availability for ER on goodwill on incorporation

The other measure which Finance Act 2015 had introduced to combat abuse of ER was related to the availability of ER on goodwill on incorporation. The 2016 Budget has announced changes to the legislation which will take effect for disposals made on or after 3 December 2014. This will ensure that genuine commercial arrangements are not adversely impacted.

Going forward, ER will be available in respect of gains arising on goodwill where the individual holds less than 5% of the shares in the acquiring company and also less than 5% of the voting rights. ER will also not be denied where the individual holds 5% or more of the shares and voting rights in the company to which the goodwill is being transferred, as long as the transfer of the business to the company is part of arrangements for the company to be sold to a new, independent owner.

CGT – lifetime limit on Employee Shareholder Status exemption

Since the introduction of Employee Shareholder Status (ESS) in 2013, individuals can realise gains on the disposal of shares acquired under Employee Shareholder Agreements free of CGT.

A measure introduced in the Budget places a lifetime limit of £100,000 on CGT exempt gains that a person can make on the disposal of shares acquired under Employee Shareholder Agreements entered into after 16 March 2016.

Shares issued prior to midnight at the end of 16 March 2016 will not count towards the CGT limit now introduced and will be entirely free of CGT.

Inheritance Tax (IHT)

The IHT nil rate band threshold as previously announced will remain at £325,000 until 2021.

No major changes were announced to IHT.

Undrawn pension funds in drawdown pensions

As announced in the 2015 Summer Budget, the Government will legislate to ensure a charge to IHT will not arise when a pension scheme member designates funds for drawdown but does not draw all of the funds before death. This measure will be backdated to apply to deaths on or after 6 April 2011.

Residence nil-rate band - downsizing

The Government will legislate to ensure that the residence nil-rate band will also be available when a person downsizes or ceases to own a home on or after 8 July 2015 where assets are passed on death to direct descendants.

Inheritance tax exemption for compensation and ex-gratia payments to victims of persecution during the World War II era

The Government will legislate Extra Statutory Concession F20, which gives an inheritance tax exemption in respect of certain compensation and ex-gratia payments for World War II claims. The legislation will include payments made under a recently created compensation scheme known as the Child Survivor Fund. The legislation will apply to deaths on or after 1 January 2015.

Inheritance Tax – Trusts

No new changes were announced in the 2016 Budget in respect of trusts.

Non-Domiciled Persons

A major reform to non-domicile taxation is currently being undertaken by the Government. As previously announced, from April 2017 non-UK domiciled individuals will be deemed UK domiciled for all tax purposes after they have been UK resident for 15 of the past 20 years. Furthermore, individuals who were born in the UK and who have a UK domicile of origin will revert to their UK domiciled status for tax purposes whilst resident in the UK.

The Government will also legislate to change inheritance tax on all UK residential property indirectly held through an offshore structure from 6 April 2017. Non-domiciled individuals who have a non-UK resident trust set up before becoming deemed domiciled in the UK will not be taxed on income and gains retained in the trust. All non-domiciled reforms will be legislated for in Finance Bill 2017.

The 2016 Budget has confirmed that non-domiciled individuals who become deemed domiciled in April 2017 can treat the base cost of their non-UK based assets as being the market value of that asset on 6 April 2017. Individuals who expect to become deemed UK domiciled under the 15 out of 20 year rule, will be subject to transitional provisions with regards to offshore funds to provide certainty on how amounts remitted to the UK will be taxed.

Pensions and Savings

Pensions

As expected, following press reports prior to the 2016 Budget announcement, no substantive changes to pensions legislation were announced meaning that:

- Higher rate and additional rate tax relief remains on pension contributions
- The annual allowance remains at £40,000 except for high earners who will have annual allowance tapered to £10,000 for those with taxable income of £210,000 or more
- Three year carry forward on unused annual allowance remains
- Pension commencement lump sum (tax free lump sum) to remain
- Some incidental tidying measures around ill health lump sums and trivial commutation
- The Personal Lifetime Allowance will reduce from £1.25 million to £1 million from 6 April 2016.

ISAs

The ISA allowance will increase from £15,240 to £20,000 from 6 April 2017.

New Lifetime ISA

From April 2017, people under the age of 40 will be able to open a Lifetime ISA and contribute £4,000 each tax year up to the age of 50. The Government will add 25% (£1,000) bonus on contributions at end of each tax year.

Tax free funds can be used to acquire a first home up to a value of £450,000. Funds can otherwise be withdrawn without charges or restriction in government bonus from the age of 60. Withdrawals can be made at other times but with a loss of the Government bonus, interest growth and a 5% charge.

The new Lifetime ISA is designed to operate alongside the Help to Buy ISA and main ISA. Any investment in the Lifetime ISA will sit within the overall £20,000 annual ISA limit.

Help to Save

The Government will introduce a Help to Save scheme for those on low incomes who are looking to save regularly. The new scheme will be available to those receiving Universal Credit or those receiving Working Tax Credit. The Government will provide a 50% bonus on up to £50 of monthly savings to a Help to Save account. The bonus will be paid once the account has been operational for two years, but can be run for a maximum of four years meaning that the total amount saved with the government bonus will amount to £3,600.

Personal Savings Allowance

The Government will introduce the personal savings allowance from 6 April 2016. This will remove from tax £1,000 of savings income for basic rate taxpayers and £500 for higher rate taxpayers. Additional rate taxpayers will not receive the allowance. Interest on bank and building society interest will be paid without deduction of income tax.

From April 2017, interest received from investments in open-ended investment companies, authorised unit trusts, investment trusts and peer to peer loans may be paid without deduction of income tax.

Business Tax

Class 2 National Insurance Contributions (NIC)

Class 2 NIC will be abolished from April 2018 saving the self-employed around £134 per year. Class 4 NIC will be reformed to provide benefit entitlement.

Property and trading income allowance

From April 2017, the Government will introduce a new £1,000 allowance for trading and property income. Individuals with property income or trading income below £1,000 will no longer need to declare or pay income tax on this income. If their income exceeds this amount, they may simply report their income and expenses in the normal way or deduct £1,000 from their trading or property income and report this.

Private landlords

Finance cost restriction for landlords of residential properties

Under rules introduced in the 2015 Summer Budget, relief for finance costs are to be restricted to basic rate over a gradual period starting in April 2017. Clarification of the rules will be made to confirm that beneficiaries of deceased persons' estates will be entitled to basic rate tax reduction and will also ensure that the basic rate tax reduction is calculated in the way intended.

Reform of wear and tear allowance for landlords of residential properties

The Government has confirmed that wear and tear allowance will be abolished with effect from 5 April 2016. In its place a new relief will be available to allow landlords to claim the costs of replacing furnishings.

Corporate Tax

Corporation tax rate

The rate of corporation tax will be reduced to 17% from 1 April 2020, this is an additional 1% cut.

Interest deductibility

From 1 April 2017 there will be a Fixed Ratio Rule which limits corporation tax deductions for the net interest expense to 30% of a group's UK earnings before interest, tax, depreciation and amortisation (EBITDA). This is in line with the rules in several other countries and should be sufficient to cover the commercial interest costs that would arise for most businesses.

There will also be a group ratio rule based on the net interest to EBITDA ratio for the worldwide group to recognise that some groups may have high external gearing for genuine commercial purposes. There is to be a de minimis group threshold of £2 million net of UK interest expense. This is expected to exclude 95% of groups from the rules.

The existing worldwide debt cap will be repealed and rules with a similar effect will be included in the new interest restriction rules to ensure that a group's net UK interest deductions cannot exceed the external interest of the group.

Offshore UK property developers

Finance Bill 2016 will introduce measures to ensure that profits from trading in UK land will be taxed in the UK, whether or not the person to whom they arise is UK tax resident and whether or not they are trading in the UK through a permanent establishment. There will be a brief period of consultation. In addition to this legislation, HMRC will create a taskforce to ensure tax on these profits is effectively collected by identifying and investigating offshore businesses that try to avoid paying tax.

Use of Personal Service Companies

From April 2017, any public sector bodies using personal service companies will be responsible for ensuring that status rules are correctly applied and the right amount of tax is paid. The Government will consult on introducing a simpler set of tests in terms of whether the IR35 rules will apply to a particular engagement.

S455 – Loans to participators

The tax rate on loans to participators will increase from 25% to 32.5% for loans made after 6 April 2016. For accounting periods that straddle 6 April, there will be a different rate applied to loans made pre and post 6 April 2016. This measure brings the rate into line with the dividend rate.

The measure applies to artificially extended credit terms as well as actual loans of money.

Loss Reform

Losses incurred by a company after 1 April 2017 will be available to offset against profits from multiple income streams or from other companies within a group. This is much more flexible because the current rules only allow losses carried forward to be used against profits of the same trade in the company where they were incurred.

For taxable profits in excess of £5 million, the amount of profits that can be offset against losses carried forward will be restricted to 50%.

For groups, this £5 million will apply to the group. These changes will not apply to the North Sea ringfenced corporation tax regime. Legislation will be included in Finance Bill 2017 and further restrictions will apply to banks.

Named key adviser

The lack of a formal discussion forum for mid-sized businesses to voluntarily review their affairs with HMRC has been widely criticised. Plans will be announced by the end of 2016 which provide mid-sized businesses with access to a named key adviser at 'key points of transition' which have yet to be described.

Trading income received in non-monetary form

Legislation will be introduced in Finance Bill 2016 to ensure that such amounts are taxed at full value.

Business Tax Roadmap

The Government issued the promised Business Tax Roadmap (BTR) and said that it will respond to the consultation on company distributions by the end of March 2016. The BTR sets out the Government's plans for business taxes to 2020 and beyond.

Patent Box

Tax changes will be introduced from 1 July 2016 as expected so that the UK legislation complies with the Organisation for Economic Co-operation and Development's (OECD) guidance. This will ensure that eligibility for the patent box lower tax rate reflects the level of research and development (R&D) incurred by the claimant.

Vaccine Research Relief (VRR)

This will cease to qualify when its State Aid approval runs out on 31 March 2017. This is not completely suprising given that fewer than ten companies claim VRR each year.

Large corporates

For corporates with taxable profits over £20 million, the Government had previously announced in the 2015 Summer Budget that it would bring forward corporation payment dates to quarterly dates within the financial year. This has been postponed by two years and will now commence for accounting periods beginning on or after 1 April 2019. Large corporates will be required to publish their tax strategies and special measures will be introduced in Finance Bill 2016 to tackle businesses that persistently engage in aggressive tax planning.

Withholding tax on royalties

Withholding tax (20%) on royalties will be extended to specifically include brand and trademark royalties. There will also be further measures to prevent the exploitation of tax treaties.

Hybrid mismatch

This legislation fully implements the agreed OECD recommendations. Mismatches can involve either double deductions for the same expense, or deductions for an expense without any corresponding receipt being taxable. The tax impact is neutralised by changing the tax treatment of either the payment or the receipt. The adjustments will depend on whether both companies are in countries that have made provision for these rules and whether we are looking at a double deduction or a deduction/exclusion.

Other Business Tax Measures

Extending farmers' averaging period

As announced in the 2015 Autumn Statement, from April 2016 farmers will have the choice of averaging their profits for income tax purposes over two years or five years.

Renewals allowance – this will be repealed in Finance Bill 2016. The provision provides traders and property businesses with tax relief on the cost of replacing tools.

Asset managers – the Government will legislate in Finance Bill 2016 to determine when performance awards received by asset managers may be taxed as capital gains. An award will be subject to income tax, unless the underlying fund undertakes long term investment activity.

Capital Allowances

Business Premises Renovation Allowance (BPRA)

The Government has confirmed that the Business Premises Renovation Allowance will expire on 31 March 2017 for corporation tax and 5 April 2017 for income tax. Expenditure must, therefore, be incurred before either 31 March 2017 or 5 April 2017 to qualify.

Enterprise Zones

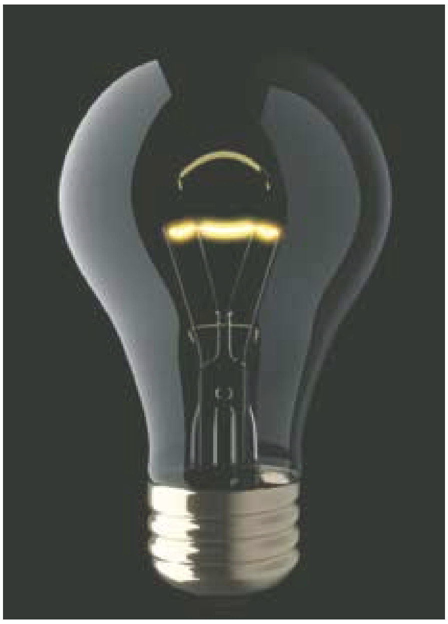
From April 2016 the current time limit for claiming the Enhanced Capital Allowances (ECA) in Enterprise Zones has been extended to eight years from the date of announcement.

ECAs in Enterprise Zones were introduced in 2012 for a five year period to 31 March 2017, therefore this extension is expected to support further investment in Enterprise Zones.

Companies qualifying for ECAs in Enterprise Zones benefit from 100 per cent first-year allowances, which will enable them to write off qualifying expenditure more quickly for tax purposes.

Enhanced Capital Allowances (ECAs)

The list of designated energy-saving and water-efficient technologies qualifying for an ECA will be updated during summer 2016, subject to State aid approval.



Cars

The 100% First Year Allowance (FYA) for businesses purchasing low emission cars will be extended for a further three years to April 2021. From April 2018 the carbon dioxide emission threshold below which cars are eligible for the FYA will be reduced from 75g/km to 50g/km.

Business tax rates

The threshold for receiving 100% relief on business rates is to increase. Currently only small businesses that occupy a property with a rateable value of £6,000 or less are eligible to benefit. From April 2017 this threshold is to increase to £12,000 with an additional taper relief on properties worth up to £15,000 also to be introduced. The higher rate relief is also to be increased from £18,000 to £51,000.

As business rates are devolved to the Scottish Parliament these changes will have no direct impact in Scotland. The Small Business Bonus Scheme, which was introduced in 2008, aims to provide similar relief to companies with business premises in Scotland.

Employment Taxes and Shareholder Incentives

Disguised remuneration avoidance schemes

Finance Bill 2016 will introduce the first part of packages to tackle disguised remuneration avoidance schemes. The measure will insert an additional Targeted Anti-Avoidance Rule (TAAR) with effect from 16 March 2016.

Termination payments

Legislation will be introduced in Finance Bill 2017 to restrict the scope of the £30,000 Income Tax exemption in respect of termination payments from April 2018.

Where the £30,000 exemption is available, the full termination payment is currently exempt from Class 1 National Insurance Contributions; however there are plans for qualifying termination payments above £30,000 to be subject to Employer's National Insurance (but not Employee's National Insurance) from April 2018.

Salary sacrifice/exchange

The Government previously announced a review of salary sacrifice/exchange schemes.

No further proposals have been made at this stage to restrict the operation of such schemes. However it has now been stated that any changes should not apply to pension saving, childcare and health-related benefits (such as Cycle to Work) provided under salary sacrifice/ exchange arrangements.

Employment allowance

As previously announced, this will increase from £2,000 to £3,000 per year from April 2016, but will be withdrawn from companies where the director is the only employee. From 2018, in addition to any civil penalties imposed by the Home Office, Employment Allowance will be withdrawn for one year from employers who are found to employ illegal workers.

Expenses and benefits

The Government has announced that the current £150 Income Tax and National Insurance relief for employer arranged pension advice will increase to £500, although the effective date is still to be announced.

There will be a consultation on proposals to simplify the process of entering into PAYE Settlement Agreements and proposals to align the dates by which an employee has to make a payment to their employer to 'make good' for a benefit-in-kind they receive. Legislation will be introduced in Finance Bill 2016/17 to ensure that if there is a specific statutory provision for calculating the tax charge on a benefit-in-kind this must be used.

Voluntary payrolling of benefits

As previously announced, employers can voluntarily payroll benefits in kind from April 2016 but they must register before 5 April 2016 if they wish to do so for the 2016/17 tax year. The Government has announced that it will now be possible to also payroll benefits in respect of non-cash vouchers and credit tokens from April 2017.

Trivial benefits

As previously announced, a new statutory Income Tax exemption will apply from 6 April 2016 in respect of qualifying trivial benefits-in-kind costing £50 or less. The exemption will remove the charge to Income Tax or Class 1A National Insurance

Contributions with effect from 6 April 2016 and a corresponding exemption for Class 1 National Insurance Contributions will take effect later in the year.

Tax free childcare

The new, previously announced but delayed, Tax Free Childcare scheme will now be rolled out during 2017. Employer supported childcare, including childcare vouchers, will continue to be available to new entrants up to April 2018.

Travel and subsistence

As previously announced, Finance Bill 2016 will restrict tax relief for home to work travel and subsistence expenses for workers engaged through an employment intermediary. However, following a consultation carried out in September 2015, the Government has decided not to implement changes to the travel and subsistence rules that apply generally.

National Minimum Wage/ National Living Wage

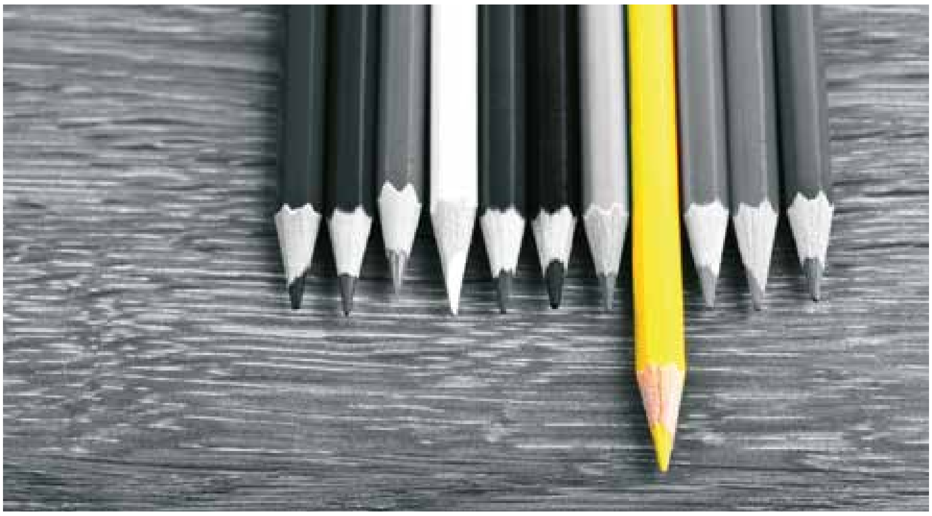
As previously announced, workers aged 25 and above will be entitled to the 'National Living Wage' of £7.20 per hour from April 2016. From October 2016, the National Minimum Wage for other employees will increase from £6.70 to £6.95 per hour for 21 to 24 year olds, from £5.30 to £5.55 per hour for 18 to 20 year olds and from £3.87 to £4.00 per hour for 16 to 17 year olds. The rate for apprentices will also increase from October 2016 from £3.30 to £3.40 per hour and the accommodation offset from £5.35 to £6.00 a day. The Government has announced the alignment of the National Minimum Wage and National Living Wage cycles so that both rates change in April each year from April 2017.

Apprenticeship levy

As previously announced, there will be a 0.5% levy on an employer's costs in excess of £3 million per year from April 2017 to fund apprenticeships.

Real Time Information

The Government will extend use of Real Time Information from employers for claims for Jobseeker's Allowance, Employment Support Allowance and Income Support.



Shared parental leave

The Government has announced that it will consult on how the Shared Parental Leave and Pay rules could be extended to working grandparents and how the system could be streamlined and make more effective use of digital technology.

Tax Simplification

The Office of Tax Simplification has been asked to review the potential impact of moving Employees' National Insurance to an 'annual, cumulative and aggregated basis' and moving Employers' National Insurance to a 'payroll basis'. The scope of the review is expected to be announced shortly.

Venture Capital Schemes

There are some further changes to the rules relating to the Enterprise Investment Scheme (EIS). As announced in the 2015 Autumn Statement, all remaining energy generation activities (including the export of electricity and the production of gas or other fuel) will be excluded from the EIS, SEIS and VCTs schemes for investments made on or after 6 April 2016.

The changes to be included in the Finance Bill will clarify certain provisions to ensure the new rules introduced by Finance (No.2) Act work as intended. The method for determining the five year period which is used to determine the average turnover amount for condition B of the permitted maximum age requirement, and the relevant three preceding years for determining whether a company meets an operating costs condition to be a knowledge-intensive company, is being amended. The changes ensure that where a company's most recent accounts filing period started no more than 12 months before the date of the relevant investment being made, the end of the five or three year period is the end of the accounting period falling immediately before the accounts filing period. The change will apply retrospectively with effect from 18 November 2015 but companies will be able to make an election to apply the existing method for investments made before 6 April 2016.

Finance Bill 2016 will also introduce legislation permitting HMRC to collect information from businesses that receive state aid through the tax system, and to share and publish that information. This follows new European Commission reporting requirements. The requirements are set out in Article 9 of Commission Regulation 651/2014 (General Block Exemption Regulation (GBER). The new rules apply to all aid notified under either GBER or certain other State aid guidelines and take effect for state aid provided from 1 July 2016.

The EIS and VCTs are state aids falling within the EU reporting requirements and details of companies receiving total EIS/VCT investments above 500,000 euros will be published in due course. Details of individual EIS investors will not be published.

Indirect Taxes

Insurance Premium Tax (IPT)

The standard rate of IPT will be increased from 9.5% to 10% with effect from 1 October 2016.

VAT & duty

The turnover thresholds at which businesses must become VAT registered and may deregister for VAT have been increased with effect from 1 April 2016 to £83,000 and £81,000 respectively.

A package of measures was also announced aimed at tackling rapidly growing online VAT evasion. Two key areas that are being targeted are overseas businesses and online marketplaces.

HMRC is strengthening existing VAT legislation for directing overseas businesses that should be registered for VAT in the UK to appoint a UK-established VAT representative and giving HMRC greater flexibility in relation to when it can require some form of security.

In addition to this, HMRC will also be given new powers to make online marketplaces jointly and severally liable for the unpaid VAT of overseas businesses who are non-compliant with UK VAT rules.

Fuel duty

For the sixth consecutive year, the main rate of Fuel Duty will be frozen at 57.95 pence per litre for 2016/17.

Updates on alcohol duty rates

The following duty rates will be frozen in cash terms this year:

> duty rates on beer
> duty rates on spirits and other drinks above 22% alcohol by volume (abv)
> duty rates on still cider and lower strength sparkling cider.

The duty rates on wine and made-wine at or below 22% abv, and high strength sparkling cider above 5.5% abv will rise by RPI inflation from 21 March 2016.

Gambling Duties

Gambling Duty bands will increase in line with RPI for accounting periods starting on or after 1 April 2016.

Reforming the treatments of ('freeplays') within Remote Gaming Duty will be amended to bring it into line with General Betting Duty, to come into effect from 1 August 2017.

Soft drinks industry levy

The Government will introduce a new soft drinks industry levy to be paid by producers and importers of soft drinks that contain added sugar. The levy will be charged on volumes according to total sugar content, with a main rate charge for drink above 5 grams of sugar per 100 millilitres and a higher rate for drinks of more than 8 grams of sugar per 100 millilitre. There will be an exclusion for small operators, legislation in Finance Bill 2017 and implementation from April 2018 onwards.

Horserace Betting Reform

The Government has set out a timetable for replacing the current Horserace Betting Levy by April 2017. This will give British horseracing the right to funds from offshore remote betting operators.

Air Passenger Duty - rates

The rates of Air Passenger Duty (APD) for the tax years 2016 to 2017 and 2017 to 2018 will increase in line with the Retail Price Index (RPI). Scotland's replacement to APD is expected to be introduced for April 2018.

From 1 April 2016

Bands (distance in miles from London)	Reduced rate (lowest class of travel)	Standard rate (1) (other than the lowest class of travel)	Higher rate (2)
Band A (0 – 2000 miles)	£13	£26	£78
Band B (over 2000 miles)	£73	£146	£438

From 1 April 2017

Bands (distance in miles from London)	Reduced rate (lowest class of travel)	Standard rate (1) (other than the lowest class of travel)	Higher rate (2)
Band A (0 – 2000 miles)	£13	£26	£78
Band B (over 2000 miles)	£75	£150	£450

Climate Change Levy: main and reduced rates

This measure increases the main rates of Climate Change Levy (CCL), for 2017 to 2018, 2018 to 2019 and 2019 to 2020.

For 2019 to 2020, the balance between rates on taxable commodities will be updated to reflect changes in the fuel mix used in electricity generation and the increase in main rates of CCL will recover the tax revenues lost by closing the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme. In addition, the reduced rates of CCL for qualifying businesses in the Climate Change Agreements (CCA) scheme will be amended so participants will not pay more in CCL than they would under the currently expected Retail Prices Index (RPI) increase for that year.

In line with usual practice, CCL main rates for 2017 to 2018 and 2018 to 2019 will be increased in line with RPI to maintain the price signal.

The rates for 2016 to 2017 and the rates covered by the 2016 Budget announcement are as follows:

Climate Change Levy main rates

Taxable commodity	Rate from 1 April 2016	Rate from 1 April 2017	Rate from 1 April 2018	Rate from 1 April 2019
Electricity (£ per KWh)	0.00559	0.00568	0.00583	0.00847
Natural gas (£ per KWh)	0.00195	0.00198	0.00203	0.00339
LPG (£ per kg)	0.01251	0.01272	0.01304	0.02175
Any other taxable commodity (£ per kg)	0.01526	0.01551	0.01591	0.02653

Climate Change Levy reduced rates

Taxable commodity	Rate from 1 April 2016	Rate from 1 April 2017	Rate from 1 April 2018	Rate from 1 April 2019
Electricity	10%	10%	10%	7%
Natural gas	35%	35%	35%	22%
LPG	35%	35%	35%	22%
Any other taxable commodity	35%	35%	35%	22%

Gaming Duty : increase gross gaming yield bands

This measure will increase the gross gaming yield (GGY) bands for gaming duty in line with inflation.

Hand-rolling tobacco duty rate

This measure increases the hand-rolling tobacco (HRT) duty rate by 5% above retail price index (RPI) inflation this year. This is an additional 3% rise above the tobacco duty escalator which, as announced at the 2014 Budget, will continue until the end of the Parliament.

Landfill Tax: increase in rates

This measure will increase both the standard and lower rates of Landfill Tax in line with the Retail Prices Index (RPI), rounded to the nearest 5 pence, for taxable disposals of waste made at authorised landfill from April 2017 and again from April 2018.

The rates are being amended and the new rates will be:

Waste sent to landfill	Rate from 1 April 2016	Rate from 1 April 2017	Rate from 1 April 2018
Standard rated	£84.40/tonne	£86.10/tonne	£88.95/tonne
Lower rated	£2.65/tonne	£2.70/tonne	£2.80/tonne

* These rates will not apply in Scotland.

Vehicle Excise Duty rates for cars, vans, motorcycles, and motorcycle trade licences

Vehicle Excise Duty rates will increase by RPI in 2016 to 2017.

Stamp Duty Land Tax

The way in which Stamp Duty Land Tax (SDLT) is charged on non residential property transactions is to be changed. From 17 March 2016 new tax bands will be introduced. This will mean that the rates will apply only to the value of the property in excess of each band.

This banding structure is already in place for leasehold transactions. However from 17 March 2016 a new 2% rate for rent paid under a non-residential lease will be introduced where the net present value of the rent is above £5 million.

There will also be changes to the way SDLT is charged on residential properties. This is targeted at individuals purchasing second homes or buy to let properties. The rate of SDLT charged will be 3% above the current rates where upon completion of the transaction the individual purchasing the property will own two or more residential properties and is not replacing their main residence. Companies purchasing residential property will also be subject to higher rates. These changes will apply to residential property purchases from 1 April 2016.

These measures do not apply directly to Scotland as SDLT was devolved to Scotland on 1 April 2016. It remains to be seen how these changes will impact upon the Land and Buildings Transactions Tax in Scotland.

Oil and Gas

The 2016 Budget announced significant tax reductions in a hope to revitalise the sector in the near term. The rate of Petroleum Revenue Tax will be reduced permanently from 35% to 0%, effective for all chargeable periods ending after 31 December 2015. The rate of Supplementary Charge will be reduced from 20% to 10% with effect from 1 January 2016.

Further measures are for new powers for HMRC to extend the definition of "relevant income" for the cluster area and investment allowances. In particular, tariff income (payments by a third party for access) will be included in order to activate the allowances. It is hoped that this will encourage investment in infrastructure, particularly where this is maintained for third parties. Also, the Government has confirmed that companies will be able to claim tax relief on their costs when they retain decommissioning liabilities for an asset after a sale.

Other Matters - Tax Administration

The Government announced a commitment to making it quicker, easier and simpler for businesses to report and pay tax. HMRC has been set a target to reduce the cost to business of dealing with HMRC by £400 million over the course of the Parliament.

The Government has committed to 'Making Tax Digital' and have said they will transform tax administration and reduce the burden on taxpayers by abolishing the tax return.

However concerns have been raised by businesses as to how they will manage their tax payments under this new system. If going forward they have to put money aside to make large and infrequent payments, this can be difficult to plan for.

The Government have advised that from 2018, self-employed individuals and landlords who are keeping digital records and providing regular digital updates to HMRC will be able to voluntarily adopt a pay-as-you-go approach to tax payments. The concern with this is that businesses may pay over too much tax if ultimately the business incurs other costs during a year.

HMRC are to reduce average call waiting times, by recruiting over 800 members of staff. With call centres to open seven days a week and a new helpline to be launched for start-up businesses.

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JOHNSTON CARMICHAEL WEALTH

Chartered Financial Planners

A Budget for the next generation

The widely speculated changes to pensions did not materialise in the 2016 Budget. After the Chancellor announced there would be no changes to tax reliefs, some believed that there might still be changes to salary sacrifice for pension contributions and additional changes to lifetime and annual allowance.

While no such changes were announced, there are still significant issues for many to consider between now and the tax year end.

In this section, Johnston Carmichael Wealth provides a summary on some of the key announcements from the 2016 Budget and how they may impact you now or in the future.

Johnston Carmichael Wealth is an associate company of Johnston Carmichael. Our team of Financial Planners advise individuals and businesses of all sizes and our independent status enables us to deliver a broad range of services and solutions from across the market.

Johnston Carmichael Wealth believe that life is for living and are proud to be the 'Trusted Adviser' to clients.

Craig Hendry
Managing Director
Johnston Carmichael Wealth

ISA Allowance increase

The significant increase of the annual ISA allowance from £15,240 to £20,000 from 2017 is welcomed. For a couple, £40,000 per annum into a tax efficient structure is a valuable financial planning option especially when you consider how it might grow over time and the tax free income it could produce in retirement.

Lifetime ISA for those under 40

At first glance this would appear very attractive to basic rate tax payers as you have a guaranteed rate of return by way of the government bonus of £1,000 based on your maximum contribution of £4,000. This is clearly targeted at those looking to buy their first property up to £450,000 in value. If you cannot use it for the property and it effectively becomes a savings plan which you access before

your 60th birthday, you would lose the government bonus, associated growth and you would be subject to a 5% penalty.

Capital Gains Taxation

The cut in capital gains tax from 28% to 20% (higher rate) and 18% to 10% (basic rate) was unexpected and will be welcomed by many. Thought should be given to the timing of disposals. The reduction in capital gains will not apply to residential property as the Government looks to control inflation.

Goodbye to 'The Money Advice Service', 'The Pension Advisory Service' and 'Pension Wise'. Hello to the Pension Advice Allowance

We will monitor the consultation on the pension advice allowance. This is a proposal to allow individuals over the age of 55 to draw a £500 allowance tax free from their pensions to help cover the cost of advice.

To be consistent with the aforementioned £500 via personal pensions, the documentation also states that they will increase the Income Tax and National Insurance relief for employer arranged pension advice from £150 to £500. This provides employers with the opportunity of providing a valuable benefit for their employees.

Simplified taxation for investors in bond funds

From April 2017 bond fund managers will stop automatically collecting 20% tax from their income payments to investors.

In the 2016 Budget the Treasury announced "Automatic deduction of savings income tax; the Government will change the tax rules so that interest from OEICs, authorised unit trusts, investment trust companies and peer-to-peer loans may be paid without deduction of income tax from April 2017. The measure is being introduced to help bond fund investors enjoy the new Personal Savings Allowance, and will 'radically simplify' the tax regime for bond funds".

From April, basic-rate taxpayers will be exempt from tax on the first £1,000 of interest (£500 for higher-rate taxpayers), and receiving distributions without tax deducted means that they will not need to file tax returns simply to claim tax back.

Saving for retirement

Some of the changes not directly related to pensions will have an impact on those saving for retirement, as well as some tidying up of the pensions freedoms.

> Those buying commercial property will see a cut in the Stamp Duty Land Tax they pay from midnight on 16 March with the threshold system changing to a tiered system; 0% below £150,000, 2% on the next £100,000 with 5% paid on the remainder. The location of the property is key as the changes do not apply in Scotland.

> Changes are proposed to salary sacrifice but the Budget announcement states that the Government intends that pensions will be able to continue to benefit.

> Defined contribution schemes that are already in payment will be able to be paid out under the trivial commutation rules.

Appendix 1: Rates and Allowances 2016/17

https://www.gov.uk/government/publications/tax-and-tax-credit-rates-and-thresholds-for-2016-17/tax-and-tax-credit-rates-and-thresholds-for-2016-17

Contents

1. Bands of taxable income and corresponding tax rates

	2015-16	2016-17
	% of income / £ a year	
Basic rate	20%	20%
Higher rate	40%	40%
Additional rate	45%	45%
Starting rate for savings income (*1)	0%	0%
Dividend ordinary rate – for dividends otherwise taxable at the basic rate (effective rate with tax credit) (*2)	10% (0%)	7.5%
Dividend upper rate – for dividends otherwise taxable at the higher rate (effective rate with tax credit) (*2)	32.5% (25%)	32.5%
Dividend additional rate – for dividends otherwise taxable at the additional rate (effective rate with tax credit) (*2)	37.5% (30.6%)	38.1%
Starting rate limit (savings income) (*1)	£5,000	£5,000
Basic rate band	£0-31,785	£0-32,000
Higher rate band	£31,786-£150,000	£32,001-150,000
Additional rate band	Over £150,000	Over £150,000

*1 From 2008-09 there is a starting rate for savings income only. If an individual's taxable non-savings income exceeds the starting rate limit, then the starting rate for savings will not be available for savings income.

*2 From April 2016 the dividend tax credit will be abolished and replaced with a new £5,000 tax-free Dividend Allowance.

2 Income tax allowances

	2015-16		2016-17
	% of income/£ per year		% of income/£ per year
Personal allowance:		**Personal allowance:**	
Born after 5 April 1938 (*1)	£10,600	Personal Allowance (*8)	£11,000
Born before 5 April 1938 (*1 2)	£10,660	Income limit for personal allowance (*8)	£100,000
Income limit for personal allowance (*1)	£100,000	Income limit for married couple's allowance (*9)	£27,700
Income limit for personal allowances (born before 6 April 1938) (*2)	£27,700		
Marriage allowance:		**Marriage allowance:**	
Marriage allowance (*3 4)	£1,060	Marriage allowance (*10 11)	£1,100
Married couple's allowance for those born before 6 April 1935:		**Married couple's allowance for those born before 6 April 1935:**	
Maximum amount of married couple's allowance (*5 6)	£8,355	Maximum amount of married couple's allowance (*12 13 14)	£8,355
Minimum amount of married couple's allowance (*5 6 7)	£3,220	Minimum amount of married couple's allowance (*12 13 14 15)	£3,220
Blind person's allowance:		**Blind person's allowance:**	
Blind person's allowance	£2,290	Blind person's allowance (*14)	£2,290
		Dividend allowance:	
		Dividend allowance (*16)	£5,000
		Personal savings allowance:	
		Personal savings allowance for basic rate taxpayers (*17)	£1,000
		Personal savings allowance for higher rate taxpayers (*17)	£500

*1 This allowance is subject to the £100,000 income limit which applies regardless of the individual's date of birth. The individual's personal allowance is reduced where their income is above this limit. The allowance is reduced by £1 for every £2 above the limit.

*2 This allowance is subject to the £27,700 income limit. The individual's personal allowance is reduced where their income is above this limit. The allowance is reduced by £1 for every £2 above the limit but is not reduced below £10,600 (unless the £100,000 income limit applies – see note 1).

*3 This transferable allowance is available to married couples and civil partners who are not in receipt of married couple's allowance. A spouse or civil partner who is not liable to income tax; or not liable at the higher or additional rate, can transfer this amount of their personal allowance to their spouse or civil partner. The recipient must not be liable to income tax at the higher or additional rate.

*4 The relief for this allowance is given at 20%.

*5 This allowance is subject to the £27,700 income limit. The individual's married couple's allowance is reduced by £1 for every £2 above the limit. That reduction only applies after any reduction to their personal allowance (see page 18, note 2). The individual's married couple's allowance is never reduced below the minimum amount.

*6 The relief for this allowance is given at 10%.

*7 This is the maximum relief for maintenance payments where at least one of the parties was born before 6 April 1935.

*8 From 2016-17 onwards, all individuals will be entitled to the same personal allowance, regardless of the individuals' date of birth. This allowance is subject to the £100,000 income limit which applies regardless of the individual's date of birth. The individual's personal allowance is reduced where their income is above this limit. The allowance is reduced by £1 for every £2 above the limit.

*9 This allowance is subject to the £27,700 income limit. The individual's personal allowance is reduced where their income is above this limit. The allowance is reduced by £1 for every £2 above the limit but is not reduced below £10,600 (unless the £100,000 income limit applies – see note 8).

*10 This transferable allowance is available to married couples and civil partners who are not in receipt of married couple's allowance. A spouse or civil partner who is not liable to income tax; or not liable at the higher or additional rate, can transfer this amount of their personal allowance to their spouse or civil partner. The recipient must not be liable to income tax at the higher or additional rate.

*11 The relief for this allowance is given at 20%.

*12 This allowance is subject to the £27,700 income limit. The individual's married couple's allowance is reduced by £1 for every £2 above the limit. That reduction only applies after any reduction to their personal allowance (see note 9). The individual's married couple's allowance is never reduced below the minimum amount.

*13 The relief for this allowance is given at 10%.

*14 These amounts are subject to indexation – the annual increase in CPI – and have been frozen for 2016-17 at 2015-16 levels in order to prevent any cash loss to individuals as a result of negative growth in CPI.

*15 This is the maximum relief for maintenance payments where at least one of the parties was born before 6 April 1935.

*16 From April 2016, the new Dividend Allowance means that individuals will not have to pay tax on the first £5,000 of dividend income they receive.

*17 From April 2016, the new Personal Savings Allowance means that basic rate taxpayers will not have to pay tax on the first £1,000 of savings income they receive and higher rate taxpayers will not have tax to pay on their first £500 of savings income.

3. National Insurance Contribution thresholds

	2015-16	2016-17
	£ per week	£ per week
Weekly Lower Earnings Limit (LEL) (*1)	£112	£112
Weekly Primary Threshold (PT) (*1)	£155	£155
Weekly Secondary Threshold (ST) (*2)	£156	£156
Upper Earnings Limit (UEL)	£815	£827
Upper Profits Limit (UPL)	£42,385 per year	£43,000 per year
Upper Secondary Threshold for U21's	£815	£827
Small Profits Threshold (SPT) (*1 3)	£5,965 per year	£5,965 per year
Lower Profits Limit (LPL)	£8,060 per year	£8,060 per year
Employment Allowance	£2,000 (per year, per employer)	£3,000 (per year, per employer)
Apprentice Upper Secondary Threshold (AUST) for under 25s (*4)	–	£827

*1 These thresholds are uprated by CPI.

*2 The Weekly Secondary Threshold is uprated by CPI.

*3 The Small Profits Threshold replaced the Small Earnings Exception on 6 April 2015.

*4 The Upper Secondary Threshold for Apprentices under 25 comes into effect on 6 April 2016.

4. Class 1 National Insurance contribution rates 2016-17

Employee (primary)		Employer (secondary)	
Earnings (*1)	NIC rate	Earnings (*1)	NIC rate
£ a week	per cent	£ a week	per cent
Below £112 (LEL)	0%	Below £156 (ST)	0%
£112-155 (PT) (*2)	0%	Above £156 (ST)	13.8%
£155-827 (UEL)	12%		
Above £827	2%		

*1 The limits are defined as LEL - lower earnings limit; PT - primary threshold; ST - secondary threshold; and UEL – upper earnings limit.

*2 No National Insurance contributions (NICs) are actually payable but a notional Class 1 NIC is deemed to have been paid in respect of earnings between LEL and PT to protect contributory benefit entitlement.

5. Self-employed National Insurance contribution rates 2016-17

Annual Profits (£ a year) (*1)	Class 2 (£ a week) (*2)	Class 4 (%)
Below £5,965 (SPT) (*3)	£0.00	0%
£5,965 to £8,060 (LPL)	£2.80	0%
£8,060 to £43,000 (UPL)	£2.80	9%
Above £43,000	£2.80	2%

*1 The limits are defined as SPT – small profits threshold; LPL – lower profits limit and UPL – upper profits limit.

*2 Class 2 NICs are paid at a weekly flat rate of £2.80 by all self-employed persons unless they have profits below the small profits threshold. The rate is uprated by CPI.

*3 The self-employed may pay Class 2 contributions if their profits are below the SPT.

6. Other NICs rates

	2015-16	2016-17
Married Women's reduced rate (%) (*1)	5.85%	5.85%
Special Class 2 rate for share fishermen (*2)	£3.45 per week	£3.45 per week
Special Class 2 rate for volunteer development workers (*2)	£5.60 per week	£5.60 per week
Class 3 rate (*2 3)	£14.10 per week	£14.10 per week

*1 Married Women's Reduced Rate is paid only by married women and certain widows with valid reduced rate elections on earnings between PT and UEL and at 2% on earnings that exceed UEL.

*2 These rates are uprated by CPI.

*3 Class 3 NICs can be paid by contributors to make the year a qualifying year for basic State Pension, new State Pension and Bereavement Benefit purposes.

7. Working and Child Credit Tax rates and thresholds

7.1 Working Tax Credit

	2015-16	2016-17	Change
	£ a year	£ a year	
Basic element	£1,960	£1,960	0
Couple and lone parent element	£2,010	£2,010	0
30 hour element	£810	£810	0
Disabled worker element	£2,970	£2,970	0
Severe disability element	£1,275	£1,275	0
Childcare element			
maximum eligible cost for one child	£175 per week	£175 per week	0
maximum eligible cost for two or more children	£300 per week	£300 per week	0
% of eligible costs covered (%)	70%	70%	0

7.2 Child tax credit

	2015-16	2016-17	Change
	£ a year	£ a year	
Family element	£545	£545	0
Child element	£2,780	£2,780	0
Disabled child element	£3,140	£3,140	0
Severely disabled child element	£1,275	£1,275	0

7.3 Income thresholds and withdrawal rates

	2015-16	2016-17	Change
	£ a year	£ a year	
Income threshold	£6,420	£6,420	0
Withdrawal rate	41%	41%	0
First threshold for those entitled to Child Tax Credit only	£16,105	£16,105	0
Income rise disregard	£5,000	£2,500	£2,500
Income fall disregard	£2,500	£2,500	0

8. Child Benefit and Guardian's Allowance

	2015-16	2016-17	Change
	£ a year	£ a year	
Child Benefit			
First Child	£20.70	£20.70	0
Second and subsequent children	£13.70	£13.70	0
Guardian's Allowance	£16.55	£16.55	0

9. Tax-free Savings Accounts

	2015-16	2016-17
	£ a year	£ a year
Individual Savings Account (ISA) subscription limit	£15,240	£15,240
Junior ISA subscription limit	£4,080	£4,080
Child Trust Fund (CTF) subscription limit	£4,080	£4,080

10. Fuel benefit charge

	2015-16	2016-17
Car fuel benefit charge multiplier	£22,100	£22,200
Van fuel benefit charge	£594	£598

11. Van benefit charge

	2015-16	2016-17
Van benefit charge	£3,150	£3,170

12. Capital Gains Tax

	2015-16	2016-17
	£ per year	£ per year
Annual Exemption - Individual	£11,100	£11,100
Annual Exemption - Trust	£5,550	£5,550
Capital Gains Tax Rates		
- Basic rate taxpayer *1,2,3,4	18%	10%
- Higher/Additional rate taxpayer *1,2,3,4	28%	20%
- Trusts *1	28%	20%

*1 Disposals of residential property and carried interest will be subject to capital gains tax at either 18% and/or 28%.

*2 Disposals of assets which qualify for Entrepreneurs' Relief up to the £10 million lifetime limit will be subject to capital gains tax at 10%

*3 With effect from 16 March 2016, Entrepreneurs' Relief is extended to investors who invest in unlisted trading companies. Provided the shares have been held for at least 3 years, gains up to the £10 million lifetime limit will be subject to Entrepreneurs Relief at 10%

*4 From 16 March 2016, gains arising on the disposal of shares received under an Employee Shareholder Agreement are exempt from CGT subject to a lifetime limit of £100,000 for shares acquired.

Appendix 2: Key Dates 2016

April

01 5% or £300 penalty for outstanding 14/15 tax return if filed by paper

R&D: 'above the line' tax credit set at 10%: scheme becomes mandatory

05 Last day of 15/16 tax year. Deadline for 15/16 ISA investment. Last day to use 15/16 Capital Gains Tax annual exemption

06 Income tax: farmers' averaging period to be extended to five years

NICs employment allowance increased to £3,000. Measure takes effect

Personal savings allowance: commencement

Scottish rate of income tax: commencement

Dividends taxation reform: changes take effect

30 Last date for VAT partial exemption adjustment (monthly returns)

May

01 £10 per day penalties (up to £900 max) may apply for outstanding 14/15 Self Assessment tax returns if filed electronically

03 Deadline for submitting P46 (car) for employees whose car/ fuel benefits change during the quarter to 5th April 2016

05 Scottish Parliament election

19 Deadline for submission of PAYE End of Year Returns (P35, P38(A), P14) to HMRC

31 Deadline for employers to provide 15/16 form P60 to employees

June

30 Last date for VAT Annual Partial Exemption Adjustment (for quarter ended March)

Reform of patent box regime: existing regimes closed to entrants

July

06 Deadline for employers to provide 15/16 forms P11D(b), P11D and P9D to HMRC and to provide a copy of forms P11D and P9D to relevant employees

19 Deadline for payment of Class 1A NIC on chargeable benefits in kind and expenses payments provided during 15/16

31 Last date of VAT Annual Partial Exemption Adjustment (for quarter ended April). Second Income Tax Self Assessment Payment on account due for 15/16

August

01 5% penalty on any 14/15 Self Assessment tax outstanding

02 Deadline for submitting P46 (car) for employees whose car/ fuel benefits change during the quarter to 5th July 2016

31 Last day for VAT Annual Partial Exemption Adjustment (for quarter ended May)

October

05 Last day for notification to HMRC of any new sources of income or gains for 15/16 where tax liability has not been collected at source or where High Income Child Benefit Charge is due

19 Last day for payment of Income Tax/Class 1B NIC on 15/16 PAYE Settlement Agreements

31 Deadline for paper submission 15/16 Self Assessment tax returns. £100 fixed penalty if missed

November

02 Deadline for submitting P46 (car) for employees whose car/ fuel benefits change during the quarter to 5th October 2016

December

30 Deadline for 15/16 electronic tax returns where the taxpayer wants a balancing payment (below £3000) through their PAYE code

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