



BUDGET SUMMARY 2016

A Report for Small Businesses & Taxpayers

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INTRODUCTION

The Chancellor of the Exchequer, George Osborne announced his eighth annual Budget to Parliament on Wednesday 16th March 2016.

The Budget is the government's annual financial statement and review of levels of taxation. It also includes the government's future financial strategy and economic forecast.

Small businesses are already facing major new responsibilities and pressures, including workplace pension schemes, the national living wage, dividend taxation changes and quarterly tax reporting. Thankfully today, Osborne did not impose too many changes for small businesses and if anything, this time there was more good news than bad.

The key changes announced in Budget 2016 were:

- A cut in the main rates of capital gains tax from 2016/17 to 20% for higher and additional rate taxpayers and to 10% for basic rate taxpayers, although the existing rates (28% and 18%) will continue to apply to gains on residential property and carried interest
- A planned cut in the corporation tax rate to 17% in 2020 (revised from the original target of 18%)
- An increase in the personal allowance for 2017/18 to £11,500 (£11,000 in 2016/17) and a rise in the higher rate threshold to £45,000 (£43,000 in 2016/17)
- The abolition of Class 2 National Insurance contributions (NICs) from 6th April 2018
- The launch of a new Lifetime ISA from April 2017 for adults under the age of 40, with a maximum contribution of £4,000 a year and a 25% bonus on savings. The standard ISA investment limit will rise to £20,000 at the same time
- An extension of the entrepreneurs' relief 10% tax rate to capital gains made by long term investors in unlisted companies.

In this summary, we describe the focal points of Budget 2016 for small business owners and also remind you of some changes that have already been announced, but will be introduced imminently.

INVESTMENT PLANS FOR THE UK

Source: HM Treasury Budget 2016 documentation

NORTHERN IRELAND

- Stormont House Agreement funding now delivering infrastructure investment
- £4.5m for an air ambulance service in Northern Ireland
- Pilot Enterprise Zone near Coleraine offering Enhanced Capital Allowance

MIDLANDS

- Over £250m Midlands Engine Investment Fund for smaller businesses
- Put Midlands Connect on a statutory footing, and develop its priority roads schemes, including M1 upgrades, and improvements on the A45, A46, M42 and M5
- New Enterprise Zones for Loughborough and Leicester, and for Brierley Hill, Dudley
- £14m for STEAMhouse, a new innovation centre in Birmingham's Creative Quarter, Digbeth
- £16m grants to aerospace industry including £7m for Rolls-Royce in Derby
- Greater Lincolnshire Devolution Deal, including £450m gainshare pot, devolved transport budget and more joined-up adult skills and criminal justice

WALES

- £500m over 20 years for the Cardiff Capital Region City Deal
- Halving tolls on the Severn River Crossings in 2018, subject to consultation
- Opening negotiations towards a Swansea Bay City Region deal
- Opening the door to a growth deal for North Wales

SOUTH WEST

- West of England Devolution agreement, including £900m gainshare pot, devolved transport budget and powers over adult skills
- £19m from Stamp Duty receipts to community-led housing schemes in areas where the impact of holiday homes is most acute
- £5m additional development funding to improve resilience on the Dawlish rail line
- Increasing grant funding to £14.5m for ultrafast broadband
- New Enterprise Zone for Cornwall
- £3m to improve rail station facilities
- £2m to refurbish the Hall for Cornwall in Truro

SCOTLAND

- A £1bn package of measures to support the oil and gas industry in Scotland
- £5m for the City of Dundee's V&A development
- Opening negotiations on a city deal for Edinburgh and South East Scotland
- Freezing duty on Scotch whisky

NORTHERN POWERHOUSE

- £300m further investment in transport including:
 - £60m to green light HS3 between Leeds and Manchester and for other major city rail links
 - £161m to accelerate transformation of the M62 into a smart motorway, reducing congestion
 - £75m to fast-track development of major new road schemes including on the M60, A66 and A69 and Trans-Pennine tunnel
- Over £150m investment in flood defence schemes in Leeds, Cumbria, Calder Valley and York
- £20m per year Northern Powerhouse Schools Strategy to improve schools
- £15m for National Institute for Smart Data Innovation, Newcastle
- Extension of Sheffield City Region Enterprise Zone, subject to agreement
- Working with Greater Manchester to devolve powers over criminal justice services, and a new Life Chances Investment Fund
- Additional £130m to repair roads and bridges in Cumbria, West Yorkshire, Northumberland, Greater Manchester, Durham and North Yorkshire
- £13m for Hull UK City of Culture 2017

EAST

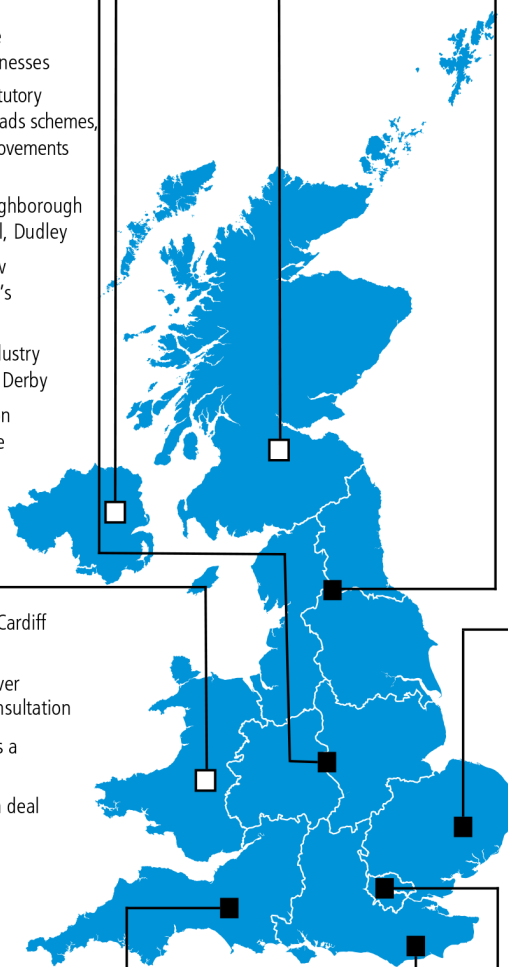
- Devolution deal with East Anglia, including £900m gainshare pot, £175m ring-fenced housing fund and devolved transport and adult skills budgets
- £151m towards building new river crossings at Lowestoft and Ipswich
- £50m for a new world-leading centre for food and health research at Norwich
- £5m to redevelop St Albans City rail station

SOUTH EAST

- Thames Estuary 2050 Growth Commission, chaired by Lord Heseltine to report in 2017
- National Infrastructure Commission to make proposals on developing the Cambridge-Milton Keynes-Oxford corridor
- Piloting a £15m Connected Corridor on the A2-M2 from London to Dover
- £7m to improve rail station facilities at Redhill, Newbury and High Wycombe

LONDON

- The green light for Crossrail 2 with £80m development funding
- Moving towards 100% business rates retention with the Greater London Authority
- Supporting the expansion of the Royal College of Art's Battersea Campus
- Supporting the British Library to develop its Central London site



BUSINESS

Corporation Tax

As already announced, from April 2017 the rate of corporation tax will fall to 19%. It has today been announced that there will be a further fall to 17% from 2020 for all companies of any size. It is expected Northern Ireland will have the ability to set its own corporation tax rate from April 2018 under current plans.

Carrying Forward Corporation Tax Losses

Under the current system, some company losses carried forward can only be set against profits from certain types of income, for example trading losses can only be set against future trading profits.

It was announced today that for losses incurred on or after 1st April 2017, businesses will be able to use carried forward losses against profits from other income streams or from other companies within a group.

Loans to Directors and Shareholders

If a close company loans money to any of its “participants” (directors and shareholders), a tax charge called S455 arises. S455 is designed to deter participants from taking loans from their companies; rather than a salary or dividends. The rate of S455 on loans made on or after 6th April 2016 will increase from 25% to 32.5%.

Dividend Tax Changes

As announced in the emergency Summer Budget, from 6th April 2016 the Dividend Tax Credit will be replaced by a new Dividend Allowance in the form of a 0% tax rate on the first £5,000 of dividend income per year. Dividends in excess of the £5,000 allowance will be taxed at the following rates:

- 7.5% within the basic rate band
- 32.5% within the higher rate band
- 38.1% within the additional rate band

This will mark the end of so-called “tax-free dividends” for basic rate taxpayers. From April 2016, around 2 million individuals are expected to have some tax to pay on their dividend income.

There are some planning points for directors and shareholders to consider both ahead of and after the changes apply. Contact your local TaxAssist Accountant if you would like to discuss your circumstances and options further.

Annual Investment Allowance (AIA)

The AIA allows businesses to claim full tax relief for purchases of plant and machinery, subject to a number of rules and restrictions. The limit is now set permanently at £200,000 with effect from 1st January 2016. This will provide some certainty for the future following a period of various limits.

Abolition of Class 2 National Insurance contributions (NICs)

The government has confirmed that Class 2 NICs will be abolished from April 2018. The rate is currently £2.80 per week for 2016/17, so the self-employed will benefit by £145.

Insurance

Insurance Premium Tax will again rise by 0.5% from 1st October 2016. In November 2015 it rose from 6% to 9.5%, and was estimated to have cost households an average of £100 a year extra each. This is going to increase insurance costs for business owners, motorists and homeowners as insurers tend to pass on the tax to customers.

Business rates – England only

The government will raise the Small Business Rate Relief threshold in England to rateable values of up to £12,000 tapering to £15,000 from 1 April 2017. Currently, 100% relief is only available if the business premises has a rateable value of under £6,000.

The government have also announced plans to introduce more frequent (at least once every 3 years) revaluations of properties in England for business rates purposes and will publish a discussion paper in March 2016 outlining options to deliver this. Rateable values have not been reviewed for some time and have become out of date with the economic climate, so it is welcome news that this issue should finally be addressed.

Making Tax Digital

In the March 2015 Budget the government announced its plans to modernise the tax system through technology and end the need for annual tax returns under the banner Making Tax Digital. In today's Budget, the Chancellor continued to build on these plans and announced that:

- from 2018 businesses, self-employed people and landlords who are keeping their records digitally and providing regular digital updates to HMRC may voluntarily make pay-as-you-go tax payments
- the government will explore options to simplify the tax rules for businesses, landlords, and the self-employed, to reduce administrative burdens and ensure that regular digital updates work smoothly

The government will consult on these measures in 2016, alongside publishing detailed proposals for other elements of the Making Tax Digital programme announced previously.

Replacing assets and equipment

In the past, landlords and businesses have used the renewals allowance to account for the costs of replacing implements, utensils and articles. Supposedly, some businesses have been abusing the rules and have sought to obtain relief under the renewals allowance provisions for expenditure on very large and expensive items of equipment. The renewals allowance was never intended to apply to expenditure of that nature and

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the measure protects that position. As a result, the government will repeal the renewals allowance with effect for expenditure incurred on or after 6th April 2016 for income tax purposes and from 1st April 2016 for Corporation Tax purposes.

However, all is not lost. Tax relief should be available for businesses on the items via the existing capital allowances regime and should therefore attract up to 100% tax relief in many cases. For residential landlords, tax relief should instead be in the shape of the new deduction for the replacement of furnishings, which will cover costs such as replacing domestic items for example furniture, kitchenware and appliances.

Property and trading income allowances

From April 2017, the government will introduce a new £1,000 allowance for property income and a £1,000 allowance for trading income.

Not much detail has been released surrounding these allowances. But it looks like the trading income allowance is intended to cover occasional jobs – such as sharing power tools, providing a lift share or selling handmade goods.

In the same way, the property income allowance looks to cover renting a driveway or loft storage. Individuals with property income or trading income below £1,000 will no longer need to declare or pay tax on that income. Those with income above the allowance will be able to calculate their taxable profit either by deducting their expenses in the normal way or by simply deducting the relevant allowance.

EMPLOYERS

Employment Allowance

From 6th April 2016, most businesses and charities will be entitled to an increased Employment Allowance of £3,000 per year towards their employer National Insurance contributions (NICs) bill. This will particularly help small businesses who want to hire their first employee or expand their workforce. Unfortunately, sole-director companies with no employees will no longer be eligible for the employer allowance from 6th April 2016.

National Insurance on under 25s

As previously announced, from April 2016 employers will no longer have to pay secondary National Insurance for apprentices under the age of 25 and earning up to the Apprentice Upper Secondary Threshold for under 25s (£827 for 2016/17). This rate will also apply to Apprentices under the age of 25 from 6th April 2016. For young employees earning £12,000 a year, this results in a saving of over £500 for the employer and for those earning £16,000 a year, more than £1,000.

Simplification of employee benefits and expenses

From April 2016, the government will remove the £8,500 threshold below which employees do not pay Income Tax on certain benefits in kind and replace it with new exemptions for carers and for ministers of religion.

It will also exempt certain reimbursed expenses and introduce a statutory framework for voluntary payrolling. The new exemption for reimbursed expenses will not be available if used in conjunction with salary sacrifice. But nonetheless, this should mean that applying for dispensations should no longer be necessary.

In summary, these changes should reduce the level of reporting required and consequently, the amount of Class 1A National Insurance payable by the employer and income tax payable by the affected employee.

From April 2017, non-cash vouchers and credit tokens can also be included in the voluntary payrolling of benefits in kind.

National Living Wage

A new national living wage will apply from April 2016 at £7.20 per hour for those aged 25 or over. This will rise to over £9 an hour by 2020.

National Minimum Wage

From October 2016, the National Minimum Wage rates are:

	From October 2016	From April 2015
21 to 24 year olds	£6.95	£6.70
18 to 20 year olds	£5.55	£5.30
16 to 17 year olds	£4.00	£3.87
Apprentices	£3.40	£3.30

Termination payments

From 2018 the rules will be tightened up for claiming the income tax exemption on termination payments of £30,000. The excess, which is already subject to income tax, will also be subject to secondary National Insurance contributions for the employer.

VAT

Registration and Deregistration Thresholds

Businesses are obliged to register for VAT once their taxable turnover for any twelve-month period exceeds the VAT registration threshold. They may opt to deregister if their turnover falls below the deregistration threshold.

	From April 2016	From April 2015
VAT registration threshold	£83,000	£82,000
VAT deregistration threshold	£81,000	£80,000

MOTORING

Van Benefit Charge

The flat rate benefit in kind for Vans for 2016/17 has increased from £3,150 to £3,170. Since April 2015, the benefit in kind for zero emission vans has been 20% of the van benefit charge. This will increase to 40% in 2018/19, 60% in 2019/20, 80% in 2020/21, 90% in 2021/22. From 2022/23 all vans will have the flat rate benefit in kind.

Fuel Benefit Charge

From April 2016, the fuel benefit charge multiplier for cars will increase from £22,100 to £22,200, and the multiplier for vans will increase from £594 to £598.

Fuel Duty

Despite being hotly tipped to increase; the government has again decided to freeze fuel duty. Fuel duty has been frozen since 2011. This will be welcome news for mobile businesses.

Capital allowances

The First Year Allowance has been extended for purchases of low emission cars for a further 3 years to April 2021. The First Year Allowance offers up to 100% tax relief and has previously been available on cars with emissions under 75 grams/kilometre of CO₂. However, from April 2018, the CO₂ emission threshold will fall to just 50 grams/kilometre of CO₂ which will make the Allowance much more difficult to qualify for moving forward.

For other cars, tax relief could be at the main rate which is presently 18% or at 8%. As above, the rate of tax relief is dictated by the level of CO₂ emissions. Previously the CO₂ limit has been 130 grams/kilometre, but from April 2018 the limit will fall to just 110 grams/kilometre.

PERSONAL

Personal allowance and the Basic rate band

The personal allowance is the amount of income you don't have to pay tax on. Under current plans, the personal allowance and basic rate band will change as follows; an increase in the personal allowance for 2017/18 to £11,500 (£11,000 in 2016/17) and a rise in the higher rate threshold to £45,000 (£43,000 in 2016/17).

With effect from 2016/17, there will be a single personal allowance regardless of an individual's date of birth.

The National Insurance upper earnings and upper profits limits will increase to stay in line with the higher rate threshold.

The government plans to increase the Personal Allowance to £12,500 by 2020, and a law will be introduced so that once it reaches this level, people working 30 hours a week on the National Minimum Wage won't pay Income Tax at all.

Transferable tax allowances for married couples and civil partners

Since April 2015, a spouse or civil partner who is not liable to income tax above the basic rate may transfer up to 10% of their personal allowance to their spouse or civil partner; provided that the recipient of the transfer is not liable to income tax above the basic rate. This will amount to £1,100 for 2016/17 resulting in a possible tax reduction of £220 for the recipient spouse or civil partner.

Blind person's allowance, married couple's allowance and income limit for 2016/17

As previously announced in the 2014 Autumn Statement, the government will increase the Blind Person's Allowance, Married Couple's Allowance and the income limit by amounts equivalent to the Retail Prices Index. As there was negative growth, the amounts are frozen at 2015/16 levels, £2,290 for Blind Person's Allowance, a maximum of £8,355 and minimum of £3,220 for Married Couple's Allowance. The Married Couple's Allowance is still reduced if the higher earner has income above £27,700.

Increase in Rent-a-room Relief

In the emergency Summer Budget, it was announced that 'rent-a-room' relief would finally increase in April 2016. After 18 years of being at £4,250, it will increase to £7,500.

Rent-a-room relief allows you to let out furnished accommodation in your home, tax-free, subject to the threshold. The threshold is halved if you share the income with your partner or someone else. The relief is open to anyone renting out room (i.e. a room or even an entire floor) in their home; whether they own the property or not. It is therefore available to people running bed and breakfasts and guest houses.

Restrictions to tax relief on mortgage interest

From April 2017, the offset of mortgage interest available to higher rate taxpayer-landlords will gradually be reduced to the basic rate. Under the four-year withdrawal of the relief, in 2017/18 landlords will only be able to apply the existing relief rules to 75% of their finance costs with the remaining 25% using the basic rate reduction. The following three years will see the proportion change by 25% each year before the basic rate cap applies in full from 2020/21.

Landlords who have small borrowings or are basic rate taxpayers, will be unaffected by the change. However, those who took advantage when access to finance was more relaxed, could be hit by the fall in their tax-deductible expenses- and therefore a rise in their tax liability. This was announced by the Chancellor in the emergency Summer Budget.

SAVINGS

Individual Savings Account (ISA) limits

The main ISA limit will increase to £20,000 from April 2017.

The Help to Buy ISA has been set up to help first time buyers get on to the property ladder. An initial investment of £1,200 can be made plus up to £200 per month, to a maximum value of up to £12,000. When applied to purchase a first home, the government will add a 25% bonus, up to a maximum of £3,000.

Lifetime ISAs will be available from April 2017 on savings up to £4,000pa and receive a 25% bonus. This is available for people between the age of 18 and 40 for investments up to the age of 50. This can be applied for first time buyers buying a house or kept until the age of 60. The Help to Buy ISA can be transferred into the Lifetime ISA from 2017.

ISA flexibility

ISA savers will be able to withdraw and replace money from their cash ISA without it affecting their annual ISA subscription limit for that year, as long as the repayment is made in the same tax year as the withdrawal. This will enable savers to access their ISA savings more flexibly without losing the benefits they have built up.

Tax-free savings income

A new Personal Savings Allowance is available from April 2016. The allowance will exempt the first £1,000 of savings income from tax for basic rate taxpayers and the first £500 for higher rate taxpayers, saving up to £200 off an annual tax bill. This will not apply to additional rate taxpayers.

As previously announced in the 2015 Budget the automatic deduction of 20% income tax by banks and building societies on non-ISA savings will cease from April 2016.

CAPITAL GAINS TAX

The main rate of capital gains tax has been reduced from 28% to 20% and the basic rate is down to 10% from 18% with effect from 6 April 2016. Gains on residential property will remain at 28% and 18%. The annual exemption remains at £11,100.

Gains on investment in newly issued shares in unlisted trading companies purchased on or after 17 March 2016 and held for at least 3 years from 6 April 2016 will pay 10% capital gains tax subject to a limit of £10m of gains.

STAMP DUTY - England, Wales and Northern Ireland

From 17 March 2016 Stamp Duty Land Tax (SDLT) charged on purchases of non-residential properties and transactions involving a mixture of residential and non-residential properties will be charged at each rate on the portion of the purchase price which falls within each rate band.

These changes will bring down the cost of buying business premises, with the government estimating up to 90% of commercial transactions will pay the same or less SDLT moving forward.

For new leasehold transactions, SDLT is already charged at each rate on the portion of the net present value (NPV) of the rent which falls within each band. On and after 17 March 2016 a new 2% rate for rent paid under a non-residential lease will be introduced where the NPV of the rent is above £5 million.

USEFUL TABLES: BUDGET 2016

Personal Taxation

Income tax rates		2016/17	2015/16
Personal allowance*	Born after 6th April 1948	£11,000	£10,600
	Born 6th April 1938 to 5th April 1948	£11,000	£10,600
	Born before 6th April 1938	£11,000	£10,660
Married couples / civil partners allowance	Maximum	£8,355	£8,355
	** Minimum	£3,220	£3,220
Income limit for personal allowances (born before 6th April 1938)		£27,700	£27,700
Marriage allowance***		£1,100	£1,060
Blind person's allowance		£2,290	£2,290
Dividend allowance		£5,000	n/a
Personal savings allowance for basic rate taxpayers		£1,000	n/a
Personal savings allowance for higher rate taxpayers		£500	n/a
Starting rate band of 0% on savings income up to		£5,000	£5,000
Basic rate		20%	20%
Higher rate		40%	40%
Additional rate		45%	45%
Dividends at the basic rate (effective rate)		7.5%	10% (0%)
Dividends at the higher rate (effective rate)		32.5%	32.5% (25%)
Dividends at the additional rate (effective rate)		38.1%	37.5% (30.6%)
Basic rate band		0-£32,000	0-£31,785
Higher rate band		£32,001-£150,000	£31,786-£150,000
Additional rate band		Over £150,000	Over £150,000

* Personal allowance reduced by 50% of income over £100,000

** Where at least one spouse / civil partner was born before 6 April 1935

*** Available to basic rate spouses / civil partners not in receipt of the married couple's allowance

Income tax allowances, credits and reliefs		2016/17	2015/16
Child Tax Credit - £ per year			
Family element		£545	£545
Child element		£2,780	£2,780
Disabled child element		£3,140	£3,140
Severely disabled child element		£1,275	£1,275
Income thresholds and withdrawal rates - £ per year (unless stated)			
First income threshold		£6,420	£6,420
Withdrawal rate		41%	41%
First threshold for those entitled to Child Tax credit only		£16,105	£16,105
Income rise disregard		£2,500	£5,000
Income fall disregard		£2,500	£2,500

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USEFUL TABLES: BUDGET 2016

	2016/17	2015/16
Various		
Rent-a-room tax-free income	£7,500	£4,250
ISAs	£15,240	£15,000*
Pensions		
Annual allowance	£40,000	£40,000
Standard lifetime allowance	£1,000,000	£1,250,000

* From 2016/17, the annual allowance is reduced by 50% of income over £150,000 subject to a maximum reduction of £30,000

Corporation tax rates	2016/17	2015/16
Corporation tax for company profits	20%	20%

Corporation Tax Rates

Class 1	2016/17		2015/16	
	Weekly Threshold	Rate	Weekly Threshold	Rate
Employees				
Below lower earnings limit (LEL)	£112	0%	£112	0%
Primary threshold (PT) to UEL	£155	12%	£155	12%
Upper accrual point (UAP)	abolished		£770	12%
Above Upper earnings limit (UEL)	£827	2%	£815	2%
Employers				
Above secondary threshold (ST)	£156	13.8%	£156	13.8%
Above Upper secondary threshold for U21s (UST)	£827	0%	£815	0%
Above Apprentice Upper Secondary Threshold (apprentice under 25) (AUST)	£827	0%	n/a	n/a
Contracted-out S2P rebate				
Rate reduction for Salary-related Scheme	abolished		3.4%	1.4%

National Insurance Contributions (NICs)

Class 1A: Employers	2016/17	2015/16
Most taxable employee benefits	13.8%	13.8%

Class 2: Self-Employed	2016/17	2015/16
Flat rate	£2.80pw; £145.60pa	£2.75pw; £143.00pa
The Small Profits Threshold / Small earnings exception	£5,965pa	£5,885pa

USEFUL TABLES: BUDGET 2016

NICs continued

Class 4: Self-Employed		2016/17	2015/16
Lower profits limit		£8,060	£8,060
Upper profits limit		£43,000	£42,385
Class 4 rate between lower profits limit and upper profits limit		9%	9%
Class 4 rate above upper profits limit		2%	2%
Class 3: Voluntary		2016/17	2015/16
		£14.10 pw; £733.20	£14.10 pw; £733.20

Capital Gains Tax

On chargeable gains		2016/17		2015/16	
Total taxable income and gains	Main	Residential		Main	
Up to £32,000	10%	18%	Up to £31,785	18%	
From £32,001	20%	28%	From £31,786	28%	
Trust rate	20%	28%	Trust rate	28%	
Entrepreneurs' Relief		2016/17		2015/16	
Qualifying gains taxed at*		10%		10%	
Claims may be made on more than one occasion up to a "lifetime" limit of		£10 million		£10 million	
* This will include gains on investment in newly issued shares in unlisted companies purchased on or after 17 March 2016 and held for at least 3 years from 6 April 2016					
Annual exempt amount		2016/17		2015/16	
Individuals		£11,100		£11,000	
Most trustees		£5,550		£5,500	

Stamp Duty

Stamp Duty Land Tax: property purchased in England, Wales and Northern Ireland			
Residential	Rate	Non-residential	Rate
£125,000 or less	Nil	£150,000 or less	Nil
Between £125,001 up to £250,000	2%	Over £150,000 up to £250,000	2%
Between £250,001 up to £925,000*	5%	Over £250,000	5%
Between £925,001 and £1,500,000*	10%		
Over £1.5 million*	12%		
SDLT for all properties is charged at different rates depending on the portion of the purchase price that falls within each rate band.			

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Stamp Duty continued

Second homes and buy to let properties

A 3% surcharge will apply to the current residential rates for additional residential properties (such as second homes and buy to let properties) purchased on or after 1 April 2016. The surcharge will only apply to transactions in excess of £40,000.

Stocks and shares purchased for over £1,000

0.5%**

* Can be 15% on residential properties costing more than £500,000 if purchased by certain persons including companies

** Rounded up to nearest £5

Land and Buildings Transaction Tax: property purchased in Scotland only

Residential	Rate
Up to £145,000	Nil
Between £145,001 and £250,000	2%
Between £250,001 and £325,000	5%
Between £325,001 and £750,000	10%
£750,001 and over	12%

LBTT for residential property is charged at different rates depending on the portion of the purchase price that falls within each rate band.

Second homes and buy to let properties

A 3% surcharge will apply to the current residential rates for additional residential properties (such as second homes and buy to let properties) purchased on or after 1 April 2016. The surcharge will only apply to transactions in excess of £40,000.

Non- Residential

	Rate
Up to £150,000	Nil
Above £150,000 to £350,000	3%
Above £350,000	4.5%

Land & Buildings Transaction Tax

We hope you have enjoyed our Budget summary

Please feel free to contact us to discuss any of the
Budget announcements if you think they may affect you.