

Appendix A. Headline tax and benefit rates and thresholds

	2015–16	2016–17 ^a
Income tax		
Personal allowance: born after 5/4/38	£10,600 p.a.	£11,000 p.a.
born before 6/4/38	£10,660 p.a.	£11,000 p.a.
Married couple's allowance, restricted to 10%: at least one spouse or civil partner born before 6/4/35	£8,355 p.a.	£8,355 p.a.
Dividend allowance ^b	-	£5,000
Personal savings allowance basic (higher) rate ^c	-	£1,000 (£500)
Basic rate	20%	20%
Higher rate	40%	40%
Additional rate	45%	45%
Tax rates on interest income	0%, 20%, 40%, 45%	0%, 20%, 40%, 45%
Tax rates on dividend income	10%, 32.5%, 37.5% ^b	7.5%, 32.5%, 38.1% ^b
Starting-rate limit	£5,000 p.a.	£5,000 p.a.
Basic-rate limit	£31,785 p.a.	£32,000 p.a.
Higher-rate limit	£150,000 p.a.	£150,000 p.a.
Income limit for personal allowance	£100,000 p.a.	£100,000 p.a.
National Insurance		
Lower earnings limit (LEL)	£112 p.w.	£112 p.w.
Upper earnings limit (UEL)	£815 p.w.	£827 p.w.
Upper accrual point (UAP)	£770 p.w.	-
Primary earnings threshold (employee)	£155 p.w.	£155 p.w.
Secondary earnings threshold (employer)	£156 p.w.	£156 p.w.
Class 1 contracted-in rate: employee – below UEL	12%	12%
– above UEL	2%	2%
employer – below UEL ^d	13.8%	13.8% / 0%
– above UEL	13.8%	13.8%
Class 1 contracted-out rate: ^e employee – below UAP	10.6%	-
(salary-related schemes) – UAP to UEL	12%	-
– above UEL	2%	-
employer – below UAP	10.4%	-
– above UAP	13.8%	-
Corporation tax		
Main rate	20%	20%
Bank levy		
Rates: equity and long-term liabilities	0.105% (0.09% from 1 Jan 2016)	0.09% (0.085% from 1 Jan 2017)
short-term liabilities	0.21% (0.18% from 1 Jan 2016)	0.18% (0.17% from 1 Jan 2017)
Capital gains tax		
Annual exemption limit: individuals	£11,100 p.a.	£11,200 p.a.
trusts	£5,550 p.a.	£5,600 p.a.
Standard rate	18%	18%
Higher rate	28%	28%
Inheritance tax		
Threshold	£325,000	£325,000
Rate for transfer at or near death	40%	40%
Value added tax		
Registration threshold	£82,000 p.a.	£83,000 p.a.
Standard rate	20%	20%
Reduced rate	5%	5%

	2015–16	2016–17 ^a
Excise duties		
Beer (pint at 3.9% ABV)	40.7p	41.5p ^f
Wine (75cl bottle at 12% ABV)	205.0p	209.1p ^f
Spirits (70cl bottle at 40% ABV)	774.5p	790.0p ^f
20 cigarettes: ^g specific duty	379.0p	386.6p ^f
<i>ad valorem</i> (16.5% of retail price)	151.2p	154.2 ^f
Ultra-low-sulphur petrol (litre)	57.95p	59.11p ^f
Ultra-low-sulphur diesel (litre)	57.95p	59.11p ^f
Air passenger duty		
Band A (up to 2,000 miles):		
economy	£13 ^h	£13 ^h
club & first class ⁱ	£26	£26
higher rate ^j	£78	£78
Band B (over 2,000 miles):		
economy	£71 ^h	£73 ^h
club & first class ⁱ	£142	£146
higher rate ^j	£426	£438
Betting and gaming duty		
Gaming duty (depends on gross gaming yield)	15–50%	15–50%
Spread betting rate: financial bets	3%	3%
other bets	10%	10%
Insurance premium tax		
Standard rate	6% (9.5% from Nov 2015)	9.5%
Higher rate (for insurance sold accompanying certain goods and services)	20%	20%
Stamp duty^k		
Land and buildings:		
residential threshold	£125,000	£125,000
marginal tax rate for house values:	<i>marginal rate:</i>	<i>marginal rate:</i>
up to threshold	0%	0%
threshold–£250,000	2%	2%
£250,001–£925,000	5%	5%
£925,001–£1,500,000	10%	10%
above £1,500,000	12%	12%
non-residential threshold	£150,000	£150,000
average tax rate for property values:	<i>average rate:</i>	<i>average rate:</i>
up to threshold ^l	0%	0%
threshold–£250,000	1%	1%
£250,001–£500,000	3%	3%
above £500,000	4%	4%
Stocks and shares: rate	0.5%	0.5%
Vehicle excise duty		
Graduated system (for new cars from 1 March 2001)	£0–£505 p.a.	£0–£515p.a. ^f
Graduated system (first-year rate from April 2010)	£0–£1,100 p.a.	£0–£1,120 p.a. ^f
Standard rate (for cars registered before March 2001)	£230 p.a.	£235 p.a. ^f
Small-car rate (for cars registered before March 2001, engines up to 1,549cc)	£145 p.a.	£150 p.a. ^f
Heavy goods vehicles (varies according to vehicle type and weight)	£165–£1,850 p.a.	£170–£1,885 p.a. ^f
Landfill tax		
Standard rate	£82.60 per tonne	£84.40 per tonne
Lower rate (inactive waste only)	£2.60 per tonne	£2.65 per tonne
Climate change levy		
Electricity	0.554p/kWh	0.559p/kWh
Natural gas	0.193p/kWh	0.195p/kWh
Liquefied petroleum gas	1.240p/kg	1.251p/kg
Any other taxable commodity	1.512p/kg	1.526p/kg

^a 2016–17 figures take pre-announced values where available and estimated results of standard indexation otherwise.

^b From 2016–17, the offsetting tax credits available for dividends in 2015–16 (which reduce marginal effective tax rates to 0%, 25% and 30.6%) will be replaced by a £5,000 tax-free allowance for dividend income.

^c From 2016–17, this new personal savings allowance entitles basic-rate taxpayers to their first £1,000 of interest income tax free. Higher-rate taxpayers have a £500 allowance and additional-rate taxpayers have no allowance.

^d Employers are not liable for National Insurance contributions on the earnings of employees under the age of 21 (and apprentices under the age of 25 from 2016–17) below the upper earnings limit.

^e From April 2016, employees with defined benefit pension schemes can no longer contract out of the additional part of the state pension.

^f Assumes RPI inflation of 2.0% in the third quarter of 2016 as per Office for Budget Responsibility, *Economic and Fiscal Outlook: November 2015*.

^g Assumes the November 2015 average pre-tax price of 20 king-size filter cigarettes (based on series CZMP from table 63 of ONS's consumer price inflation detailed reference tables).

^h From May 2015, children aged under 12 are not subject to air passenger duty if they are flying economy class. The same will apply to children aged under 16 from March 2016.

ⁱ If any class of travel provides a seat pitch in excess of 1.016 metres (40 inches), the club and first class (standard) rate is the minimum rate that applies.

^j The higher rate applies to flights aboard aircraft of 20 tonnes and above with fewer than 19 seats.

^k Land and building transactions tax operates instead of stamp duty land tax in Scotland.

^l 1% on non-residential properties up to £150,000 with annual rent of £1,000 or more.

^m Applies to all businesses in Wales, and where rateable values are less than £25,500 in Greater London, £18,000 in the rest of England and £35,000 in Scotland. A supplement is payable on higher-value properties in England (1.3%) and Scotland (rising from 1.3% in 2015–16 to 2.6% in 2016–17), and an additional 0.4% is payable on all properties in the City of London.

ⁿ The high-income child benefit charge applies to all families containing at least one individual with a taxable income in excess of £50,000.

Sources

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For estimates of the effects of various illustrative tax changes on government revenues, see HMRC Collection, 'Tax expenditures, reliefs and ready reckoners statistics', <https://www.gov.uk/government/collections/tax-expenditures-and-ready-reckoners>.

Appendix B. Abbreviations

ABV	alcohol by volume
ACE	allowance for corporate equity
APF	Asset Purchase Facility
AWPR	Aberdeen Western Peripheral Route
BBC	British Broadcasting Corporation
BEPS	Base Erosion and Profit Shifting (OECD Action Plan)
BIS	Department of Business, Innovation and Skills
bn	billion
BRIC	Brazil, Russia, India and China
CAD	Canadian dollar
CCCTB	common consolidated corporate tax base
CFC	controlled foreign company
cl	centilitre
CNY	Chinese yuan renminbi
CPI	Consumer Prices Index
CPP	Centre for Microeconomic Analysis of Public Policy
CREMA	Center for Research in Economics, Management and the Arts
CTC	child tax credit
DCLG	Department for Communities and Local Government
DECC	Department of Energy and Climate Change
DEFRA	Department for Environment, Food and Rural Affairs
DEL	departmental expenditure limit
DfE	Department for Education
DfID	Department for International Development
DfT	Department for Transport
DH	Department of Health
DLA	disability living allowance
DOTAS	disclosure of tax avoidance schemes
DWP	Department for Work and Pensions
EBITDA	a measure of Earnings (profit after deducting labour costs) Before deductions for Interest paid, Tax paid, Depreciation of tangible assets and Amortisation of intangible assets
ECB	European Central Bank
EET	exempt–exempt–taxed
EFO	Economic and Fiscal Outlook
EMTR	effective marginal tax rate
ESA	employment and support allowance (Chapters 6 and 10) European System of National and Regional Accounts (Chapters 2, 4 and 7)
ESA10	European System of National and Regional Accounts 2010
ESA95	European System of National and Regional Accounts 1995
ESRC	Economic and Social Research Council
EU	European Union
FDI	foreign direct investment
FOMC	Federal Open Market Committee

FPC	Financial Policy Committee
FRAB	Financial Reporting Advisory Board
FRS	Family Resources Survey
g	gram
G7	Group of Seven countries: Canada, France, Germany, Italy, Japan, UK, US
GB	Great Britain
GDP	gross domestic product
GP	general practitioner
HM	Her Majesty's
HMRC	Her Majesty's Revenue and Customs
HMSO	Her Majesty's Stationery Office
HS2	High Speed 2
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
IFS	Institute for Fiscal Studies
ILO	International Labour Organisation
IMF	International Monetary Fund
IP	intellectual property
IPS	International Passenger Survey
IS	income support
IT	information technology
IZA	Institute for the Study of Labor
JSA	jobseeker's allowance
kg	kilogram
km	kilometre
kWh	kilowatt-hour
LASFE	local authority self-financed expenditure
LCF	Living Costs and Food Survey
LEL	lower earnings limit
LFS	Labour Force Survey
LH	left-hand
LHA	local housing allowance
MAP	mutual agreement procedure
MPC	Monetary Policy Committee
MSCI	emerging market stock market index
NAIRU	non-accelerating inflation rate of unemployment
NBER	National Bureau of Economic Research
NHS	National Health Service
NICs	National Insurance contributions
NLW	National Living Wage
NMW	National Minimum Wage
OBR	Office for Budget Responsibility
ODA	official development assistance
OE	Oxford Economics
OECD	Organisation for Economic Cooperation and Development
ONS	Office for National Statistics

OPEC	Organisation of the Petroleum Exporting Countries
p	pence
p.a.	per annum
PE	permanent establishment
PF2	second-generation Private Finance Initiative contracts
PFI	Private Finance Initiative
PIP	Pensions Infrastructure Platform (Chapter 7) personal independence payment (Chapter 6)
PPP	public–private partnership
ppt	percentage point
PRT	petroleum revenue tax
PSNB	public sector net borrowing
PTR	participation tax rate
p.w.	per week
Q	quarter
QE	quantitative easing
R&D	research and development
RH	right-hand
RICS	Royal Institution of Chartered Surveyors
RPI	Retail Prices Index
SDLT	stamp duty land tax
SPA	state pension age
TAXBEN	the IFS tax and benefit microsimulation model
TEE	taxed–exempt–exempt
TET	taxed–exempt–taxed
TFP	total factor productivity
TUC	Trades Union Congress
UAP	upper accrual point
UC	universal credit
UEL	upper earnings limit
UK	United Kingdom
UKDA	UK Data Archive
UNCTAD	United Nations Conference on Trade and Development
US	United States
VAT	value added tax
VED	vehicle excise duty
WGA	Whole of Government Accounts
WTC	working tax credit
WWDC	worldwide debt cap