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ACCA F6

Taxation (UK) 英国税法

Chapter 2A Income tax and national insurance contributions (IT&NIC)





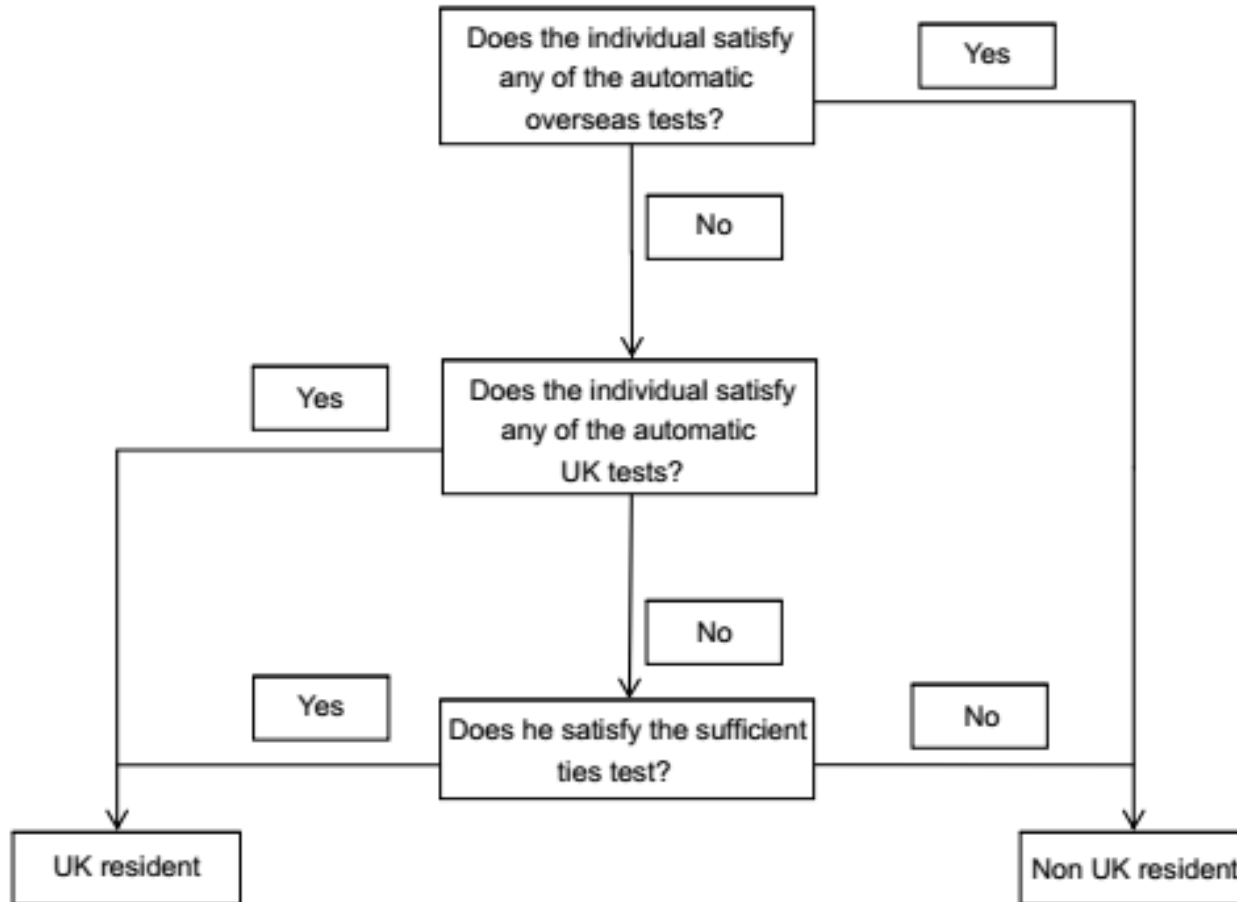
Computing taxable income

Tax year , or fiscal year runs from 6 April to 5 April.

UK resident is liable to UK income tax on his UK and overseas income; Non-UK resident is liable to UK income tax only on income arising in the UK.



Operation of the test





Automatic overseas test

- ❑ Spends less than 16 days in the UK in that year and was resident in the UK for one or more of the three previous tax year;
- ❑ Spend less than 46 days in the UK in that year and was not resident in the UK for any of the previous three years;
- ❑ Works full-time overseas throughout that tax year and does not spend more than 90 days in the UK during that year.



Automatic UK test

- ❑ Spend 183 days or more in UK
- ❑ Has a home in the UK
- ❑ Works full-time in the UK



Sufficient UK ties tests

- ◆ Have close family in UK
- ◆ Available UK accommodation in which the individual spends at least one night during tax year
- ◆ Substantive UK work
- ◆ More than 90 days spent in the UK in either or both of the previous two tax years
- ◆ Spend more time in UK than in any other country in the tax year



Computing taxable income

	Non-savings	Savings	Dividend	Total
Trading income	X			
Employment income	X			
Pension income	X			
Property business income	X			
Interest		X		
Other interest		X		
Dividends			X	
Total income	X	X	X	X
Less interest paid	(X)	(X)	(X)	
Net income	X	X	X	X
Less personal allowance	(X)	(X)	(X)	(X)
Taxable income	X	X	X	X



Tax exempt income

- Individual Savings Accounts (ISA):has limit of £15240 per tax year.
- Savings certificates
- Premium bonds
- Child benefit



Deductible interest

- Loan to buy machinery for partnership use
- Loan to buy for employment use
- Loan to buy in employee-controlled company
- Loan to invest in a partnership
- Loan to invest a co-operative

Tax relief is deducted from non-savings income first , then from savings income and lastly from dividend income.



Personal allowance

- All individuals are entitled to a personal allowance of £11,000.
- If the individual's adjusted net income exceeds £100,000, the personal allowance is reduced by £1 for each £2 by which adjusted net income exceeds £100,000 until the personal allowance is nil. (when net income is £122,000 or more)

Adjusted net income is net income less the gross amount of personal pension contributions and gift aid donations.

Deduct PA from NS 1st, S 2rd, D 3rd



Example

In 2016/2017, Zero receives employment income of £90000, bank interest of £ 9000 and dividends of £7000. Calculate Zero's taxable income for 2016/17.

	non-saving	saving	dividends	total
employment income	90000			
bank interest		9000		
dividends			7000	
total income	90000	9000	7000	106000
less personal allowance	8000			8000
taxable income	82000	9000	7000	98000
working				
personal allowance	$11000 - (106000 - 100000) * 1/2 = 8000$			

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Thank You!

