

## TAX SHEET 2018/19

Personal Allowances	2017/18 £	2018/19 £
Personal allowance (1)	11,500	11,850
Income Limit For Personal Allowance (2)	100,000	100,000
Income Limit for Married couples allowance (3)	28,000	28,900
Married couples allowance (maximum allowance) (4)	8,445	8,695
Married couples allowance (minimum allowance) (5)	3,260	3,360
Blind Person's Allowance	2,320	2,390

(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 £28,900 limit.

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

Income Tax Rates and Bands		2017/18 £	2018/19 £
Lower rate	20%	0 - 33,500	0 - 34,500
Higher rate	40%	33,501-150,000	34,501-150,000
Additional rate	45%	Over 150,000	Over 150,000

National Insurance Contributions for Sole Traders		2017/18 £	2018/19 £
Class 2		2.85 per week	2.95 per week
Class 2	Small earnings exemption	6,025 per annum	6,205 per annum
Class 4	Lower profits limit	8,164 per annum	8,424 per annum
	Upper profits limit	45,000 per annum	46,350 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 2018/2019 (£)

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 £34,500 of D x 20%		E	
D - £34,500 (if answer is greater than 0) x 40%		F	
E + F = estimated tax liability		G	
Divide G by 12 to get monthly amount		H	
<b>The calculated figure in H is your 'estimated monthly Income tax amount'</b>			

## Calculation of estimated National Insurance Contributions 2018/2019 (£)

Class 2 - Use a flat-rate of £2.95 per week (£12.78 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 the tax calculation table above		I
2	Less £8,424		J
3	J x 9% = rate payable between upper and lower limits		K
4	Figure B from above minus £46,350 (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
<b>The calculated figure in O is your 'estimated monthly National Insurance Class 4 amount'</b>			

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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)	11,850	C
4	Taxable amount (B-C)	35,550	D
5	First - £34,500 of D x 20%	6,900	E
6	D - £34,500 (if answer is greater than 0) x 40%	420	F
7	E + F = estimated tax liability	7,320	G
8	<b>Divide G by 12 to get monthly amount</b>	<b>610</b>	H

The calculated figure in H of £610 is your 'estimated monthly Income tax amount'

## Calculation of estimated National Insurance Contributions 2018/2019 (£)

### Class 2

Use a flat-rate of £2.85 per week (£12.35 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 £46,350 then insert £46,350)	46,350	I
2	Less £8,424	37,926	J
3	J x 9% = rate payable between upper and lower limits	3,413.34	K
4	Figure B from above minus £46,350 (if less than 0 insert 0)	1,050	L
5	L x 2% = rate payable above upper limit	21	M
6	K + M = total annual class 4 contributions	3,434.34	N
7	<b>Divide N by 12 to get monthly amount</b>	<b>286.20</b>	O

The calculated figure in O of £277.27 is your 'estimated monthly National Insurance Class 4 amount'

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<b>Corporation Tax</b>	<b>2017/18</b>	<b>2018/19</b>
Small profits rate £0 – £300,000	19%	19%
Main Rate £1,500,001 or more	19%	19%

<b>Value Added Tax (VAT)</b>	<b>2017/18</b>	<b>2018/19</b>
Standard Rate	20%	20%
Reduced Rate	5%	5%
Zero Rate	0%	0%
Registration Level	85,000	85,000
De-registration	83,000	83,000

<b>National Insurance Contributions Class 1</b>	<b>2017/18</b>	<b>2018/19</b>
<b>Directors and employees</b>		
Lower earnings limit primary Class 1	£113 per week	£116 per week
Upper earnings limit primary Class 1	£866 per week	£892 per week
Primary threshold	£157 per week	£162 per week
Secondary threshold	£157 per week	£162 per week
<b>Rates</b>		
Class 1 rate between primary threshold and upper earnings limit	12%	12%
Class 1 rate above upper earnings limit	2%	2%
Class 1A rate on employer provided benefits	13.8%	13.8%
<b>Employers rates</b>		
Secondary class 1 rate above second threshold	13.8%	13.8%

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