

How to calculate your Tax

Also see the Tax Return Guide



This Guide has step by step instructions and a working sheet to help you calculate your tax.

There are different guides for different circumstances. Read page 2 to make sure you have the right one for you.

Keep your Guide in case you want to check any calculations I send you.

Calculating your tax is optional. Ignore this Guide if you want the Inland Revenue to calculate your tax and remember to send your Tax Return back by the later of 30 September and two months after the date of issue.

Calculating your tax bill

How to use this Guide

The Working Sheet starting on page 7 of this Guide will help you calculate your tax bill. The notes below will help.

Use this Tax Calculation Guide if you had chargeable capital gains (box 8.8 in the Capital Gains Pages) and you did **not** have any of the following types of income:

- certain lump sums or compensation payments (box 1.29 or, if you are a Minister of Religion, box IM.45)
- certain gains on UK or foreign life insurance policies (boxes 6.8, 12.5 and 12.8)
- income from the estate of a deceased person, with a notional basic rate tax credit (box 7.18)
- a refund of surplus additional voluntary contributions from your pension scheme provider (box 12.12).

Otherwise, you should ask for a different Tax Calculation Guide. Ask the Orderline for the right one for you.

The box numbers in the Working Sheet in this Guide start with a 'G'. Fill in all that apply. You will need to copy some figures from your Tax Return. Follow the instructions.

If you are a Minister of Religion or a Lloyd's Underwriter, read the relevant note below the headings 'Ministers of Religion' or 'Lloyd's Underwriters'.

Key steps in calculating your tax

- Work out your total taxable income for 1996-97.
- Deduct reliefs from that income.
- Calculate how much tax you have to pay on your net taxable income and on your chargeable gains
- Add other amounts due (for example, Class 4 National Insurance Contributions and any unpaid tax from earlier years).
- Deduct any 1996-97 tax already paid or accounted for.
- Work out what you owe taking account of any payments on account for 1996-97 and adjustments for earlier years.
- Work out if you need to make payments on account for 1997-98.
- Work out what you need to pay.

Working out your total taxable income for 1996-97

boxes G1 to G11

If you had more than one employment, self-employment or partnership interest in 1996-97, you must:

- add together the total income from each and put the totals in boxes G1, G3 and G4, as appropriate
- add together the tax paid on each and put the total in boxes G70.1, G70.2 and G70.3, as appropriate.

References to the 'right hand' columns are:

- for trusts, settlements and estates, boxes 7.3, 7.6, 7.9, 7.12 and 7.15 of the Trusts etc. Pages
- for UK savings, boxes 10.1, 10.4, 10.7, 10.8, 10.11, 10.14, 10.17, 10.20, 10.23, 10.26, 10.29 and 10.32 of your Tax Return
- for pensions, retirement annuities and State benefits, boxes 11.1 to 11.7, 11.9 and 11.12 of your Tax Return.

Ministers of Religion

If you are a Minister of Religion, include your taxable income from each ministry (box IM.51), with any employment income in box G1 and any tax deducted (IM.50) in box G70.1.

Lloyd's Underwriters

If you are a Lloyd's Underwriter and you have any amount in box 3L.39 of the Lloyd's Underwriters Pages, you need to use a different Tax Calculation Guide. Ask the Orderline for Tax Calculation Guide (Capital Gains and Lump Sums etc).

Otherwise take figures from your Lloyd's Underwriters Pages and include them in the Tax Calculation Working Sheet as follows:

- the total of boxes 3L.12, 3L.24 and 3L.53 in box G70.2
- box 3L.85 in box G18, if you made a loss and want to set it against other 1996-97 income
- box 3L.91 in box G3, if you made a profit
- box 3L.94 in box G66.

Deducting reliefs from your income

boxes G13 to G19

Payments you make are relieved in different ways:

- some payments are given as an expense or against a particular type of income (for example, some professional subscriptions are allowable as an expense of your employment income). You will have claimed these when you filled in the relevant pages of your Tax Return
- some payments are relieved against your total income for the year. These are covered in boxes G13 to G19, and G23
- relief for some payments is given in terms of tax. This is done in boxes G57 to G62.

See the instructions on the Working Sheet and the notes below.

■ Vocational training

box G14

Your training provider will give you basic rate relief for your fees by asking you to pay only the net amount after your tax relief. Including your fees in your tax calculation ensures that you get any higher rate relief due.

Enter in box G14 the gross amount of the payment. This is the net amount paid to your training provider (from box 15.1 of your Tax Return) plus the tax relief given at source. To work out the figure to go in box G14, multiply the figure in box 15.1 by $100/76$.

■ Maintenance or alimony paid

boxes G16 and G59.6

What you put in these boxes depends on whether the payments you make are under the 'Old rules', the 'New rules', or both. You will have decided which apply when you filled in boxes 15.4 to 15.6 of your Tax Return (see page 21 in your Tax Return Guide).

If your payments are under the New rules, relief is given in terms of tax. Ignore box G16. Enter the figure from box 15.4 in box G59.6.

If your payments are under the Old rules, relief is given as a deduction from your income and in terms of tax, depending on your circumstances. Enter the figure from box 15.6 in box G16 and the figure from box 15.5 in box G59.6.

If you make payments under both the Old and the New rules relief is given in terms of tax. Fill in box G59.6 only. Enter the figure from box 15.4 or box 15.5. If there is a figure in each of these boxes add them together before entering the result in box G59.6.

■ Charitable covenants, annuities and Gift Aid payments

boxes G17 and G65

These payments are treated as being made after deduction of basic rate tax. The charity will reclaim that tax from the Inland Revenue.

Calculating your tax bill - continued

To make sure the payments are accounted for, and to give you higher rate relief if appropriate, you need to:

- gross up the payments you make (in box G17) and deduct them from your total income, **and**
- account for the tax treated as deducted (in box G65).

Use the following Working Sheet to work out what figures to enter in the boxes.

Working Sheet

A £ B £ C £

Put the total amount of charitable covenants and Gift Aid payments you made in box A (box 15.9 plus box 15.10).

Enter in box B, $\frac{24}{76}$ of the figure in box A. This is the basic rate tax treated as deducted.

Enter in box C the total of the figures in boxes A and B. This is the gross amount of your payments.

Copy the figure in box C to box G17 in the Working Sheet.
Copy the tax in box B to box G65.

box G22 Copy your income minus deductions from box G21 to box G22.

Calculate how much tax you have to pay on your net taxable income and on your chargeable gains

Your income and capital gains are taxed in a set order:

- first, income other than savings
- second, savings income
- third, chargeable gains.

You pay tax at 20% on the first £3,900 of your income and chargeable gains. This is known as the lower rate band.

You pay tax at 24% on the next £21,600 of your income and chargeable gains - apart from savings income. This is known as the basic rate band. You pay tax at 20% on savings income within the first £25,500 of your income.

You pay tax at 40% on your income and chargeable gains over £25,500. This is the higher rate band.

The only **exception** to these rules is:

- if your non-savings income is less than the £3,900 lower rate band, **and**
- you have chargeable gains and savings income.

Then the part of your lower rate band which has not been used against non-savings income can be used to tax that amount of chargeable gains at 20% (rather than the 24% or 40% it would otherwise have been taxed at).

How the tax calculation works it out

The tax calculation produces the correct answer like this:

boxes G22 to G27 Income Tax is calculated on all your income at 20% (box G27), after giving certain allowances and deductions you have claimed. On some deductions you may have already received tax relief at 24% by paying only the net amount. These are added back at box G23 to ensure you do not get tax relief twice.

boxes G28 to G29 Then Capital Gains Tax is calculated on all of your chargeable gains at 20% (box G29).

boxes G30 to G35 If your income and chargeable gains are more than £3,900 Income Tax is calculated at an additional 4% on the income, **apart** from savings income, over £3,900 (box G35). This adds up to 24% tax (20% + 4%) on your income in the basic rate band.

box G36 If the whole of the lower rate band is taken up by non-savings income, Capital Gains Tax is calculated at an additional 4% on all of your chargeable gains.

boxes G37 to G40 If part or none of the lower rate band is taken up by non-savings income, Capital Gains Tax is calculated at an additional 4% on your chargeable gains except those which have been included in the lower rate band.

boxes G41 to G45 Then an additional 16% tax is calculated on the income in the higher rate band (over £25,500). So:

- the income in the higher rate band other than savings has now been taxed at 40% altogether (20% + 4% + 16%)
- savings income in the higher rate band has been taxed at 36% altogether (20% + 16%).

boxes G46 to G48 Then an additional 4% is calculated on savings income over £25,500. This ensures that this income is taxed at 40% (36% + 4%).

box G49 The total Income Tax liability can now be entered in box G49.

boxes G50 to G52 If none of your chargeable gains fall within the lower rate band, an additional 16% Capital Gains Tax is calculated on your chargeable gains, except those which have fallen within the basic rate band.

If some of your gains have fallen within the lower rate band an additional 16% tax is calculated on your chargeable gains except those which have fallen within the lower and basic rate bands.

box G54 Any extra tax you may have to pay because you have received, or you are treated as having received, capital or a benefit from any non-resident or dual resident settlement is then entered in box G54. If you are not sure whether this applies to you ask your Tax Office or tax adviser.

box G56 Box G56 is your Capital Gains Tax liability.

Reliefs

box G23 You will already have received tax relief at 24% by paying only the net amount if you are claiming relief for :

- employee contributions to personal pension plans (you will have put a figure in box 14.15 of your Tax Return)
- free-standing additional voluntary contributions (box 14.17 in your Tax Return)
- payments for vocational training (box G14 in the Working Sheet on page 7).

Adding the payments back in box G23 ensures that you do not get tax relief at the basic rate twice. Putting the payments in box G41 ensures that you get relief at the higher rate, if appropriate.

Allowances deducted from income

Some allowances may be deducted from your income (box G25) and others given as a relief in terms of tax (box G59).

box G25 Fill in boxes G25.1 to G25.6 on page 8 using the following instructions. **Only fill in boxes G25.2 to G25.5 for allowances you are entitled to and have claimed on page 6 of your Tax Return.**

Calculating your tax bill - continued

box G25.1

£3,765 is the amount of the personal allowance. Enter it in box G25.1 unless you are not resident and not claiming allowances.

box G25.2

The figure you enter here depends on your age and your income.

- If you were born after 5 April 1932 and you were not a married man whose wife was born before 6 April 1932

Enter '0' in box G25.2 - and go to the next box.

- If you were born before 6 April 1932, or you were a married man whose wife was born before 6 April 1932

Work out any higher amount of age-related personal allowance to put in box G25.2. (You get the personal allowance that everyone gets in box G25.1). If you are a married man, work out the amount of age-related married couple's allowance to put in box G59.1.

First use Table 1 below to decide the maximum personal allowance and married couple's allowance (where appropriate) you are entitled to. This depends on when you were born.

Then look at the level of your income. Your income for this purpose is the total of boxes G21 and G19.

- If your income is £15,200 or less, read Section 1 below. Ignore Section 2.
- If your income is more than £15,200 read Section 2 below.

Table 1
Personal allowance for everyone

Date of birth	Maximum personal allowance
Between 6 April 1922 and 5 April 1932	£4,910
Before 6 April 1922	£5,090

Married couple's allowance for married men

Date of birth of older of husband or wife	Maximum married couple's allowance
Between 6 April 1922 and 5 April 1932	£3,115
Before 6 April 1922	£3,155

Section 1: if your income is £15,200 or less

Enter in box G25.2 the maximum personal allowance you are entitled to minus £3,765. If you are a married man, enter in box G59.1 the maximum married couple's allowance you are entitled to **unless**:

- any of the allowance has been allocated to your wife, or
- you got married in the year ended 5 April 1997.

If so, look at the sections 'Who gets married couple's allowance - you or your spouse?' and 'Special rules if you are a man who married in the year ended 5 April 1997' on page 24 of your Tax Return Guide. They tell you how married couple's allowance is restricted. Enter the restricted amount in box G59.1.

Section 2: if your income is more than £15,200

Look at Table 2. Decide which 'income level' fits your personal circumstances. Then follow the appropriate instructions following Table 2, depending on whether your income is more or less than the income level for you in the table.

Table 2

Levels of income above which no age-related allowances are due

Circumstances	Date of birth	Income level
Single person or married woman	6 April 1922 to 5 April 1932	£17,490
	Before 6 April 1922	£17,850
Married man entitled to married couple's allowance	Husband after 5 April 1932 Wife 6 April 1922 to 5 April 1932	£17,850
	Husband after 5 April 1932 Wife before 6 April 1922	£17,930
	Husband 6 April 1922 to 5 April 1932 Wife after 5 April 1922	£20,140
	Husband 6 April 1922 to 5 April 1932 Wife before 6 April 1922	£20,220
	Husband before 6 April 1922 Wife any age	£20,580

If your income is the same as or more than your income level in Table 2, you are entitled to the same level of personal allowance and married couple's allowance (if appropriate) as those born after 5 April 1932. Enter '0' in box G25.2.

If you are a married man entitled to married couple's allowance, enter £1,790 in box G59.1 **unless**:

- any of the allowance has been allocated to your wife, or
- you got married in the year ended 5 April 1997.

If so, look at the sections 'Who gets married couple's allowance - you or your spouse?' and 'Special rules if you are a man who married in the year ended 5 April 1997' on page 24 of your Tax Return Guide. They tell you how the £1,790 is restricted. Enter the restricted amount in box G59.1.

If your income is less than your income level in Table 2 (but more than £15,200), use boxes A to H below, as appropriate, to work out what figures to put in boxes G25.2 or G59.1.

Your income (box G21 plus box G19)	A	£	<input type="text"/>
Enter the figure in box A minus £15,200	B	£	<input type="text"/>
Multiply B x 1/2	C	£	<input type="text"/>
Enter the maximum personal allowance you are entitled to from Table 1	D	£	<input type="text"/>
Enter box D minus box C	E	£	<input type="text"/>

If box E is £3,765 or more enter in box G25.2 the figure in box E minus £3,765. If you are a married man enter the maximum married couple's allowance you are entitled to (from Table 1) in box G59.1 **unless**:

- any of the allowance has been allocated to your wife, or
- you got married in the year ended 5 April 1997.

If so, look at the sections 'Who gets married couple's allowance - you or your spouse?' and 'Special rules if you are a man who married in the year ended 5 April 1997' on page 24 of your Tax Return Guide. They tell you how your married couple's allowance is restricted. Put the restricted amount in box G59.1.

Calculating your tax bill - continued

If box E is less than £3,765, enter '0' in box G25.2. If you are a married man entitled to married couple's allowance, fill in boxes F to H.

Enter £3,765 minus the figure in box E	F	£
Enter the maximum married couple's allowance you are entitled to (from Table 1)	G	£
Enter box G minus box F	H	£

Enter the figure from box H in box G59.1 unless:

- any of the allowance has been allocated to your wife, or
- you got married in the year ended 5 April 1997.

If so, look at the sections 'Who gets married couple's allowance - you or your spouse?' and 'Special rules if you are a man who married in the year ended 5 April 1997' on page 24 of your Tax Return Guide. They tell you how your married couple's allowance is restricted. Enter the restricted amount in box G59.1.

box G25.3 If you have completed box 16.2 in your Tax Return, enter £1,250 in box G25.3.

box G25.4 Copy the figure from box 16.4 in your Tax Return.

box G25.5 Copy the figure from box 16.27 in your Tax Return.

box G25.6 Add figures in boxes G25.1 to G25.5 and enter the result in box G25.6. Copy it to box G25.

■ Savings income taxable at the lower rate

boxes G31 and G32 Savings income is taxable only at the lower and higher rates. Any tax due at the lower rate has been included in box G27. Deducting your savings income using boxes G31 and G32 ensures that:

- it is not taxed at the basic rate, **and**
- any deductions are taken off your other income before savings. This will usually be beneficial. It may be better to do it a different way if you are entitled to tax credit relief. If this applies to you, ask your Tax Office or tax adviser for advice.

■ Allowances and reliefs given in terms of tax

box G59.1

- If you are a married man

If you filled in boxes 16.5 to 16.10 in your Tax Return, as appropriate, read the following notes to decide the amount of married couple's allowance to enter in box G59.1.

If you or your wife were born before 6 April 1932, the notes for box G25.2 on page 4 tell you what to put in box G59.1

If neither you nor your wife were born before 6 April 1932, the full amount of married couple's allowance is £1,790. Read the notes on page 24 of your Tax Return Guide to see if the allowance needs to be reduced **either**:

- because you married during the year (see the 'Special rules if you are a man who married in the year ended 5 April 1997'), or
- because all or part of the allowance has been allocated to your wife (see note 'Who gets married couple's allowance - you or your spouse?').

Enter the amount you are entitled to in box G59.1.

- If you are a married woman

If you have filled in boxes 16.11 to 16.15 in your Tax Return, as appropriate, you will get:

- £895, if half of the married couple's allowance is allocated to you
- £1,790, if all of the married couple's allowance is allocated to you,

unless you married or your husband died during the 1996-97 tax year.

If you married during the 1996-97 tax year, the section 'Special rules if you are a man who married in the year ended 5 April 1997' on page 24 of your Tax Return Guide explains how the basic married couple's allowance of £1,790 may be restricted. If it is restricted, you are entitled to half, or all, of the restricted amount.

If your husband died during the 1996-97 tax year, you cannot have any married couple's allowance allocated to you. You can only have any unused surplus allowance - see box G59.2.

Enter the amount you are entitled to in box G59.1.

box G59.2 Copy the figure from box 16.28 in your Tax Return to box G59.2.

box G59.3 If you have completed boxes 16.16 to 16.23 in your Tax Return, as appropriate, enter in box G59.3 **£1,790** if you are claiming the full allowance. Enter a lower amount if you are claiming to share the allowance or the allowance is restricted during the year ended 5 April 1997. The sections 'Sharing a claim for additional personal allowance' and 'The effect of married couple's allowance on additional personal allowance' on page 25 of your Tax Return Guide explain how to calculate the lower amount.

box G59.4 If you have filled in box 16.24 on page 6 of your Tax Return, enter £1,790 in box G59.4.

box G59.5 Copy the figure from box 15.2 on page 5 of your Tax Return.

■ Income tax due after allowances and reliefs

box G64

Now subtract box G63 from box G49:

- if the result is **more** than zero, put it in box G64.
- if the result is **zero** or **less** than zero, put '0' in box G64.

Box G64 is the Income Tax due for 1996-97 after allowances and reliefs.

Adding other amounts due

- Recoverable tax on charitable covenants, annuities and Gift Aid payments

box G65

If you filled in boxes 15.9 or 15.10 in your Tax Return, you will have had tax relief at the basic rate when you made the payments (because you paid them net of basic rate tax), and again when you deducted the payments in box G17. Deducting the payments means that you get any higher rate relief due. To ensure that you do not get two lots of basic rate tax relief enter in box G65 the figure from box B on the working sheet on page 3 of the Guide.

- Class 4 National Insurance Contributions

box G66

If you filled in the **Self-employment Pages**, copy the figure from box 3.92 to box G66.

If you filled in the **Partnership Pages**, deduct any figure in box 4.75 from the figure in box 4.22 and put the result in box G66.

If you had more than one business, make sure you have used *Help Sheet IR218: More than one business* to calculate your total Class 4 National Insurance Contribution.

The figure in box G66 is the Class 4 National Insurance Contribution you are due to pay.

Deducting tax already paid or accounted for

- **Unpaid tax for earlier years**

box G68

If you pay tax through PAYE, the Inland Revenue tries to keep your tax code in line with your circumstances so that you pay the correct amount of tax through your tax code. However, your tax code for 1996-97 may have been adjusted to collect tax unpaid in years before 1996-97. If so, your P2 Notice of Coding for 1996-97 will show the amount of the tax that is being collected in this way. Put the figure in box G68. If you think your PAYE deductions for 1996-97 included tax for earlier years but you no longer have your P2 Notice of Coding for 1996-97, or if you are in any doubt about the correct amount for box G68 ask your Tax Office or tax adviser for help. **Copy this figure to box 18.1 in your Tax Return.**

- **Tax paid at source**

box G70

This is where you account for tax you have already paid on your income for the year to 5 April 1997. You will get the figures you need from your Tax Return. Follow the instructions on the Working Sheet. Add up all figures in boxes G70.1 to G70.9. Enter the total in box G70.10 and copy it to box G70.

- **If you pay tax through PAYE**

box G71

If your tax code for 1996-97 was reduced during 1996-97, there may have been an underpayment of tax for the months before the code was reduced. If this happened arrangements will have been made to collect this underpayment through your tax code for 1997-98. The amount of the underpayment will have been notified to you on a P2 Notice of Coding (issued during 1996-97 for the code in 1996-97). You should copy to box G71 the 'estimated underpayment' figure shown on the bottom of the last P2 Notice of Coding you received for 1996-97.

If you are in any doubt about the correct amount to put in box G71, ask your Tax Office or tax adviser for help.

Copy the figure in box G71 to box 18.2 in your Tax Return

- **Total tax and Class 4 NIC due for 1996-97**

box G74

Add the figure in box G56 to the figure in box G73 and enter the result in box G74. **Copy the figure in box G74 to box 18.3 in your Tax Return.** Your Tax Office will check that you have got it right. Put the figure in brackets if the result is negative.

Tax calculation working sheet

Total income from: (copy figures from your Tax Return)

- **Employment** including benefits and minus expenses for each employment

Add income in boxes 1.8 to 1.10, 1.12 to 1.23
1.27 and 1.28

First employment

Other employments

£

£

Deduct any figures in boxes 1.31 to 1.38

£

£

Total taxable income

£

+ £

= G1 £

- **Share schemes** (from box 2.31)

G2 £

- **Self-employment** (from box 3.89)

G3 £

- **Partnerships** (from boxes 4.32, 4.65 and 4.68)

G4 £

- **UK land and property** (from box 5.43)

G5 £

- **Foreign income** (from boxes 6.2, 6.4 and 6.5)

G6 £

- **Trusts, settlements or estates of deceased persons**

(add together any figures in the 'right hand' column of the Trusts etc. Page T1 and deduct any figure in box 7.19)

G7 £

- **UK savings and investments** (total any figures in the 'right hand' column on page 3 of your Tax Return)

G8 £

- **UK pensions, retirement annuities and benefits** (add together any figures in the 'right hand' column of Question 11 on page 4 of your Tax Return and deduct any exemption in box 11.13)

G9 £

- **Maintenance and alimony received** (from box 12.3)

G10 £

- **Other income** (copy the figure in box 13.3 minus any figure in box 13.5)

G11 £

Total **G12** £ Total column above

Deductions for

- **Personal pension** (add together any figures in boxes 14.5, 14.10, 14.15, 14.16 and 14.17)

G13 £

- **Vocational training** (multiply any figure in box 15.1 by $100/76$)

G14 £

- **Interest on qualifying loans** (from box 15.3)

G15 £

- **Maintenance or alimony paid** (see the notes on page 2 of this Guide)

G16 £

- **Charitable covenants, annuities and Gift Aid payments** (multiply any figures in boxes 15.9 and 15.10 by $100/76$)

G17 £

- **Losses and post-cessation expenses** (from boxes 3.82, 4.12, 4.58, 5.16, 5.44, 8.16 and 15.11)

G18 £

- **Trade union and friendly society death benefit payments** (from box 15.12)

G19 £

Total **G20** £ Total boxes G13 to G19

Total income minus deductions

G21 £ box G12 minus G20

Fill in any boxes on this page that apply to you and copy to page 9. Then work through remaining boxes on pages 9, 10 and 11.

Reliefs

- you get basic rate relief automatically - further relief will be due if you are liable to higher rate tax.

- **Pension payments** (from boxes 14.15 and 14.17)

G23.1 £

- **Vocational training** (from box G14)

G23.2 £

Total G23.3 £

Copy to G23

Allowances given as a deduction from your income

- you may need to check your entitlement - see notes, page 3.

- **Personal allowance**

- normally £3,765 unless you are non-resident and not claiming allowances

G25.1 £

- **Age related personal allowance**

- see notes page 4

G25.2 £

- **Blind person's allowance**

- £1,250

G25.3 £

- **Transitional allowance** (from box 16.4)

G25.4 £

- **Blind person's surplus allowance from your spouse** (from box 16.27)

G25.5 £

Total G25.6 £

Copy to G25

Savings income taxable at the lower (20%) rate

- **Partnership savings** (from boxes 4.32 and 4.65)

G31.1 £

- **UK savings** (from box G8)

G31.2 £

- **Foreign savings** (from box 6.2)

G31.3 £

- **Trusts, settlements and estate income** (from boxes 7.6, 7.12 and 7.15)

G31.4 £

Total G31.5 £

Copy to G31

Lower of box G37 or £3,900

G38.1 £

box G32 minus box G23

G38.2 £

box G38.1 minus box G38.2

G38.3 £

Copy to G38

from box G21

G22 £

G23 £

box G22 + box G23

G24 £

G25 £

box G24 minus box G25

G26 £

Chargeable gains

G27 £

from box 8.8

box G26 x 20%

G28 £

box G26 + box G28

G29 £

box G28 x 20%

G30 £

box G26 x 4%

G31 £

box G26 minus box G31

G32 £

£ 3,900

G33 £

box G32 minus box G33

G34 £

box G34 x 4%

G35 £

box G34 x 4%

If box G32 less box G23 is greater than, or equal to, £3,900, fill in box G36. If you fill in box G36 put a zero in box G38, and ignore boxes G37, G39 and G40

G36 £

If box G32 minus box G23 is less than box G33, ignore box G36 and fill in boxes G37 to G40

G37 £

G38 £

G39 £

G40 £

G41 £

G42 £ 25,500

G43 £

G44 £

G45 £

G46 £

G47 £

G48 £

G49 £

G50 £

G51 £

G52 £

G53 £

G54 £

G55 £

G56 £

G57 £

G58 £

G59 £

G60 £

G61 £

G62 £

G63 £

G64 £

G65 £

G66 £

G67 £

G68 £

G69 £

G70 £

G71 £

G72 £

If any of the sums on this page results in a negative amount, enter a zero in the appropriate box

Capital Gains Tax due

Income Tax due

You only need to fill in boxes G46 and G48 if there are figures in boxes G45 and G31. Otherwise go straight to box G49.

see Working Sheet on Page 14

box G28 minus box G38 minus box G50

- **Additional liability in respect of offshore trusts**

- **Tax credit relief on gains**

box G51 x 16%

total column above

from box 8.9

from box 6.10

box G53 + box G54 minus box G55

Allowances and reliefs given in terms of tax
 these reduce your tax bill - you may need to use the Question 16 notes on pages 23 to 26 of the Tax Return Guide and starting on page 5 of this Guide.

- **Married couple's allowance**
 - see notes on page 5
 G59.1 E
- **Married couple's surplus allowance**
 (from box 16.28)
 G59.2 E
- **Additional personal allowance**
 - usually £1,790, may be split with another person - see the notes
 G59.3 E
- **Widow's bereavement allowance - £1,790**
 (if your husband died in 1996-97 or 1995-96 and you have not remarried)
 G59.4 E
- **Interest on loans**
 (from box 15.2)
 G59.5 E
- **Maintenance and alimony**
 (boxes 15.4 and 15.5, and the notes for box G16)
 G59.6 E

Total G59.7 E

Copy to G59

Notional tax is not repayable and so has to be calculated as an allowance given in terms of tax rather than being regarded as tax deducted at source.

- **Partnership notional tax**
 (from boxes 4.73 and 4.74)
 G61.1 E
- **UK scrap dividends**
 (from boxes 10.22, 10.25, 10.28 and 10.31)
 G61.2 E
- **National tax on estate income** (from boxes 7.14)
 G61.3 E

Total G61.4 E

Copy to G61

Tax paid at source

- **Employment** (from boxes 1.11 and 1.30)
 G70.1 E
- **Self-employment** (from box 3.93)
 G70.2 E
- **Partnerships** (from box 4.72)
 G70.3 E
- **UK land and property** (from box 5.21)
 G70.4 E
- **Foreign income** (from boxes 6.1 and 6.3)
 G70.5 E
- **Trusts, settlements or estate income**
 (from boxes 7.2, 7.5, 7.8 and 7.11)
 G70.6 E
- **UK savings** (from boxes 10.3, 10.6, 10.10, 10.13, 10.16 and 10.19)
 G70.7 E
- **UK Pensions, retirement annuities and benefits** (from boxes 11.8 and 11.11)
 G70.8 E
- **Other income** (from box 13.2)
 G70.9 E

Total G70.10 E

Copy to G70

- **EIS/VCT subscriptions**
 G57 E
- **Income Tax due, after allowances and reliefs**
 G59 E
- **Tax credit relief on foreign income**
 G61 E
- **Recoverable tax on charitable covenants, annuities and Gift Aid payments** (Box G17 x 24%)
 G65 E
- **Class 4 National Insurance Contributions**
 (from box 3.92 or (box 4.22 minus box 4.75))
 G66 E
- **Unpaid tax for earlier years included in PAYE code for 1996-97**
 G68 E
- **Tax due for 1996-97 included in next year's tax code**
 G71 E

Total tax and Class 4 NIC due for 1996-97 (overpayment in brackets)
 Copy box G71 to box 18.2 in your Tax Return
 G72 E

Tax owed or overpaid in 1996-97

- **1996-97 tax already refunded**
 G75A E
- **Tax due for earlier years**
 G75 E
- **Tax overpaid for earlier years**
 G77 E
- **Payments already made**
 (from your Statements of Account)
 G78 E

Tax you owe for 1996-97 OR Tax you have overpaid for 1996-97

box G76 minus box G79
 G80 E

box G79 minus box G76
 G81 E

Payments on account for 1997-98

- **Share of partnership tax and Class 4 NIC** (box 4.74 plus box 4.75)
 Copy box G80 to box G82B if it is less than £1,000 and you want the amount you owe collected through your PAYE code in 1998-99. Otherwise enter zero
 G82A E
- **Capital Gains Tax due**
 from box G56
 G83 E
- **Income Tax due, after allowances and reliefs**
 from box G66
 G86 E
- **Class 4 National Insurance Contributions**
 from box G66
 G87 E

If box G85 is less than £500 you do not need to make payments on account for 1997-98. Leave 18.6 in your Tax Return blank and tick 18.8. If it is equal to or more than the figure in box G89 you do have to make payments on account. Fill in box G90.

This is the amount of each payment on account for 1997-98

box G82A + G83 + G86 + G87
 G88 E

box G84 minus box G83
 G85 E

box G88 x 20%
 G89 E

box G85 x 50%
 G90 E

Copy box G90 to box 18.6 in your Tax Return

Tax due or overpaid in 1996-97

box G75A Enter in box G75A the amount of any repayment of 1996-97 tax included in box 17.1 in your Tax Return.

Do not include any repayments from trading losses carried back to an earlier year.

box G75 You may have paid too **little** tax in earlier years because:

- you claim farmer's averaging which has increased your income for last year, **or**
- you claim backwards spreading of literary or artistic income increasing your income for last year and possibly the year before as well, **or**
- you claim to carry back post cessation receipts to the year your business ceased (increasing your income in that year).

You need to work out your underpayment of tax or Class 4 NIC by reference to the tax rates and circumstances for the earlier year. Recalculate the liability for that year (the equivalent of the figure in box G74) taking account of the adjustment. The difference between the recalculated figure and the original figure is the tax due. Enter it in box G75. **Copy this figure to box 18.4 in your Tax Return.** If you need help, ask your Tax Office or tax adviser.

box G77 You may have paid too **much** tax for an earlier year because:

- you claim that losses are set against income or gains of an earlier year or years, **or**
- you claim exceptionally to carry back retirement annuity or personal pension payments to 1994-95 (contact your Tax Office if you claim to carry back your payments to 1995-96) - boxes 14.3, 14.8 or 14.13 in your Tax Return, **or**
- you claim farmer's averaging reducing your income for last year.

Do not include losses or pension payments for which you have previously claimed relief.

You need to work out how much tax or Class 4 NIC you overpaid by reference to the tax rates and circumstances for the earlier year. Recalculate the liability for that year (the equivalent of the figure in box G74) taking account of the adjustment. The difference between the recalculated figure and the original figure is the tax overpaid. Enter it in box G77. **Copy this figure to box 18.5 in your Tax Return.** If you need help ask your Tax Office or tax adviser.

box G78 **If you have made payments on account** for 1996-97 the payments will be shown on the Statements of Account sent to you. Add up the payments **you have already made against your 1996-97 liability** and enter the total in box G78. You **must not** include payments which have been set against:

- interest
- penalties
- surcharges
- liabilities arising from earlier years.

If you are in any doubt about how much to include, ask your Tax Office or tax adviser for help.

box G80 Enter the figure in box G76 minus the figure in box G79. Leave blank if the result would be negative.

box G81 Enter the figure in box G79 minus the figure in box G76. Leave blank if the result would be negative.

Working out your payments on account for 1997-98

box 18.6 in your Tax Return Some people will have to make two 'payments on account' for 1997-98, each equal to half of the Income Tax and Class 4 NIC liability for 1996-97. The first payment is due on 31 January 1998, and the second is due on 31 July 1998.

You will **not** have to make payments on account for 1997-98 if your tax bill for 1996-97 is below £500 or if most (80%) of your tax is collected at source.

Follow the instructions for boxes G82A to G90 on the Working Sheet. These will:

- help you decide whether you have to make payments on account
- help you work out the amount of these payments
- tell you what figure to copy to box 18.6 in your Tax Return.

Copy the figure from box G90 in your Working Sheet to box 18.6 in your Tax Return **unless you are claiming to reduce your payments on account** (see below).

box G82A If you are a partner, include in box G82A your share of the tax and Class 4 NIC in any partnership assessment for 1996-97.

- Reducing payments on account

box 18.7 in your Tax Return Tick this box if you want to make reduced payments on account. This might happen if:

- you expect your income in 1997-98 to be lower than your income in 1996-97, **or**
- you expect your allowances or reliefs to be higher, **or**
- you expect that more of your income will be taxed at source in 1997-98, because
 - it will be taxed under PAYE, **or**
 - it will be covered by subcontractor deductions (SC60), **or**
 - more of your income will come from savings.

If you want to reduce your payments on account:

- you must make a reasonable **estimate on the basis of the information you have now** of the difference between the Income Tax you expect to pay for 1997-98 and your Income Tax for 1996-97 on this Tax Return. You can reduce each of your payments on account by half this difference
- put the amount of each reduced payment on account in box 18.6
- tick box 18.7
- write the reason for reducing your payments on account in the 'Additional information' box on page 8 of your Tax Return.

If you decide later that you have reduced your payments on account by too little you should write to your Tax Office giving the reason why you are claiming to reduce your payments further.

You should ensure that the payments you make by 31 January 1998 and by 31 July 1998 add up to your best estimate of your final liability for 1997-98.

Calculating your tax bill - continued

If your payments on account turn out to be different from your tax bill for 1997-98

- if you have paid **more** than you needed to, you will be credited with interest
- if you have paid **less** than you needed to, you will be charged interest.

Your two payments on account only need to add up to the **smaller** of:

- the actual Income Tax and Class 4 NIC due for 1997-98 (*net of tax deducted at source and tax credits on dividends*), or
- the actual Income Tax and Class 4 NIC due for 1996-97 (*net of tax deducted at source and tax credits on dividends*).

If you have been fraudulent or negligent in claiming a reduction in payments on account, you may be charged a penalty.

If you decide later that you have reduced your payments on account by too much, you can make a claim to revise the amounts upwards and/or pay additional amounts in line with your revised estimate. If you do not make a claim, additional amounts paid may be allocated to other outstanding liabilities.

box 18.8 in your Tax Return

Tick this box if you do not have to make payments on account.

box 18.9 in your Tax Return

If you are claiming now to carry back to 1996-97

- a 1997-98 trading loss (write details of your claim in the 'Additional information' box on page 8 of your Tax Return)
- 1997-98 pension payments (boxes 14.4, 14.9 or 14.14 of your Tax Return),

you will need to calculate the amount of the 1997-98 repayment by reference to the tax rates and your circumstances for 1996-97.

Recalculate your 1996-97 tax liability taking into account the loss or pension payment. The difference between that figure and the figure in box G74 is the amount of your 1997-98 repayment.

Enter it in box 18.9 of your Tax Return.

Working out your payment due on 31 January 1998

If you have paid too little tax for 1996-97:

- the figure in box G80 - the amount you owe for 1996-97 - **unless** it is less than £1,000 and is to be collected through your tax code (see page 26 in your Tax Return Guide)

plus

- any figure in box 18.6 - the first payment on account for 1997-98

minus

- any figure in box 18.9 - a 1997-98 repayment

equals

- the amount due on 31 January 1998 (or, if negative, the amount you are owed)

G80 £

plus

18.6 £

minus

18.9 £

equals

£

If you have paid too much tax for 1996-97

- the figure in box G81 - the amount you are owed for 1996-97

plus

- any figure in box 18.9 - a 1997-98 repayment

minus

- any figure in box 18.6 - the first payment on account for 1997-98

equals

- the amount you are owed (or, if negative, the amount due on 31 January 1998)

G81 £

plus

18.9 £

minus

18.6 £

equals

£

If you have outstanding liabilities (such as unpaid tax from earlier years, unpaid interest, unpaid surcharges or unpaid penalties) your net overpayment will be used to pay them first.

Otherwise you can claim a repayment. Fill in Question 19 in your Tax Return as appropriate. If you do not claim a repayment your net overpayment will be set against your next tax bill.

