

TAX SHEET 2019/20

Personal Allowances	2018/19	2019/20
Personal allowance (1)	11,850	12,500
Income Limit For Personal Allowance (2)	100,000	100,000
Income Limit for Married couples allowance (3)	28,900	29,600
Married couples allowance (maximum allowance) (4)	8,695	8,915
Married couples allowance (minimum allowance) (5)	3,360	3,450
Blind Person's Allowance	2,390	2,450

(1)(2) Since 2016/17 everyone is entitled to the same personal allowance and income limit, irrespective of age.

(3) These allowances reduce where the income is above the income limit by £1 for every £2 of income above the £29,600 limit.

(3) Tax relief for the Married Couple's Allowance is given at the rate of 10 percent.

Income Tax Rates and Bands		2018/19 £	2019/20 £
Lower rate	20%	0 - 34,500	0 - 37,500
Higher rate	40%	34,501-150,000	37,501-150,000
Additional rate	45%	Over 150,000	Over 150,000

National Insurance Contributions for Sole Traders		2018/19 £	2019/20 £
Class 2		2.95 per week	3.00 per week
Class 2	Small earnings exemption	6,025 per	6,365 per
Class 4	Lower profits limit	8,424 per	8,632 per
	Upper profits limit	46,350 per annum	50,000 per annum
	Rate between upper and lower profits limit	9%	9%
	Rate above upper profits limit	2%	2%

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Calculation of estimated monthly tax 2019/2020 (£)

This can be used as a guide to how much you need to put aside for tax and national insurance within your business and household budget. There is an example on page 3/4 of this fact sheet. There is no provision for Additional Rate if income is greater than £150,000 (taxed at 45%) - please speak to an accountant.			
Your monthly business income or 'drawings'		A	
Multiply by 12 to get the annual figure		B	
Tax allowance (refer to personal allowances)		C	
Taxable amount (B-C)		D	
First £37,500 of D x 20%		E	
D - £37,500 (if answer is greater than 0) x 40%		F	
E + F = estimated tax liability		G	
Divide G by 12 to get monthly amount		H	
The calculated figure in H is your 'estimated monthly Income tax amount'			

Calculation of estimated National Insurance Contributions 2019/2020 (£)

Class 2 - Use a flat-rate of £3.00 per week (£13.00 per month) for your class 2 National Insurance figure.			
Class 4			
1	Figure B from the tax calculation table above (If above the maximum of £46,350 then insert £46,350)		I
2	Less £8,632		J
3	J x 9% = rate payable between upper and lower limits		K
4	Figure B from above minus £50,000 (if figure is less than 0 insert 0)		L
5	L x 2% = rate payable above upper limit		M
6	K + M = total annual class 4 contributions		N
7	Divide N by 12 to get monthly amount		O
The calculated figure in O is your 'estimated monthly National Insurance Class 4 amount'			

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This is an example of the calculation for tax and national insurance where you have worked through your business budget and your monthly drawings is £3,950.

1	Your monthly business income or 'drawings'	3,950	A
2	Multiply by 12 to get the annual figure	47,400	B
3	Tax allowance (refer to personal allowances)	12,500	C
4	Taxable amount (B-C)	34,900	D
5	First - £37,500 of D x 20%	6,980	E
6	D - £37,500 (if answer is greater than 0) x 40%	0	F
7	E + F = estimated tax liability	6,980	G
8	Divide G by 12 to get monthly amount	581.67	H

The calculated figure in H of £581.67 is your 'estimated monthly Income tax amount'

Calculation of estimated National Insurance Contributions 2019/2020 (£)

Class 2

Use a flat-rate of £3.00 per week (£13.00 per month) for your class 2 National Insurance figure.

To calculate your class 4 National Insurance liability, you can use the guide below.

Class 4			
1	Figure B from above (If above the maximum of £50,000 then insert £50,000)	47,400	I
2	Less £8,632	38,768	J
3	J x 9% = rate payable between upper and lower limits	3,489.12	K
4	Figure B from above minus £50,000 (if less than 0 insert 0)	2,600	L
5	L x 2% = rate payable above upper limit	52	M
6	K + M = total annual class 4 contributions	3,541.12	N
7	Divide N by 12 to get monthly amount	295.09	O

The calculated figure in O of £295.09 is your 'estimated monthly National Insurance Class 4 amount'

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Corporation Tax	2018/19	2019/20
Small profits rate £0 – £300,000	19%	19%
Main Rate £1,500,001 or more	19%	19%

Value Added Tax (VAT)	2018/19	2019/20
Standard Rate	20%	20%
Reduced Rate	5%	5%
Zero Rate	0%	0%
Registration Level	85,000	85,000
De-registration	83,000	83,000

National Insurance Contributions Class 1	2018/19	2019/20
Directors and employees		
Lower earnings limit primary Class 1	£116 per week	£118 per week
Upper earnings limit primary Class 1	£892 per week	£962 per week
Primary threshold	£162 per week	£166 per week
Secondary threshold	£162 per week	£166 per week
Rates		
Class 1 rate between primary threshold and upper	12%	12%
Class 1 rate above upper earnings limit	2%	2%
Class 1A rate on employer provided benefits	13.8%	13.8%
Employers rates		
Secondary class 1 rate above second threshold	13.8%	13.8%

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