SPRING BUDGET 2014

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This Summary covers the key tax changes announced in the Chancellor's speech and includes tables of the main rates and allowances.

Alongside our text we have included tips and traps which you may want to consider. At the back of the Summary you will find a calendar of the tax year with important deadline dates shown.

We recommend that you review your financial plans regularly as some aspects of the Budget will not be implemented until later in the tax year.

We will, of course, be happy to discuss with you any of the points covered in this report, and help you adapt and reassess your plans in the light of any legislative changes.

Contents

Introduction

Years ago, the contents of the Chancellor's red box were top secret: nothing was disclosed or discussed in advance. These days, the tax rates and allowances are announced in the Autumn Statement, policies are put out for consultation, and the Chancellor appears on television to discuss some of his proposals the weekend before the Budget. So it is unusual for a speech to spring genuine surprises – but this one contained significant announcements that no one anticipated.

The most striking proposals concerned the relaxation of the rules for taking pension benefits: there will be consultation on the details, but it seems that from April 2015, people who have saved up a fund in a defined contribution scheme will be allowed to choose how much they take out and when they take it. They will pay income tax on what they draw, after the existing 25% tax-free lump sum, but they will not have to sign up for an annuity. Other less radical relaxations take effect before the end of this month.

Another big change that will affect many people is the relaxation of the rules on tax-free Individual Savings Accounts: from July, the annual investment limit will be increased, and for the first time it will be permitted to invest the whole amount in cash funds.

There were big cheers in the House for a penny off beer and the halving of bingo duty, but more cheers from business for a doubling of the Annual Investment Allowance for purchase of plant and machinery – unfortunately, whenever they change that limit, convoluted calculations are required for periods straddling the change.

As has become the custom, the Budget speech was much shorter than it used to be – less than an hour – but the volume of paper setting out the detail gets longer and longer. There is confirmation of changes that have already been announced, new announcements of changes to take effect now, changes to come in future years, and proposals and consultations which may lead to new policies or to nothing. Shortly after next year's Budget, there will be a general election: Mr Osborne has a long planning horizon, but is that over-optimistic?

We have gone through the papers and sorted out the important information from the rest – 'this year and next year' from 'sometime and never'. This booklet summarises the most significant changes and outlines their likely impact on the average taxpayer.

Significant points

- Personal allowances and thresholds announced for 2015/16 – election year
- Tax system starts to gear up for separate Scottish income tax rate
- Flexibility of taking pension benefits increased from March 2014
- Further significant relaxation of pension rules to come in 2015
- Individual Savings Account limits increased, rules simplified
- Seed Enterprise Investment Scheme reliefs made 'permanent'
- Reduction in CGT main residence exemption confirmed
- Annual Investment Allowance increased to £500,000 from April 2014
- Tax charges on 'enveloped dwellings' to be extended to lower values
- Users of tax avoidance schemes to be required to pay tax upfront before arguing about it in court
- Confirmation of measures to close down perceived tax avoidance using partnership structures

Personal Income Tax

Tax rates and allowances (Table A)

As announced in the Autumn Statement, the standard personal allowance will increase in April 2014 by £560 to £10,000 in 2014/15 – the fulfilment of a commitment made in the Coalition Agreement at the start of the Parliament, a year early. For a basic rate taxpayer, the reduction in tax is £112.

Attention has been drawn by the press to significant increases in the numbers of taxpayers paying 40% tax. The level of total income at which the higher rate starts will increase in April 2014 from £41,450 to £41,865; however, that represents a reduction in the 'basic rate band' which is charged to 20% tax (down from £32,010 to £31,865). This means the full benefit of the £560 increase in the allowance is not felt at 40% by a 40% taxpayer – someone earning up to £100,000 will enjoy a tax reduction of only £195.

Personal allowances continue to be withdrawn for those with incomes above £100,000, producing a marginal tax rate of 60% in the band between £100,000 and £120,000. For those who have no personal allowances (incomes above £120,000), the reduction in the basic rate band represents a small tax increase of £29.

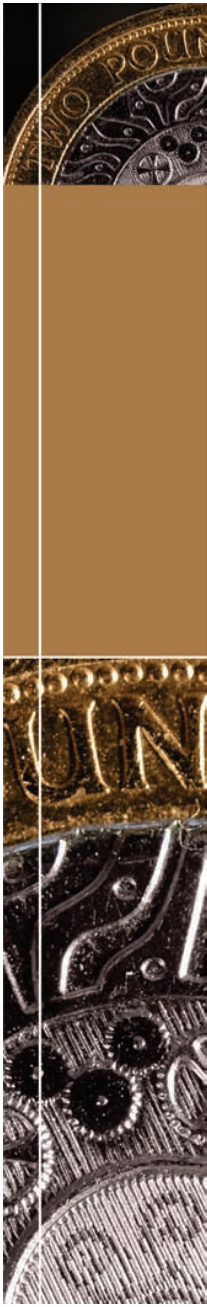
Future allowances and rates

The personal allowance will rise to £10,500 from April 2015. The basic rate band will again narrow slightly from £31,865 to £31,785, so 40% tax will start on a total income of £42,285. The increases in the 40% threshold (1% each year) will continue to draw more people into paying higher rate income tax.

In the Autumn Statement, the Chancellor announced that married couples and registered civil partners will be allowed to transfer up to £1,000 of their personal allowances to their spouse or partner, starting in 2015/16. This will be linked to the personal allowance, so the amount will in the event be £1,050. Transfers can only be made to a basic rate taxpayer, so the maximum saving is £210.

Age-related allowances

As announced in 2012, the higher allowances for those above 65 remain frozen at their 2012/13 levels, and only those who were already 65 by 5 April 2013 are entitled to receive them. When the ordinary personal allowance has reached the same levels, the higher allowances will be abolished. As the rate for those born before 6 April 1948 is £10,500, this will apply in 2015/16; only the higher £10,660 allowance for those born before 6 April 1938 will continue, probably for one more year.



Scottish income tax

Following the Scotland Act 2012, the Scottish Parliament has powers to vary the rate of income tax in Scotland, with greater control over spending the revenue from this differential rate. This is not dependent on the outcome of the independence referendum – it is part of devolution. It is expected that a Scottish rate will be introduced with effect from April 2016. The Budget includes provisions to deal with the interaction of the Scottish rate with the rest of the UK tax system, including tax reliefs which use the basic rate such as Gift Aid and personal pension contributions. These are technical provisions which will need to be examined for their practical effect nearer the time.

Pensions

Pension contributions (Table B)

As announced last year, the limits on tax-advantaged pension reliefs will be lowered on 6 April 2014. The cap on annual pension inputs will fall from £50,000 to £40,000. A member of a pension scheme who has had inputs below their limit in the three years before the change will be able to use the shortfall below £50,000 (not £40,000) to justify higher inputs in 2014/15.

The limit on the value of a tax-advantaged pension fund falls from £1.5m to £1.25m for those taking benefits from 6 April 2014. Anyone with a larger fund taking benefits after that date will suffer an income tax charge on the excess at 55%. People adversely affected – because they have funds on which they have not drawn their benefits which will take them over £1.25m when they do so – can apply for 'protection' to reduce the impact of the 55% charge.

Flexible pension benefits – March 2014

The most striking section of the Budget speech concerned the rules for people in defined contribution pension schemes. Traditionally, members of such schemes have been required to use their accumulated fund to buy an annuity by the age of 75. This has become increasingly unpopular as annuity rates have fallen. The rules were relaxed some years ago to allow 'drawdown' instead of an annuity – the fund is still identifiable, and the pensioner receives an income based on the returns on that fund, rather than an amount that has been contractually fixed with the pension company. These rules are now being relaxed further with effect from 27 March 2014:

- drawdown is generally capped at 120% of an equivalent annuity on the pensioner's fund (calculated using a published government rate) – this will be increased to 150% of the equivalent annuity;
- where a person has a contractual right to income (usually an annuity or existing pension) of £20,000pa, they can draw as much as they like from another pension fund ('flexible drawdown') subject to income tax on the amount withdrawn – this requirement will be reduced to £12,000pa;

- it will become easier to commute small pension pots to a lump sum payable immediately.

These are very welcome changes, but anyone affected should consider taking advice on the best course of action in their own circumstances.

Flexible pension benefits – 2015

Even more striking is the proposal for further flexibility to be introduced in April 2015. From that date, it is proposed that those eligible to take pension benefits from defined contribution funds will be able to draw any amount they like. The Chancellor confirmed that there is no intention to remove the right to draw 25% of the fund tax-free, but further amounts will be charged to income tax at the pensioner's marginal rate. The government will consult over the next year on the best way to implement this new flexibility.

This is again very welcome: it will allow people access to the money they have saved up, and remove the need to suffer unattractive annuity rates. It is notable that the Budget predictions include an expectation that this will raise a significant amount of revenue for the Treasury: instead of being unable to draw more than an annuity, savers are expected to want to pay the tax in order to be able to spend their funds. The government may yet consider it necessary to introduce some limits to prevent people cashing in all their savings and leaving themselves dependent on state benefits.

TAX TIP

Take advice on how this affects your pension planning

National Insurance Contributions

Rates and limits (Table D)

The rates and thresholds for NIC were announced in the Autumn Statement. The threshold at which employees start to pay NIC increases from £7,755 to £7,956, and the employer threshold has been set at the same level as that for employees for the first time since 2010/11. The upper earnings limit, at which the rate for employee contributions drops from the full 12% to 2%, rises from £41,450 to £41,865: raising this threshold saves 40% tax, but collects more NIC.

Employer contributions

As announced a year ago, a relief for the first £2,000 of employer's NIC will be introduced for all employers from April 2014, claimed through the first Real Time Information report of the new tax year. The smallest businesses may not have to pay any employer's NIC, but the effect on larger employers will be negligible.

Employees

Company cars and fuel (Table C)

The complications of owning a company car continue, with rules announced in previous years coming into force and current announcements of changes to take effect later.

For 2014/15, the percentage of the original list price which is charged as the cash equivalent of a company car will increase by 1% for all vehicles with CO_2 ratings between 76g/km (which increases from 10% to 11%) up to 210g/km (where the maximum 35% will be reached – previously 215g/km). Only zero-emissions cars (no charge) and those with very low emissions (up to 75g/km, charged on 5%) are held at the same percentages as for 2013/14.

Further increases have been published going forward into 2018/19, so anyone choosing a new company car now can work out the tax effect of a current decision until they are likely to change it. By 2018/19, a car emitting 0 to 50g/km will be taxed on 13% of the list price, and one emitting 180g/km or more will be taxed on 37%.

The taxable benefit of free fuel provided for use in a company car is calculated by multiplying a fixed figure by the same percentage. This will increase for 2014/15 to £21,700 (2013/14: £21,100), so for many employees the taxable amount for fuel will increase for two separate reasons – the percentage and the amount.

Making good a benefit

Where an employee makes a payment to the employer as a condition of having a company car for private use, the taxable benefit is reduced. The law has been changed to make it clear that from 2014/15 any such payment is only effective if it is made before the end of the tax year in which the private use took place – it will not be possible to extinguish a tax charge later, typically following a PAYE investigation which has disclosed unreported benefits. A similar change applies to the charge on employer-provided vans.

Employee loans

It has been confirmed that the threshold below which low-interest employee loans are not charged to tax will increase to £10,000 from 6 April 2014. For loans above that, the taxable benefit for 2014/15 will be calculated using an official interest rate of 3.25%.

Employee medical expenses

An exemption from income tax and NICs of up to £500 is to be introduced later in 2014 covering the provision of recommended medical treatment to help an employee return to work after a period of absence through sickness or injury. Relief covers the payment or reimbursement of treatment costs.

Employee share schemes

As previously announced, the maximum value of shares that can be issued to employees under an approved all-employee Share Incentive Plan (SIP) is increased from Royal Assent to the Finance Bill (usually at the end of July). The employer can issue up to £3,600 (up from £3,000) of ‘free’ shares to employees, who can also purchase up to £1,800 (up from £1,500) worth of ‘partnership’ shares from their gross pay.

Among other changes to encourage employee share ownership, tax incentives are being introduced for certain employee ownership trusts. These include relief from CGT on gains accruing on the disposal of shares in a trading company to a qualifying trust which acquires control of the company and operates for the benefit of all employees, and an exemption from income tax of £3,600 for certain payments made to employees of qualifying employee-owned companies.

Savings and Investment

Individual Savings Accounts (ISAs)

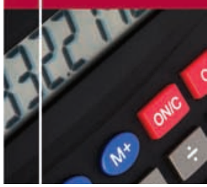
The Chancellor decided to increase the attractiveness and flexibility of ISAs with effect from 1 July 2014:

- ISAs will be reformed into a simpler product, the ‘New ISA’ or NISA;
- the previously announced annual investment limit of £11,880 will be increased to £15,000;
- the Junior ISA limit of £3,840 will be increased to £4,000;
- the different limits for cash ISAs and stocks and shares ISAs will be removed – it will be possible to put the whole amount into cash;
- existing ISA funds will be brought within the new rules, so it will be possible for existing stocks and shares ISAs to be reinvested into cash.

Anyone wishing to take advantage of this new flexibility should consider taking investment advice before moving their funds.

TAX TIP

These more generous rules are worth a look



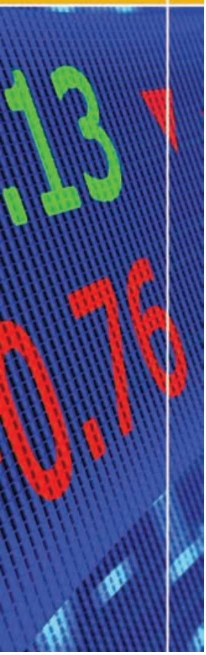
Seed Enterprise Investment Scheme (SEIS)

SEIS is a generous relief that was introduced in 2012/13. A subscriber for shares in a small trading company, which has started a new trade in the last two years, can enjoy a 50% income tax rebate on up to £100,000 invested. If capital gains of up to the same amount are realised in 2014/15 and invested in a SEIS company, half the gains will be exempted. In effect, this will halve the CGT rate on such gains. The potential initial relief for an investment is therefore up to 64% of the cost – 50% in income tax and 14% in CGT. These reliefs will become permanent provided a number of conditions are satisfied, but may be lost if the shares are sold or the company is liquidated in a short time.

The SEIS was originally intended to run until April 2017, with the CGT relief only available for the first two years. The Chancellor has announced that this scheme has been a success and is to be made ‘permanent’. The 50% income tax relief and exemption for half of reinvested gains will therefore be available for investments for the foreseeable future.

TAX TIP

SEIS reliefs are very generous if you can find a good investment



Starting rate band for 2015/16

The ‘starting rate band’ complicates the tax affairs of many pensioners – those who have a small amount of non-savings income, and whose savings income takes them above the personal allowance. They are charged at only 10% (the ‘starting rate’) on savings income of up to £2,880 in 2014/15. The Chancellor has announced that this will change to a zero rate for up to £5,000 of savings income in 2015/16. Non-savings income will not be eligible for the zero rate, but it uses up the band. This is a welcome tax relief, but it is just as complicated as the present rule.

Venture Capital Trusts

Investors who subscribe for shares in Venture Capital Trusts enjoy a 30% rebate of the cost against their income tax. The Budget includes measures to prevent a VCT from returning share capital to investors within three years of the end of the accounting period in which the VCT issues the shares. This appears to have been used to exploit the relief, rather than encouraging investment in high growth small and medium-sized companies as intended. Distributions made from realised profits will not be affected.

Capital Gains Tax

Rate of tax and annual exemption

The rate of CGT remains 18% for those whose total taxable income and gains for the year are below £31,865, and 28% for gains which are above that figure. The annual exempt amount for CGT increases by £100 to £11,000. This is below the normal increase in line with the consumer prices index.

Trustees continue to be liable to CGT at 28% after deducting half the normal annual exemption (£5,500). The annual exemption is shared between trusts set up by the same settlor since June 1978, subject to a minimum of £1,100.

Only or main residence relief

It has been confirmed that the exemption of gains on a property that has been a taxpayer's only or main residence will be restricted. To allow for delays in selling a home, the last 36 months of ownership have been exempted, even if the taxpayer no longer lives there. This gives a significant benefit to someone who rents out a former home, or has two properties each of which has at some point been the main residence. For disposals on or after 6 April 2014, the exempt period will be reduced to 18 months. The 36-month rule is retained where the owner is disabled or has moved into a care home. The change has no effect on someone who lives in their home right up to the time they sell it.

Inheritance Tax

Rates

Rates of tax remain unchanged at 40% (death transfers) and 20% (lifetime chargeable transfers). The nil rate band of £325,000 will now not increase until April 2018 at the earliest. This will gradually increase the amount collected and the number of estates liable to IHT.

Corporation Tax

Rates

As announced in the Autumn Statement, the main rate of Corporation Tax will fall from 23% to 21% for Financial Year 2014 (commencing 1 April 2014), and to 20% in April 2015. This is the same as the rate for companies with small profits. This will simplify the calculations for those falling in the marginal band between the small profits and full rates. Such companies will suffer an effective rate of 21.25% on profits falling between £300,000 and £1.5m in the year to 31 March 2015 (limits are reduced for short accounting periods and for associated companies).

Research and development credits

Loss-making small and medium-sized companies conducting research and development can claim a repayment by 'surrendering' qualifying R&D expenditure (which is uplifted by 125%) for a payable tax credit. The rate of credit will be increased from 11% to 14.5% for expenditure incurred on or after 1 April 2014.

Enterprise Zones

Companies investing in plant or machinery in designated enhanced capital allowance sites in Enterprise Zones receive 100% capital allowances on such expenditure. This relief, which was due to expire in 2017, will now be extended for a further 3 years from 31 March 2017 to 31 March 2020.

Business Tax

Annual Investment Allowance

The Annual Investment Allowance is the amount of expenditure on plant on which a business can claim 100% relief in the period of purchase. Last year, the Chancellor increased the AIA from £25,000 to £250,000 for a limited period: it was scheduled to reduce again on 1 January 2015. The rate of AIA will now be increased to £500,000 from 1 April 2014 (companies) or 6 April 2014 (income tax) until 31 December 2015, when it will revert to £25,000.

This is very welcome, and according to the Chancellor should allow 99% of businesses to claim full relief for their expenditure on plant in the period in which they incur it. However, the calculations are very complex where a period of account straddles the change of rate, and anyone contemplating a large purchase to take advantage of the increased limits should take advice before they commit themselves.

Value Added Tax

Registration thresholds

The registration threshold for VAT rises from £79,000 to £81,000 on 1 April 2014. The deregistration threshold rises from £77,000 to £79,000 on the same date.

Car fuel

The values to be used by a business which supplies road fuel to a proprietor, director or employee for private use change with effect for return periods starting on or after 1 May 2014. Although the scale rates are based on CO_2 emissions, they are not based on a percentage calculation as the income tax benefit charges are: it is necessary to look up the exact figure in a table on the HMRC website (search for 'vat fuel scale rates'). The charge rises from a minimum on ratings up to 120g/km to the maximum for 225g/km or more.

Prompt payment discounts

Discounts for prompt payment are normally offered by businesses to other businesses. Under UK VAT law, VAT is calculated on the discounted invoice amount, even if the customer does not take up the discount. Because the customer can usually deduct input tax on expenditure, this does not lead to an overall loss of VAT. HMRC have noticed increasing use of prompt payment discounts being offered to consumers, who would not be able to recover VAT. At the same time, doubts have been raised over whether the UK's rule complies with EU VAT law. The rule will therefore be changed so that VAT will be due on the consideration actually received. This will require extra paperwork where the customer is a VAT-registered business which needs a VAT invoice showing the deductible amount. The change will take effect from 1 May 2014 for telecommunication and broadcasting services supplied to consumers; it will take effect for all supplies from 1 April 2015.

Stamp Duty Land Tax and Stamp Duty

Rates

Most of the rates and thresholds for Stamp Duty Land Tax remain unchanged, ranging from 1% to 7% for residential property and 1% to 4% for non-residential. However, the 15% charge on transfer of a residential property to a 'non-natural person', introduced last year for properties worth over £2m, has been extended with effect from 20 March 2014 to those worth over £500,000. A 'non-natural person' includes a company, a partnership including a company or a collective investment scheme. These 'envelope structures' have been used in the past to avoid SDLT on future transfers of the property.

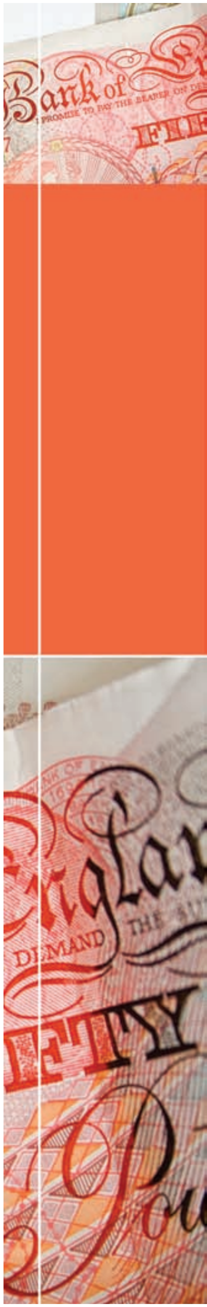
TAX TRAP

Buying a house through a company is under attack

Abolition

As announced a year ago, surrenders of units in UK unit trusts or shares in UK open ended investment companies will no longer be liable to Stamp Duty Reserve Tax with effect from 30 March 2014. This is intended to make the UK a more attractive place to base collective investment schemes.

In addition, the government is abolishing the stamp duty charge on shares traded on 'recognised growth markets' such as AIM. This will apply from 28 April 2014.



Other Measures

Annual tax on enveloped dwellings

The 'Annual Tax on Enveloped Dwellings' (ATED) was introduced for 2013/14. It applies a flat rate charge based on bands of value to residential property in the UK worth over £2m which is owned by a non-natural person. There are a number of exemptions, such as for working farmhouses or other employee accommodation, and rental properties.

The rates of ATED have increased in line with inflation for 2014/15. Charges for the coming year range from £15,400 (up from £15,000) on a property valued between £2m and £5m to £143,750 (up from £140,000) for a property valued above £20m.

In addition, the scope of the tax will be extended from April 2015 to cover 'enveloped' residential properties with a value over £1m, and from April 2016 to values over £500,000.

Accelerated payment of tax in avoidance cases

Taxpayers who have entered into tax avoidance schemes falling under the Disclosure of Tax Avoidance Schemes rules or the General Anti-Abuse Rule, or which have been ruled against in a court case, will have to pay the tax in dispute within 90 days of HMRC issuing a notice requiring payment. The taxpayer can still take the matter to court and recover the tax if successful. However, the scheme will no longer confer the cash-flow advantage of not having to pay the tax until the end of any litigation.

Anti-avoidance measures: partnerships

Following consultation during 2013, the government is enacting measures to counteract the use of partnerships for tax avoidance purposes in three areas:

- disguised employment relationships.
- tax-motivated allocations of business profits or losses.
- tax-motivated disposals of assets through partnerships.

The new provisions apply with effect from April 2014.

Other points

The day before the Budget, Nick Clegg announced proposals for generous tax relief for childcare costs – but not until Autumn 2015.

There will be new investment incentives for 'social enterprises' from April 2014, but few details yet.

Income Tax Rates and Allowances

Table A Allowances and Reliefs

	2014/15	2013/14
Allowed at top rate of tax		
Personal Allowance (PA)	£10,000	£9,440
Personal Allowance (born 6.4.38 - 5.4.48)*	10,500	10,500
Personal Allowance (born before 6.4.38)*	10,660	10,660
Blind Person's Allowance	2,230	2,160
Allowed only at 10%		
Married Couple's Allowance (MCA)* only available if born before 6.4.35	8,165	7,915
Income limit for age-related allowances	27,000	26,100

*Age-related allowances are reduced £1 for every £2 by which income exceeds the income limit. PA is reduced before MCA, to a minimum of £10,000 (2013/14: £9,440). MCA is then reduced to a minimum of £3,140 (2013/14: £3,040).

PA is withdrawn at £1 for every £2 by which total income exceeds £100,000. PA is reduced to nil if income is £120,000 or more (2013/14: £118,880).

Bands	2014/15	2013/14
Basic	£31,865	£32,010
Higher	31,866-150,000	32,011-150,000
Additional	over 150,000	over 150,000

Rates differ for General, Savings and Dividend income within each band:

Rates	2014/15 unchanged from 2013/14		
	G	S	D
Basic	20%	20%	10%
Higher	40%	40%	32.5%
Additional	45%	45%	37.5%

General income (salary, pensions, business profit, rent) uses starting, basic and higher rate bands before savings income (interest). Dividends are taxed as the 'top slice' of income.

If taxable general income is less than £2,880 (2013/14: £2,790), savings income is taxed at a 'starting rate' of 10% until total taxable income exceeds that limit. This 'starting rate band' is part of the basic rate band.

Table B Pension Contributions

The maximum annual tax-efficient gross contributions (up to age 75) in 2014/15 are:

– individuals:	the higher of £3,600 or 100% of earnings, to max. £40,000
– employers:	£40,000 less employee contributions

Only current earnings count for the 100% limit. If less than the max. (£50,000 up to 2013/14) has been paid in any of the preceding three years, it may be possible to increase the current contributions by the shortfall. Maximum tax-efficient fund (lifetime allowance) where benefits are taken in 2014/15: £1.25m, unless 'protection' is claimed for an existing larger fund.

Table C Car and Fuel Benefits

Car Benefit Assessment 2014/15

Charge based on a percentage of the initial list price of the car; the percentage depends on the carbon dioxide emission ratings of the car, if it has one. For older cars without a rating, the percentage depends on engine capacity.

For 2014/15 the percentage for a petrol engine is :

no emissions	no tax charge
1g/km-75g/km	5%
76g/km-94g/km	11%
95g/km-99g/km	12%, then + 1% at 100g/km, 105g/km etc.
210g/km and above	35% (maximum)

Diesel cars have 3% added to the figure for a similarly-rated petrol car, but still have a maximum charge of 35% (which applies at 195g/km).

Car Fuel Assessment

The benefit is calculated using the same percentage as that used for the car benefit, applied to a standard figure of £21,700 (2013/14: £21,100).

The taxable amount is therefore between £1,085 (5% – min.) and £7,595 (35% – max.). There is no tax on charging a zero-emissions electric car.

National Insurance Contributions

Table D Rates and limits for 2014/15

Class 1	**Weekly**	**Monthly**	**Yearly**
Lower Earnings Limit (LEL)	£111	£481	£5,772
Primary Threshold – employees (PT)	153	663	7,956
Secondary Threshold – employers (ST)	153	663	7,956
Upper Accrual Point (UAP)	770	3,337	40,040
Upper Earnings Limit – employees (UEL)	805	3,489	41,865

Employer's Contribution	**Contracted In**	**Contracted Out**
From 6.4.12, only employment with a salary-related pension scheme can benefit from the lower contracted-out NIC rates.		
On earnings up to ST	Nil	Nil
On earnings between ST and UAP	13.8%	10.4%
On earnings above UAP	13.8%	13.8%

Employee's Contribution

Contracted in: 12% on earnings between PT and UEL, 2% above UEL.

Contracted out: 10.6% on earnings between PT and UAP; 12% from UAP to UEL; 2% above UEL.

Earnings over LEL qualify for benefit, and must be reported under PAYE, but no NICs are payable until earnings reach PT.

Class 2 (Self-employed)	Earnings over £5,885 per year	£2.75 per week
Class 3 (Voluntary)	No limit applicable	£13.90 per week
Class 4 (Self-employed)	Profits between £7,956 and £41,865	9%
	Profits above £41,865	2%

April 2014

M	T	W	T	F	S	S
	1	2	3	4	**5**	6
7	8	9	10	11	12	13
14	15	16	**17**	18	**19**	20
21	**22**	23	24	25	26	27
28	29	30				

5 End of tax year. Cut-off for income and gains between 2013/14 and 2014/15.
17 Employers pay PAYE for quarter or month March 2014, cheque to reach accounts office.
19 'IR35' tax due. Last day for final 2013/14 Employer Payment Summary to reach HMRC.
22 PAYE electronic payment deadline: funds to clear HMRC's bank account (as 18-21 April is Easter, initiate bank transfers on 16 April).

May 2014

M	T	W	T	F	S	S
			1	2	**3**	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	**22**	23	24	25
26	27	28	29	30	**31**	

1 Commencement of £10 daily penalties for 2012/13 tax returns not filed.
3 Employers submit P46(car) form showing quarter's changes to company cars.
19 Employers pay PAYE for month April 2014.
22 PAYE electronic payment deadline.
31 Employers send 2013/14 P60 to employees.

June 2014

M	T	W	T	F	S	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	**19**	**20**	21	22
23	24	25	26	27	28	29
30						

19 Employers pay PAYE for month May 2014.
20 PAYE electronic payment deadline.

July 2014

M	T	W	T	F	S	S
	1	2	3	4	**5**	**6**
7	8	9	10	11	12	13
14	15	16	17	**18**	19	20
21	**22**	23	24	25	26	27
28	29	30	**31**			

5 Agree 2013/14 PAYE Settlement Agreement
6 Employers send P9D, P11D and annual share scheme returns to HMRC; P9D, P11D to employees.
18 Employers pay class 1A NIC for 2013/14.
18 Employers pay PAYE for quarter or month June 2014.
22 PAYE electronic payment deadline.
31 Deadline for payment of second instalment of 2013/14 tax.

August 2014

M	T	W	T	F	S	S
				1	**2**	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	**19**	20	21	**22**	23	24
25	26	27	28	29	30	31

1 If 2012/13 tax return not filed, further £300 (or 5% of tax due if higher) penalty.
2 Employers submit P46(car) form showing quarter's changes to company cars.
19 Employers pay PAYE for month July 2014.
22 PAYE electronic payment deadline.

September 2014

M	T	W	T	F	S	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	**19**	20	21
22	23	24	25	26	27	28
29	30					

19 Employers pay PAYE for month August 2014.
22 PAYE electronic payment deadline.

October 2014

M	T	W	T	F	S	S
		1	2	3	4	**5**
6	7	8	9	10	11	12
13	14	15	16	**17**	18	19
20	21	**22**	23	24	25	26
27	28	29	30	**31**		

1 Corporation tax payday for companies with 31 December 2013 year end.
5 Deadline for notifying HMRC if income tax or CGT is due for 2013/14 and no tax return received.
17 Employers pay PAYE for quarter or month September 2014, also PAYE Settlement Agreement for 2013/14.
22 PAYE electronic payment deadline.
31 Last day to file 2013/14 SA return on paper.

November 2014

M	T	W	T	F	S	S
					1	**2**
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	**19**	20	**21**	22	23
24	25	26	27	28	29	30

2 Employers submit P46(car) form showing quarter's changes to company cars.
19 Employers pay PAYE for month October 2014.
21 PAYE electronic payment deadline.

December 2014

M	T	W	T	F	S	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	**19**	20	21
22	23	24	25	26	27	28
29	**30**	**31**				

19 Employers pay PAYE for month November 2014.
22 PAYE electronic payment deadline.
30 File 2013/14 SA return online to take advantage of coding out of employment income tax underpayments up to £3,000.
31 Corporation tax filing deadline for companies with 31 December 2013 year end.

January 2015

M	T	W	T	F	S	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	**22**	23	24	25
26	27	28	29	30	**31**	

1 Corporation tax payday for companies with 31 March 2014 year end.
19 Employers pay PAYE for quarter or month Dec 2014.
22 PAYE electronic payment deadline.
31 Online filing deadline for 2013/14 income tax and CGT return. Deadline for tax payments to avoid interest. Companies affected by IR35 to file Earlier Year Update for 2013/14.

February 2015

M	T	W	T	F	S	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	**19**	**20**	21	22
23	24	25	26	27	28	

1 If 2012/13 tax return not filed, a further penalty of £300 (or 5% of tax due if higher)
2 Employers submit P46(car) form showing quarter's changes to company cars.
19 Employers pay PAYE for month January 2014.
20 PAYE electronic payment deadline.

March 2015

M	T	W	T	F	S	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	**19**	**20**	21	22
23	24	25	26	27	28	29
30	**31**					

2 Deadline for payment of balance of 2013/14 tax to avoid late payment penalty.
19 Employers pay PAYE for month February 2015.
20 PAYE electronic payment deadline.
31 Corporation tax filing deadline for companies with 31 March 2014 year end.

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