

## PRINCIPAL STATE BENEFITS

Weekly benefits	2013/14	2014/15
Basic state pension - single person	£110.15	£113.10
- married couple	£176.15	£180.90
Statutory sick pay	£86.70	£87.55
Statutory maternity pay - first 6 weeks	90% of weekly earnings	
- next 33 weeks	£136.78*	£138.18*
Ordinary statutory paternity pay - 2 weeks	£136.78*	£138.18*
Additional statutory paternity pay - variable period	£136.78*	£138.18*
Statutory adoption pay - 39 weeks	£136.78*	£138.18*

\* or 90% of earnings, if lower

## CAPITAL GAINS TAX

Capital Gains Tax is levied at 18% for basic rate taxpayers (or 28% for higher rate taxpayers) on all gains in excess of a personal exemption of £11,000. This will again increase by about 1% (£100) in 2015/2016. For trustees, the tax is levied at 28% on gains in excess of £5,500. There is a lower rate of 10% on the first £10 million of lifetime gains, for individuals realising gains from business assets of which they are owner, officer or employee with more than 5% ownership of the business.

## INHERITANCE TAX

Inheritance Tax (IHT) is payable on death on non-exempt transfers in excess of a threshold set at £325,000 (until April 2019 at the earliest) at a rate of 40%. However, the proportion of the threshold 'unused' on the first death of husband or wife (or civil partners) is effectively transferable to the surviving partner and serves to increase his or her threshold by a corresponding percentage. A reduced IHT rate of 36% applies where death occurred on or after 6 April 2012 and 10% or more of the net estate has been left to charity.

Chargeable lifetime transfers and potentially exempt transfers attract taper relief, if made up to seven years before death on the amount of gift over the nil rated band.

Certain gifts are tax free, including:

- Gifts between UK domiciled husband and wife or between civil partners;
- Total gifts up to £3,000 in a year;
- Small gifts to other recipients (up to £250 each in year);
- Gifts in consideration of marriage or civil partnership ranging from £5,000 from each parent of the couple, to £1,000 from anyone else.

## CORPORATION TAX

The starting rate for small companies (with profits of up to £300,000) was reduced to 20% in April 2011.

The main Corporation Tax rate is reduced this year to 21% on profits in excess of £1,500,000. It will be reduced by a further 1% in 2015/16. A marginal rate of 21.25% applies in respect of profits between £300,001 and £1,500,000.

## SELF ASSESSMENT DATES

31st July 2014

Second payment on account for 2013/14

5th October 2014

Deadline to notify HMRC of new sources of income if no tax return issued for 2013/14

31st October 2014

Deadline for submitting paper Self Assessment returns to HMRC

30th December 2014

Deadline for submission of online return, where a balancing payment under £3,000 to be collected via PAYE

31st January 2015

Deadline for filing 2013/14 returns, balancing payment due for 2013/14, first payment due for 2014/15

**FAMILY FIRST FINANCIAL SERVICES LTD**

**Garden Room, 402 Coniscliffe Road  
Darlington, Co Durham DL3 8AJ**

**Tel: 01325 242000 - Fax: 01325 244000**

**E-mail: enquires@3fs.co.uk**

**Website: www.3fs.co.uk**

**Authorised and regulated by the  
Financial Conduct Authority**

The information contained in this leaflet is based on our understanding of the Budget proposals, which are subject to change as the Finance Bill passes through parliament. No action should be taken without further advice being sought.

Family  
First  
Financial  
Services Ltd



TAXGUIDE  
2014-2015



## MAIN BUDGET POINTS 2014

- Main ISA types interchangeable, £15,000 limit
- Junior ISA limit to rise to £4,000
- Personal allowance to rise to £10,500\*
- Savings tax rate to fall from 10% to zero \*
- SDLT 15% 'corporate envelope' rate to start at £500,001
- Drawdown cap to rise to 150% of GAD
- Flexible drawdown MIR cut to £12,000
- Further relaxation of drawdown rules\*

\*Effective 2015/16 (other effective dates vary)

## STAMP DUTY LAND TAX

The following rates of Stamp Duty apply for land and homes:

Rate			
Zero	Up to £125,000#	4%*	£500,001 to £1 million
1%	£125,001 to £250,000	5%*	£1,000,001 to £2 million
3%	£250,001 to £500,000	7%*	Over £2 million

\*15% if property 'brought into a corporate envelope'.

# Disadvantaged Areas Relief was abolished for transactions effective after 5 April 2013 and a 5 May 2014 deadline set for any remaining claims.

## INCOME TAX RATES

The following allowances and rates will apply in 2014/15 (subject to passing the Finance Bill 2014):

	2013/14	Change	2014/15
Personal allowance*			
Born after 5.4.48	£9,440	+ £560	£10,000
Born 6.4.38 to 5.4.48	£10,500	£0	£10,500
Born before 6.4.38 **	£10,660	£0	£10,660

\* The personal allowance for those with adjusted net income over £100,000 reduces by £1 for every £2 of income.

\* £1,050 of allowance may transfer to spouse/civil partner for non-higher/additional rate tax payers from 2015/16.

\*\* For married couples/civil partners, if one born before 6.4.35, tax relief applies to the first £8,165 of taxable income at a rate of 10%.

Tax rates	2013/14	Change	2014/15
20% tax on first ***	£32,010	- £145	£31,865
40% tax on next	£117,990	+ £145	£118,135
45% tax on income over	£150,000	£0	£150,000

\*\*\* A 10% rate may apply to savings income in this band up to £2,880 (0% up to £5,000 from 2015/16).

A child benefit tax charge up to the full amount of the benefit may apply where the recipient or their partner has 'adjusted net income' over £50,000.

## NATIONAL INSURANCE RATES

The following Class 1 rates will apply for employees (weekly figures):

2014/15 rates	Limit	Employee	Employer
Primary threshold	£153	12%	13.8% (above £153 p.w.)
Upper earnings limit	£805	2%	

Annual 'employment allowance' reduces Class 1 NIC liability by £2,000.

Class 4 contributions for the self employed (annual figures):

2014/15 rates (Class 4)	Limit	Rate payable to limit
Lower profits limit	£7,956	Nil
Upper profits limit	£41,865	9%
		Rate above upper limit 2%

## PENSION CONTRIBUTIONS

Everyone under 75 can contribute up to £3,600 a year gross into a pension scheme net of 20% tax relief, even non-taxpayers. Taxpayers receive tax relief at the highest marginal rate they pay on contributions up to their entire earnings from trade, profession or employment, provided total contributions do not exceed the annual allowance of £40,000 (was £50,000 in 2013/14). In addition, it may be possible to carry forward unused relief from up to three previous years.

Employers can make additional contributions, provided that they do not exceed the annual allowance. Should they do so, there is a tax charge. For members of defined benefit pension schemes, the annual allowance test is 16x pension, plus 1x cash if paid separately, with adjustment for CPI inflation.

There is a lifetime allowance of £1.25 million (was £1.5 million in 2013/14), which the total value of pension funds should not exceed, or a lifetime allowance charge will apply. It may be possible to retain the previous higher lifetime allowance, e.g. if granted 'fixed protection 2014' and no relevant benefit accrual as defined by HMRC occurs after 5th April 2014.

The phased introduction of pension auto-enrolment commenced on 1 October 2012.

## PENSION BENEFITS

It is not necessary to draw an income at the same time as accessing the tax-free pension commencement lump sum. Benefits, which are usually available from age 55, can be used to:

- Take up to 25% tax free cash (more in some older cases); and
- Purchase an annuity; and/or
- Capped drawdown 0-150% of Government Actuary's Department equivalent annuity rate.
- Flexible drawdown No maximum as long as individual can satisfy Minimum Income Requirement of £12,000 pa.

Any funds remaining within the drawdown pension fund on death, once benefits have commenced, will be subject to a tax charge, except where the money is used to provide a retirement income for a surviving spouse, civil partner or other legally defined dependant. (Major changes due in 2015/16).