

Contents

<i>About the authors</i>	v
<i>Preface</i>	vii
<i>What's new?</i>	ix
<i>Key data</i>	xxi
Overview	1
A brief history of taxation	2
The sources of tax law	9
General principles of direct taxation	19
Income tax	39
General framework of income tax	40
Employees and the charge on employment income	47
Pensions	137
Business income	151
Partnership	180
Special taxpayers	190
Income of trusts and deceased persons' estates	212
Settlements: anti-avoidance	259
Income from property	272
Investment income	290
Foreign income and double taxation	327
Reliefs and deductions for income tax	360
Administration	477
NICs	521
Introduction to NICs	522
Earnings	541
Class 1 contributions	568
Class 1a contributions	590
Class 1b contributions	602
Class 2 contributions	604
Class 3 contributions	608
Class 3a contributions	610
Class 4 contributions	610
Interaction of NIC classes and annual maxima	617
Administration and payment of NICs	620

Corporation tax	643
Taxation of companies: General framework	644
Calculating the tax due	666
Income	673
Particular reliefs and deductions	713
Losses	735
Chargeable gains	747
Groups of companies	773
Distributions	812
Transfer pricing	832
Close companies	838
Controlled foreign companies	851
Special companies and activities	864
Administration and compliance	872
Capital allowances	897
Capital gains tax	943
Introduction to capital gains tax	944
Disposals	950
Computation of gains and losses	968
Rates of capital gains tax	1033
Spouses and civil partners: capital gains tax	1037
Trusts and settlements for capital gains tax	1040
Capital gains of estates in administration	1069
Capital gains tax: the foreign element	1075
Partnership gains	1088
Gains of special taxpayers	1092
Gains in respect of shares and securities	1096
Gains on futures, options and other derivatives	1125
Exemptions and reliefs	1127
Administration of capital gains tax	1171
Inheritance tax	1183
Inheritance tax in the UK	1184
Lifetime transfers	1202
Transfers on death	1226
Inheritance tax and settled property	1265
Exemptions and reliefs from inheritance tax	1318
Administration, liability and incidence	1374

VAT	1399
Outline of value added tax	1400
Chargeable events – VAT on supplies by the business	1403
Chargeable events – VAT on imports from outside the EC	1441
Chargeable events – VAT on acquisitions from elsewhere in the EC	1449
Inputs and input tax recovery – general	1455
Inputs and input tax recovery – partial exemption	1468
Rates of VAT	1484
Registration and deregistration	1502
Special VAT schemes	1519
VAT payment and accounting requirements	1531
VAT enforcement – the penalty regime	1538
VAT assessments, appeals and disputes	1548
SDLT	1555
Exchanges	1561
Reliefs	1574
Company reorganisations, reconstructions, acquisitions, etc.	1586
Returns	1598
Record keeping	1602
Other indirect taxes	1603
Customs duties	1604
Excise duties	1627
Air passenger duty	1654
Insurance premium tax	1660
Landfill tax	1672
Climate change levy	1680
Aggregates levy	1684
Council tax and business rates	1688
Stamp duty	1689
Stamp duty reserve tax	1691
HGV road user levy	1694
Vehicle excise duty	1695
Dealing with HMRC	1697
The harmonisation of tax administration	1697
Information and inspection powers	1700
Penalties	1714

Contents

Other matters	1765
HMRC enquiries	1809
Case table	1815
Legislation finding list	1831
Index to concessions and statements	1859
Index	1861

Key Data

PRINCIPLES OF INCOME TAX

1 Income tax rates: 2016–17

(FA 2015, s. 4; FA 2016, s. 1; ITA 2007, s. 6–15)

(Tax reporter: 148-075ff.)

UK rates (England, Wales and Northern Ireland): 2016–17

	Taxable income band £	Tax rate ⁽¹⁾ %	Tax on band £
Basic rate	1–32,000	20	6,400
Higher rate	32,001–150,000	40	47,200
Additional rate	Over 150,000	45	
Starting rate for savings income	1–5,000	0	

Starting rate for savings income ⁽²⁾	0% up to starting rate limit
Rate on non dividend savings income	0% on savings income charged at the savings nil rate ⁽²⁾ 20% up to basic rate limit 40% up to higher rate limit 45% thereafter
Dividend nil rate ⁽⁴⁾	0% on first £5,000 dividends
Dividend ordinary rate	7.5% ⁽⁴⁾ up to basic rate limit
Dividend upper rate	32.5% ⁽⁴⁾ up to higher rate limit
Dividend additional rate	38.1% ⁽⁴⁾ above higher rate limit
Trust rate	45% ⁽³⁾
Dividend trust rate	38.1% ⁽³⁾

Notes

(1) Income tax lock: F(No. 2)A 2015, s. 1 sets a ceiling for the main rates of income tax at 20%, 40% and 45% respectively for tax years beginning on or after 18 November 2015 (Royal Assent) but before the date of the first parliamentary general election after that day.

(2) The 'starting rate for savings' is available for savings income only. If an individual's taxable non-savings income (i.e. after deduction of their personal allowance) exceeds the starting rate, then