

# Appendix A. Headline tax and benefit rates and thresholds

	2013–14	2014–15 <sup>a</sup>
<b>Income tax</b>		
Personal allowance: born after 5/4/48	£9,440 p.a.	£10,000 p.a.
born between 6/4/38 and 5/4/48	£10,500 p.a.	£10,500 p.a.
born before 6/4/38	£10,660 p.a.	£10,660 p.a.
Married couple's allowance, restricted to 10%: at least one spouse or civil partner born before 6/4/35	£7,915 p.a.	£8,165 p.a.
Basic rate	20%	20%
Higher rate	40%	40%
Additional rate	45%	45%
Tax rates on interest income	10%, 20%, 40%, 45%	10%, 20%, 40%, 45%
Tax rates on dividend income	10%, 32.5%, 37.5% <sup>b</sup>	10%, 32.5%, 37.5% <sup>b</sup>
Starting-rate limit	£2,790 p.a.	£2,880 p.a.
Basic-rate limit	£32,010 p.a.	£31,865 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.
<b>National Insurance</b>		
Lower earnings limit (LEL)	£109 p.w.	£111 p.w.
Upper earnings limit (UEL)	£797 p.w.	£805 p.w.
Upper accrual point (UAP)	£770 p.w.	£770 p.w.
Primary earnings threshold (employee)	£149 p.w.	£153 p.w.
Secondary earnings threshold (employer)	£148 p.w.	£153 p.w.
Class 1 contracted-in rate: employee – below UEL	12%	12%
– above UEL	2%	2%
employer – below UEL	13.8%	13.8%
– above UEL	13.8%	13.8%
Class 1 contracted-out rate: employee – below UAP	10.6%	10.6%
(salary-related schemes) – UAP to UEL	12%	12%
– above UEL	2%	2%
employer – below UAP	10.4%	10.4%
– above UAP	13.8%	13.8%
<b>Corporation tax</b>		
Rates: small profits rate	20%	20%
standard rate	23%	21%
<b>Bank levy</b>		
Rates: equity and long-term liabilities	0.065%/0.078% <sup>c</sup>	0.078%
Short-term liabilities	0.130%/0.156% <sup>c</sup>	0.156%
<b>Capital gains tax</b>		
Annual exemption limit: individuals	£10,900 p.a.	£11,000 p.a.
trusts	£5,450 p.a.	£5,500 p.a.
Standard rate	18%	18%
Higher rate	28%	28%
<b>Inheritance tax</b>		
Threshold	£325,000	£325,000
Rate for transfer at or near death	40%	40%
<b>Value added tax</b>		
Registration threshold	£79,000 p.a.	£81,000 p.a.
Standard rate	20%	20%
Reduced rate	5%	5%

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	2013–14	2014–15 <sup>a</sup>
<b>Excise duties</b>		
Beer (pint at 3.9% abv)	42p	44p <sup>d</sup>
Wine (75cl bottle at 12% abv)	200p	210p <sup>d</sup>
Spirits (70cl bottle at 40% abv)	790p	828p <sup>d</sup>
20 cigarettes: <sup>e</sup> specific duty	352p	371p <sup>d</sup>
<i>ad valorem</i> (16.5% of retail price)	133p	137p <sup>d</sup>
Ultra-low-sulphur petrol (litre)	58p	58p
Ultra-low-sulphur diesel (litre)	58p	58p
<b>Air passenger duty</b>		
Band A (up to 2,000 miles): economy	£13	£13
club/first class	£26	£26
Band B (2,001–4,000 miles): economy	£67	£69
club/first class	£134	£138
Band C (4,001–6,000 miles): economy	£83	£85
club/first class	£166	£170
Band D (6,001 or more miles): economy	£94	£97
club/first class	£188	£194
<b>Betting and gaming duty</b>		
Gross profits tax	15–50%	15–50%
Spread betting rate: financial bets	3%	3%
other bets	10%	10%
<b>Insurance premium tax</b>		
Standard rate	6%	6%
Higher rate (for insurance sold accompanying certain goods and services)	20%	20%
<b>Stamp duty</b>		
Land and buildings:		
residential threshold	£125,000	£125,000
non-residential threshold	£150,000	£150,000
rate:		
up to threshold	0%	0%
threshold–£250,000	1%	1%
£250,000–£500,000	3%	3%
£500,000–£1,000,000	4%	4%
£1,000,000–£2,000,000 <sup>f</sup>	5%	5%
above £2,000,000 <sup>f</sup>	7%	7%
Stocks and shares: rate	0.5%	0.5%
<b>Vehicle excise duty</b>		
Graduated system (for new cars from 1 March 2001)	£0–£490 p.a.	£0–£505 p.a. <sup>d</sup>
Graduated system (first-year rate from April 2010)	£0–£1,065 p.a.	£0–£1,095 p.a. <sup>d</sup>
Standard rate (for cars registered before March 2001)	£225 p.a.	£230 p.a. <sup>d</sup>
Small-car rate (engines up to 1,549cc)	£140 p.a.	£145 p.a. <sup>d</sup>
Heavy goods vehicles (varies according to vehicle type and weight)	£165–£1,850 p.a.	£165–£1,850 p.a.
<b>Landfill tax</b>		
Standard rate	£72 per tonne	£80 per tonne
Lower rate (inactive waste only)	£2.50 per tonne	£2.50 per tonne
<b>Climate change levy</b>		
Electricity	0.524p/kWh	0.541p/kWh
Natural gas	0.182p/kWh	0.188p/kWh
Coal	1.429p/kg	1.476p/kg
Liquefied petroleum gas	1.172p/kg	1.210p/kg
<b>Business rates</b>		
Rate applicable for low-value properties <sup>g</sup> in: England	46.2%	47.1%
Scotland	46.2%	47.1%
Wales	46.4%	47.3%

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	2013–14	2014–15 <sup>a</sup>
<b>Council tax</b>		
Average band D rate in England and Wales	£1,440 p.a.	Councils to set
<b>Income support / Income-based jobseeker's allowance</b>		
Single (aged 25 or over)	£71.70 p.w.	£72.40 p.w.
Couple (both aged 18 or over)	£112.55 p.w.	£113.70 p.w.
<b>Basic state pension</b>		
Single	£110.15 p.w.	£113.10 p.w.
Couple	£176.15 p.w.	£180.90 p.w.
Winter fuel payment: for those aged 60–79	£200 p.a.	£200 p.a.
for those aged 80 or over	£300 p.a.	£300 p.a.
<b>Pension credit</b>		
Guarantee credit for those over female state pension age:		
single	£145.40 p.w.	£148.35 p.w.
couple	£222.05 p.w.	£226.50 p.w.
Savings credit for those aged 65 or over:		
threshold – single	£115.30 p.w.	£120.35 p.w.
threshold – couple	£183.90 p.w.	£192.00 p.w.
maximum – single	£18.06 p.w.	£16.80 p.w.
maximum – couple	£22.89 p.w.	£20.70 p.w.
withdrawal rate	40%	40%
<b>Child benefit</b>		
First child	£20.30 p.w.	£20.50 p.w.
Other children	£13.40 p.w.	£13.55 p.w.
Threshold <sup>h</sup>	£50,000 p.a.	£50,000 p.a.
Withdrawal rate	1% per £100	1% per £100
<b>Child tax credit</b>		
Family element	£545 p.a.	£545 p.a.
Child element	£2,720 p.a.	£2,750 p.a.
Disabled child element	£3,015 p.a.	£3,100 p.a.
<b>Working tax credit</b>		
Basic element	£1,920 p.a.	£1,940 p.a.
Couples and lone-parent element	£1,970 p.a.	£1,990 p.a.
30-hour element	£790 p.a.	£800 p.a.
Disabled worker element	£2,855 p.a.	£2,935 p.a.
Childcare element:		
maximum eligible cost for one child	£175 p.w.	£175 p.w.
maximum eligible cost for two or more children	£300 p.w.	£300 p.w.
proportion of eligible costs covered	70%	70%
<b>Features common to child and working tax credits</b>		
Threshold	£6,420 p.a.	£6,420 p.a.
Threshold if entitled to child tax credit only	£15,910 p.a.	£16,010 p.a.
Withdrawal rate	41%	41%
<b>Maternity benefits</b>		
Sure Start maternity grant	£500	£500
Statutory maternity pay: weeks 1–6	90% of earnings	90% of earnings
weeks 7–33	£136.78 p.w., or 90% of earnings if lower	£138.18 p.w., or 90% of earnings if lower
<b>Maternity allowance</b>	£136.78 p.w.	£138.18 p.w.

<sup>a</sup> 2014–15 figures take pre-announced values where available and estimated results of standard indexation otherwise.

<sup>b</sup> Offsetting tax credits available, which reduce marginal effective tax rates to 0%, 25% and 30.6%.

<sup>c</sup> Higher rate in place from January 2014.

<sup>d</sup> Assumes RPI inflation of 2.8% in the third quarter of 2014 as per the Office for Budget Responsibility, *Economic and Fiscal Outlook*, December 2013.

<sup>e</sup> Assumes the December 2013 average pre-tax price of king-size cigarettes.

<sup>f</sup> Higher-rate bands apply only to residential properties.

<sup>9</sup> 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 and Scotland (rising from 0.9% in 2013–14 to 1.1% in 2014–15), and an additional 0.4% is payable on all properties in the City of London.

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

Source:

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/264123/Benefit\\_and\\_Pension\\_rates\\_2014-15.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/264123/Benefit_and_Pension_rates_2014-15.pdf);

<http://www.hmrc.gov.uk/rates/index.htm>;

<http://www.hmrc.gov.uk/taxon/index.htm>;

<http://www.hmrc.gov.uk/budget2013/tiin-4004.pdf>;

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/175492/V149\\_rates\\_of\\_vehicle\\_tax.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/175492/V149_rates_of_vehicle_tax.pdf);

[http://www.legislation.gov.uk/ukxi/2014/2/pdfs/ukxiem\\_20140002\\_en.pdf](http://www.legislation.gov.uk/ukxi/2014/2/pdfs/ukxiem_20140002_en.pdf);

<http://www.voa.gov.uk/corporate/Publications/businessRatesAnIntro.html>;

[http://www.2010.voa.gov.uk/rli/static/HelpPages/English/faqs/faq146-what\\_are\\_the\\_current\\_multipliers.html](http://www.2010.voa.gov.uk/rli/static/HelpPages/English/faqs/faq146-what_are_the_current_multipliers.html);

<http://www.scotland.gov.uk/Topics/Government/local-government/17999/11199>;

[http://www.cipfastats.net/uploads/ctax\\_13142811201358742.pdf](http://www.cipfastats.net/uploads/ctax_13142811201358742.pdf);

<https://www.gov.uk/sure-start-maternity-grant>;

<https://www.gov.uk/winter-fuel-payment/what-youll-get>;

<https://www.gov.uk/winter-fuel-payment/what-youll-get>;

<http://www.hmrc.gov.uk/budget2012/tiin-0620.pdf>;

<http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tc%3A77-320853>.

For descriptions of the tax and benefit systems, see J. Browne and B. Roantree, 'A survey of the UK tax system', IFS Briefing Note 9, 2012 (<http://www.ifs.org.uk/bns/bn09.pdf>) and J. Browne and A. Hood, 'A survey of the UK benefit system', IFS Briefing Note 13, 2012 (<http://www.ifs.org.uk/bns/bn13.pdf>) respectively.

For a summary of the main tax measures introduced in each Budget, Pre-Budget Report and Autumn Statement since 1979, see [http://www.ifs.org.uk/ff/budget\\_measures.xls](http://www.ifs.org.uk/ff/budget_measures.xls).

For estimates of the effects of various illustrative tax changes on government revenues, see HM Revenue & Customs, *Tax Expenditures and Ready Reckoners*, <http://www.hmrc.gov.uk/statistics/expenditures.htm>.

## Appendix B. Abbreviations

AER	average effective rate
APF	Asset Purchase Facility
AS	Autumn Statement
ASHE	Annual Survey of Hours and Earnings
BBC	British Broadcasting Corporation
BPEA	Brookings Papers on Economic Activity
BRIC	Brazil, Russia, India and China
CCRP	Centre for Competition and Regulatory Policy
CLG	Communities and Local Government (Department for)
CMA	Competition and Markets Authority
CPI	consumer price index
CPIH	consumer price index housing
CSAE	Centre for the Study of African Economies
CTS	council tax support
DB	defined benefit
DC	defined contribution
DCLG	Department for Communities and Local Government
DECC	Department of Energy and Climate Change
DEL	departmental expenditure limit
DfE	Department for Education
DWP	Department for Work and Pensions
EC	European Commission
ECB	European Central Bank
ECEC	early childhood education and care
ECO	Energy Companies Obligation
EEE	Exempt, Exempt, Exempt
EET	Exempt, Exempt, Taxed
EFO	Economic and Fiscal Outlook
EMTR	effective marginal tax rate
EPPE	Effective Provision of School Education
ETS	Emissions Trading System
EU	European Union
FLS	Funding for Lending Scheme
FRS	Family Resources Survey
GDP	gross domestic product
HBAI	Households Below Average Income
HEPI	household energy price index
HMRC	Her Majesty's Revenue and Customs
HPI	house price index
HPSI	Knight Frank/ Markit's house price sentiment index
HTB	Help to Buy
IEA	Institute of Economic Affairs
IFS	Institute for Fiscal Studies

ILO	International Labour Organisation
IMF	International Monetary Fund
IPA	Individual Pensions Account
JSA	jobseeker's allowance
LA	local authority
LCF	Living Costs and Food Survey
LEL	lower earnings limit
LFS	Labour Force Survey
LNG	liquefied natural gas
LPC	Low Pay Commission
LTV	loan-to-value
LVT	land value tax
MP	Member of Parliament
MPC	Monetary Policy Committee
NAIRU	non-accelerating inflation rate of unemployment
NBER	National Bureau of Economic Research
NBS	National Bureau of Statistics
NES	New Earnings Survey
NHS	National Health Service
NI	Northern Ireland
NIESR	National Institute of Economic and Social Research
NMW	National Minimum Wage
NVQ	National Vocational Qualification
NY	New York
OBR	Office for Budget Responsibility
ODA	Official Development Assistance
OE	Oxford Economics
OCDE	Organisation de coopération et de développement économiques
OECD	Organisation for Economic Cooperation and Development
OFT	Office of Fair Trading
ONS	Office for National Statistics
OUP	Oxford University Press
PESA	Public Expenditure Statistical Analyses
PFI	Private Finance Initiative
PMI	purchasing managers' index
PSNB	public sector net borrowing
PTR	participation tax rates
PVI	private, voluntary and independent
RICS	Royal Institute of Chartered Surveyors
RPI	retail price index
RPIJ	retail price index Jevons
RPIX	RPI all items excluding mortgage interest payments
RTB	Right to Buy
SA	seasonally adjusted
SDLT	stamp duty land tax
SERPS	State Earnings-Related Pension Scheme

SME	small and medium-sized enterprise
SNP	Scottish National Party
SPA	state pension age
TAXBEN	IFS tax and benefit model
TEE	Tax, Exempt, Exempt
TFP	total factor productivity
TtE	Taxed, partially taxed, Exempt
TTE	Taxed, Taxed, Exempt
TTT	Taxed, Taxed, Taxed
UAP	upper accrual point
UC	universal credit
UEL	upper earnings limit
UK	United Kingdom
US	United States
VAT	value added tax
VOA	Valuation Office Agency
WTC	working tax credit