

HARNEY & CO, CHARTERED CERTIFIED ACCOUNTANTS

REGISTERED AUDITORS, 21 MARKET PLACE, BLANDFORD FORUM DORSET , DT11 7AF

The following information is based on proposals set out by the Chancellor in his Budget of 18 March 2015 but is subject to amendment in the Finance Bill.

Income Tax

Rates

| | % | 2015/16 | % | 2014/15 |
|------------|----|---------------------|----|---------------------|
| Basic | 20 | up to £31,785 | 20 | up to £31,865 |
| Higher | 40 | £31,786 to £150,000 | 40 | £31,866 to £150,000 |
| Additional | 45 | Above £150,000 | 45 | Above £150,000 |

Non-savings income is taxed as the first slice of income, followed by savings income and then dividends.

Dividends falling into the basic rate band are taxed at 10%. The higher rate of tax for dividends is 32.5% (2014/15 32.5%) and the additional rate is 37.5% (2014/15 37.5%). This is reduced by the dividend tax credit.

Savings income falling into the first £5,000 of taxable income (2014/15 £2,880) may be taxed at 0% for certain low income earners.

Allowances

| | 2015/16 | 2014/15 |
|--|---------|---------|
| Personal allowance: | | |
| Those born after 5 April 1948 ^(a) | £10,600 | £10,000 |
| Those born between 6 April 1938 and 5 April 1948 ^{(a)(b)} | £10,600 | £10,500 |
| Those born before 6 April 1938 ^{(a)(b)} | £10,660 | £10,660 |

Note: (a) Progressively withdrawn for income over £100,000, leading to a marginal tax rate of 60% on income in the band £100,000 to £121,200 (to £120,000 in 2014/15).

(b) Age-related element progressively withdrawn for income over £27,700 (2014/15: £26,100).

Non-UK domiciled individuals – levy to use remittance basis of taxation

| | 2015/16 | 2014/15 |
|---|---------|---------|
| Resident in UK 7 out of the preceding 9 years | £30,000 | £30,000 |
| Resident in UK 12 out of the 14 preceding years | £60,000 | £50,000 |
| Resident in UK 17 out of the 20 preceding years | £90,000 | £50,000 |

Investment Reliefs

| | 2015/16 | 2014/15 |
|--|------------|------------|
| Personal allowance: | | |
| Enterprise Investment Scheme ^(a) | £1,000,000 | £1,000,000 |
| SEED Enterprise Investment Scheme ^(b) | £100,000 | £100,000 |
| Venture Capital Trust ^(a) | £200,000 | £200,000 |
| Social Investment Relief ^(a) | £1,000,000 | £1,000,000 |

Note: (a) Relief restricted to 30%.

(b) Relief available up to 50%.

Individual Savings Accounts (ISA)

| | 2015/16 | 2014/15 |
|-------------------------|---------|---------|
| Annual investment limit | £15,240 | £15,000 |

Pensions

| | 2015/16 | 2014/15 |
|---|------------|------------|
| Annual contribution allowance 100% of salary up to | £40,000 | £40,000 |
| Permitted pension contribution (irrespective of salary) | £3,600 | £3,600 |
| Lifetime benefit allowance | £1,250,000 | £1,250,000 |

National Insurance Contributions

Rates

| | 2015/16 | 2014/15 |
|--|---------|---------|
| Class 1 (earnings related) | | |
| Lower earnings limit (LEL) (annual) | £5,824 | £5,772 |
| Upper earnings limit (UEL) (annual – employees only) | £42,380 | £41,860 |
| Upper accrual point (UAP) (annual) | £40,040 | £40,040 |
| Earnings threshold (annual) | | |
| ■ Primary threshold | £8,060 | £7,956 |
| ■ Secondary threshold | £8,112 | £7,956 |
| Employee rate (A Rate, Not Contracted-out): | | |
| ■ Between earnings threshold and UEL | 12% | 12% |
| ■ Earnings above UEL | 2% | 2% |
| Employer rate: | | |
| ■ Above earnings threshold | 13.8% | 13.8% |
| ■ Employment allowance (per employer) | £2,000 | £2,000 |
| Class 2 (self-employed flat rate) | | |
| Per week | £2.80 | £2.75 |
| Small earnings exception (per year) | £5,965 | £5,885 |
| Class 3 (voluntary): (per week) | £14.10 | £13.90 |
| Class 4 (self-employed) | | |
| Lower profits limit LPL (per year) | £8,060 | £7,956 |
| Upper profits limit UPL (per year) | £42,385 | £41,865 |
| Rate: | | |
| ■ Between LPL and UPL | 9% | 9% |
| ■ Above UPL | 2% | 2% |

Reliefs

| | 2015/16 | 2014/15 |
|--|---------|---------|
| Contracted out Class 1 relief (between LEL and UAP) | | |
| Employee rate | 1.4% | 1.4% |
| Employer rate | 3.4% | 3.4% |

Capital Gains Tax

| | 2015/16 | 2014/15 |
|---|----------|----------|
| Rates | | |
| Companies ^(a) | 20% | 21% |
| Individuals ^(b) | 28%/18% | 28%/18% |
| Reliefs | | |
| Annual gains exemption for individuals | £11,100 | £11,000 |
| Chattels proceeds exemption | £6,000 | £6,000 |
| Enterprise Investment Scheme | 100% | 100% |
| SEED Enterprise Investment Scheme ^(c) | 100%/50% | 100%/50% |
| Venture Capital Trust | 100% | 100% |
| Social Investment tax relief | 30% | 30% |
| Principal private residence ^(d) | 100% | 100% |
| Entrepreneurs' relief tax rate | 10% | 10% |
| Entrepreneurs' relief (cumulative lifetime allowance) | £10m | £10m |

Note: (a) Assumes main rate tax payer with chargeable gains within companies being subject to corporation tax rather than CGT.

(b) Higher rate / basic rate.

(c) 100% relief on gain on investment subject to conditions. Relief also available on reinvested gains of 50% up to maximum investment of 100,000 (2013/14 50%).

(d) Final period exemption reduced from 36 months to 18 months.

Inheritance Tax

| | 2015/16 | 2014/15 |
|--------------------|----------------|----------------|
| Nil ^(a) | Up to £325,000 | Up to £325,000 |
| 40% ^(b) | Above £325,000 | Above £325,000 |

Note: (b) Any unused nil rate band may be transferred to deceased's spouse or civil partner.

(a) Reduced to 36% where at least 10% of the net estate is left to a charity.

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Car and Car Fuel Tax Rates

| | 2015/16 | |
|-----------------------------|---------|-----|
| CO2 Emissions | | |
| 0-50 g/km | | 5% |
| 51-75 g/km | | 9% |
| 76-94 g/km | | 13% |
| Each additional 5 g/km | | +1% |
| Diesel additional surcharge | | +3% |
| Maximum rate | | 37% |

Note: The taxable benefit is the relevant rate multiplied by the full value of the car provided. If fuel is also provided the rates are multiplied by £22,100 (2014/15 £21,700).

Value Added Tax

| | 1 Apr 2015 | 1 Apr 2014 |
|---|------------|------------|
| <i>Standard rate</i> | 20% | 20% |
| <i>Lower rate</i> | 5% | 5% |
| Registration limit – annual turnover above | £82,000 | £81,000 |
| Simplified arrangements – annual turnover below | £1,350,000 | £1,350,000 |

Corporation Tax

| | 1 Apr 2015 | 1 Apr 2014 |
|---|-------------------------|-------------------------|
| <i>Main rate^(a)</i> | 20% | 21% |
| <i>Small profits rate^(c)</i> | 20% | 20% |
| Where profits ^(b) | £0-£300,000 | £0-£300,000 |
| Marginal relief where profits ^(b) | £300,000- £1,500,000 | £300,000- £1,500,000 |
| Marginal relief fraction ^(c) | n/a | 1/400 |
| Profit threshold for quarterly instalment payments ^(b) | £1,500,000 | £1,500,000 |
| Loans to participators rate | 25% | 25% |

Note: (a) Ring fence profits are taxed at 30%.
 (b) Reduced by reference to number of associated companies.
 (c) Ring fence profits from UK oil extraction and rights are taxed at 19% with a marginal relief fraction of 11/400.

Other Corporate Taxes

Diverted profits tax applies to large multinationals who enter into contrived arrangements to avoid a UK taxable presence on their business activities. Additionally the tax applies where companies use transactions or entities lacking economic substance to create a UK tax advantage.

| | 2015/16 |
|--|---------|
| Diverted profits tax on UK 'generated' profits | 25% |

Intangible Assets

Patent Box

From 1 April 2013 profits from qualifying patent interests are taxed at 10%. This is being phased in over 5 years:

| Year commencing 1 April | 2013 | 2014 | 2015 | 2016 | 2017 |
|----------------------------------|------|------|------|------|------|
| Percentage of benefits available | 60% | 70% | 80% | 90% | 100% |

Research and Development Relief

| | Additional deduction | |
|---|----------------------|------------|
| | 1 Apr 2015 | 1 Apr 2014 |
| SMEs additional expenditure deduction ^(a) | 130% | 125% |
| Large company additional expenditure deduction ^(b) | 30% | 30% |
| Large company R&D taxable expenditure credit ^(b) | 11% | 10% |

Note: (a) SMEs which make losses can surrender the deduction in exchange for a payment of up to 14.5% (2014/15 14.5%) of the loss.
 (b) From 1 April 2016 all large companies will be required to make a claim for the R&D expenditure credit.

Creative Industry Tax Reliefs

| | Tax relief of up to ^(a) | |
|---|------------------------------------|------------|
| | 1 Apr 2015 | 1 Apr 2014 |
| Film tax relief – First £20m / above £20m | 25% | 25%/ 20% |
| High-end TV tax relief ^(b) | 25% | 25% |
| Video games tax relief | 25% | 25% |
| Theatre tax relief – Touring/Non-touring | 25%/20% | 25%/20% |

Note: (a) For profit making companies, tax relief is obtained by way of an additional deduction of 100% of enhanceable expenditure. All reliefs are capped at the lower of, UK expenditure or 80% of the total qualifying expenditure.
 (b) High-end TV tax relief includes relief for animation and from 1 April 2015 will also include relief for children's programming.

Capital Allowances

| | 2015/16 | 2014/15 |
|---|----------|----------|
| Plant and machinery allowances | | |
| <i>Main pool writing down allowance^(a)</i> | 18% | 18% |
| <i>Special rate pool writing down allowance^(a)</i> | 8% | 8% |
| <i>Enhanced Capital Allowance ('ECA') for energy-efficient/ environmentally beneficial plant or machinery</i> | 100% | 100% |
| <i>First-year allowance for plant or machinery used in designated assisted areas within Enterprise Zones</i> | 100% | 100% |
| <i>Limit for 100% annual investment allowance^(b)</i> | £500,000 | £500,000 |
| Motor cars | | |
| <i>Emissions upper limit for ECA qualifying cars</i> | 75g/km | 95g/km |
| <i>Emissions upper limit for main pool qualifying cars</i> | 130g/km | 130g/km |
| Research and development allowances | 100% | 100% |
| Business premises renovation allowances | 100% | 100% |
| Land remediation relief | 150% | 150% |
| ECA tax credit | 19% | 19% |
| Land remediation tax credit^(c) | 16% | 16% |

Note: (a) Reducing balance.
 (b) Annual Investment Allowance is anticipated to reduce to £25,000 from 1 January 2016, but a lower reduction may be announced at the next Autumn Statement.
 (c) 24% of the net expenditure incurred, prior to any uplift for land remediation relief.

Insurance Premium Tax Rates

| | 1 Apr 2015 | 1 Apr 2014 |
|--------------------------------|------------|------------|
| General rate | 6% | 6% |
| Higher rate (certain policies) | 20% | 20% |

Annual Tax on Enveloped Dwellings

ATED is generally payable at a fixed rate each year by companies, some partnerships and collective investment schemes that own dwellings in the UK otherwise than for a qualifying business purpose.

| Property value | 1 Apr 2015 | 1 Apr 2014 |
|----------------------------|------------|------------|
| £1 million to £2 million | £7,000 | £nil |
| £2 million to £5 million | £23,350 | £15,400 |
| £5 million to £10 million | £54,450 | £35,900 |
| £10 million to £20 million | £109,050 | £71,850 |
| £20 million and over | £218,200 | £143,750 |

Note: Extra band for dwellings valued between £500k to £1m to be introduced from 1 April 2016.

The budget proposals and other tax changes are summarised on this page. The proposals may, however, be amended significantly before enactment. The content of this communication is intended to provide a general guide to the subject matter and should not be regarded as a basis for ascertaining liability to tax or determining investment strategy in specific circumstances. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the particular situation.

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Stamp Taxes

| Stamp duty land tax | | | | Stamp duty /SDRT |
|---|----------------|-----------------------------|------------------------------|--------------------------|
| UK (excluding Scotland ^(e)) land transactions | | | | |
| Rate payable ^(a) | Residential | Rate payable ^(b) | Non-residential or mixed use | Transfers of shares |
| Nil | £0-£125k | Nil | £0-£150k | 0.5%/1.5% ^(d) |
| 2% | £125,001-£250k | 1% | £150,001-£250k | |
| 5% | £250,001-£925k | 3% | £250,001-£500k | |
| 10% | £925,001-£1.5m | 4% | £500,001+ | |
| 12% | Above £1.5m | | n/a | |
| 15% ^(c) | Above £500k | | Mixed use is apportioned | |

Note: (a) Rates apply to portion of the chargeable consideration that falls within each rate band.
 (b) Rate applies to all of the chargeable consideration.
 (c) Generally, not applicable to individuals or where property is used for certain commercial purposes.
 (d) Applicable to transfers of shares to depository receipt systems and clearance service systems subject to exception.
 (e) From 1 April 2015 subject to transitional provisions.

In addition, rent is taxed at 1% of its net present value, less the first £150,000 in the case of the grant of a lease of non-residential property and £125,000 in the case of the grant of a lease of residential property.

| Land and buildings transaction tax | | | |
|--|-------------------|-----------------------------|------------------------------|
| Land transactions in Scotland ^(c) | | | |
| Rate payable ^(a) | Residential | Rate payable ^(b) | Non-residential or mixed use |
| 0% | £0-£145,000 | 0% | £0-£150,000 |
| 2% | £145,000-£250,000 | 3% | £150,000-£350,000 |
| 5% | £250,000-£325,000 | 4.5% | £350,000 |
| 10% | £325,000-£750,000 | | |
| 12% | £750,000 | | |

Note: (a) Rates apply to portion of the chargeable consideration that falls within each rate band.
 (b) Rates and bands shown above are subject to approval by the Scottish Parliament.
 (c) From 1 April 2015 subject to transitional provisions.

In addition, rent is taxed at 1% of its net present value, less the first £150,000 in the case of the grant of a lease of non-residential property. Leases of residential property are exempt subject to exception.

Air Passenger Duty Rates from 1 April 2015

| Flights originating from UK excluding NI and Scottish Highlands and Islands | Lowest class ^(b) | Standard rate ^(b) | Higher Rate ^(c) |
|---|-----------------------------|------------------------------|----------------------------|
| Destination bands | | | |
| Band A (0-2000 miles ^(a)) | £13 | £26 | £78 |
| Band B (above 2,000 miles ^(a)) | £71 | £142 | £426 |

Note: (a) Distance from London to capital city of destination country.
 (b) The lowest class rate does not apply where there is only one class of travel and the seat pitch exceeds 40". Standard rate applies for any other class of travel.
 (c) Applies to aircraft over 20 tonnes with fewer than 19 seats.

| Flights originating from Northern Ireland | Direct ^(a) | Indirect |
|--|---|---|
| Destination bands | Reduced /Standard/Higher ^(c) | Reduced /Standard/Higher ^(c) |
| Band A (0-2000 miles ^(b)) | £13/£26/£78 | £13/£26/£78 |
| Band B (above 2,000 miles ^(b)) | £0/£0/£0 | £71/£142/£426 |

Note: (a) Direct flights broadly refer to flights originating and beginning in Northern Ireland that are further than 2000 miles.
 (b) Distance from London to capital city of destination country.
 (c) The lowest class rate does not apply where there is only one class of travel and the seat pitch exceeds 40". The lowest class rate does not apply where there is only one class of travel and the seat pitch exceeds 40". Standard rate applies for any other class of travel. The higher rate applies to aircraft over 20 tonnes with fewer than 19 seats.

The government will introduce an exemption from reduced rates of Air Passenger Duty (APD) from 1 May 2015 for children under 12 and from 1 March 2016 for children under 16.

Aggregates Levy

| | 2015/16 | 2014/15 |
|------------------------|---------|---------|
| Levy (price per tonne) | £2 | £2 |

Landfill Taxes from 1 April 2015

| Landfill Tax | Standard rate | Lower rate |
|-----------------------|---------------|------------|
| UK landfill tax | £82.60 | £2.60 |
| Scottish landfill tax | £82.60 | £2.60 |

Climate Change Levy

| Supplies of commodity liable to: | 2015/16 | 2014/15 |
|---|---------|---------|
| Main rates of Climate Change Levy | | |
| Electricity (£ per kilowatt hour) | 0.00554 | 0.00559 |
| Natural gas (£ per kilowatt hour) | 0.00193 | 0.00195 |
| Liquefied petroleum gas (£ per kilogram) | 0.01240 | 0.01251 |
| Any other taxable commodity (£ per kilogram) | 0.01512 | 0.01526 |
| Carbon Price Support rates of Climate Change Levy | | |
| Natural gas (£ per kilowatt hour) | 0.00334 | 0.00175 |
| LPG (£ per kilogram) | 0.05307 | 0.02822 |
| Coal and other taxable solid fossil fuels (£ per gross gigajoule) | 1.56860 | 0.81906 |
| CPS rates of fuel duty | | |
| Gas oil; rebated bioblend; kerosene (£ per litre) | 0.04990 | 0.02642 |
| Fuel oil; other heavy oil; rebated light oil (£ per litre) | 0.05730 | 0.03011 |

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