

How to calculate your Tax

See also *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 do not have any chargeable capital gains (zero in box 8.8 of the Capital Gains Pages) and you have at least one of the following types of income:

- chargeable event gains (boxes 6.8, 12.5, 12.8)
- certain lump sums or compensation payments (box 1.29, or, if you are a Minister of Religion, box IM.45)
- 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).
- certain dividend income as a Lloyd's Underwriter (box 3L.39).

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 an 'L'. 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 the Income Tax due, taking account of allowances and reliefs given in terms of tax.
- Add other amounts due (for example, Class 4 National Insurance Contributions and any tax due 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 L1 to L11 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 L1, L3 and L4, as appropriate
- add together the tax paid on each and put the total in boxes L75.1, L75.2 and L75.3, as appropriate.

References to the 'right hand' columns are:

- for trusts, settlements and estates, boxes 7.3, 7.6, 7.9, 7.12, 7.15 and 7.18 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 1M.51) with any employment income in box L1 and any tax deducted (1M.50) in box L75.1. You will also need to include any figure in box 1M.45 in boxes L35 and L40. If you are claiming top slicing relief, deduct box 1M.45 from box TSR1 on the Working Sheet on page 12.

Lloyd's Underwriters

If you are a Lloyd's Underwriter, 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 L75.2
- box 3L.85 in box L18, if you made a loss and want to set it against other 1996-97 income
- box 3L.91 in box L3, if you made a profit
- box 3L.94 in box L71.

Next, enter the lower of box 3L.39 and box 3L.91 here

Z £

If Z is zero, you can complete the rest of the calculation following the guidance given by the boxes.

If Z is greater than zero, you must use the instructions below for filling in some of the boxes instead of the instructions by the boxes.

box L27 - enter the lower of box L26 and (boxes Z + 12.8 + 12.12 + 7.18 + (box 6.7 x $^{100}/_{24}$))

box L35 - include Z in the figures to be added together here

box L46.1 - include Z in the figures to be added together here

box L55 - include Z in the figures to be added together here

box L66 - subtract (box Z x 4%) from the figures added together here.

Deducting reliefs from your income

boxes L13 to L19

Payments you make are relieved in different ways:

- some payments are given as an expense, or relief against a particular type of income (for example, some professional subscriptions are allowed 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 L13 to L19 and L23
- relief for some payments is given in terms of tax. This is done in boxes L61 to L67.

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

■ Vocational training

box L14

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 L14 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 L14, multiply the figure in box 15.1 by $^{100}/_{76}$.

■ Maintenance or alimony paid

boxes L16 and L64.6

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 L16. Enter the figure from box 15.4 in box L64.6.

Calculating your tax bill - continued

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 L16 and the figure from box 15.5 in box L64.6.

If you make payments under both the Old and the New rules, relief is given in terms of tax. Fill in box L64.6 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 L64.6.

■ Charitable covenants, annuities and Gift Aid payments

boxes L17 and L70

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

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 L17) and deduct them from your total income, **and**
- account for the tax treated as deducted (in box L70).

Use the Working Sheet below to work out the figures.

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 figures in boxes A and B. This is the gross amount of your payments.

Copy the figure in box C to box L17 in the Working Sheet.
Copy the tax in box B to box L70.

box L22

Copy your income minus deductions from box L21 to box L22.

Calculating tax due for 1996-97 after allowances and reliefs

■ How your income is taxed

You pay Income Tax at 20% on the first £3,900 of your income. This is known as the lower rate band.

You pay Income Tax at 24% on the next £21,600 of your income 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 Income Tax at 40% on your income over £25,500. This is the higher rate band.

■ How the tax calculation works it out

The tax calculation produces the correct answer like this.

Personal allowances and reliefs and deductions which can be set against any income have to be allowed in the way that is most beneficial to you. That means usually they reduce your income in the order shown in the next column.

(However, if you:

- are entitled to tax credit relief, **or**
- have chargeable event gains which do not have a notional basic rate tax credit (box 12.5),

it may be better to reduce your income in a different order. If this applies to you ask your Tax Office or tax adviser for advice.)

First

Non-savings income (everything not mentioned in the other items below). Sometimes giving the allowances or reliefs would reduce the non-savings income left below the lower rate band of £3,900. If this happens, then only enough allowances and reliefs will be given to reduce the non-savings income to £3,900 at this step.

Second

Lump sum and compensation payments and chargeable event gains which do not have a notional basic rate tax credit.

Third

Any further non-savings income remaining after the first step.

Fourth

Savings income having an actual (not notional) tax credit ('savings income' is used here to mean all income taxed at the lower but not the basic rate).

Fifth

Savings income with notional tax credit, namely:

- stock dividends
- non-qualifying distributions
- Foreign Income Dividends
- loans written off or released by a close company.

Sixth

Other income having a notional basic rate tax credit.

This order of giving allowances and reliefs is beneficial to you because as far as possible you are taxed on:

- income with a notional tax credit or on which top slicing relief may be available. You would lose these credits and reliefs if that income was not taxed
- savings income which is taxed at 20% (instead of 24%) if it falls within the basic rate band.

Having given allowances and reliefs in this way, the calculation proceeds as follows:

First

All income, apart from income with a notional basic rate tax credit, is charged at 20% (box L44).

Second

All income with a notional basic rate tax credit is charged at 24% (box L45).

Third

All non-savings income (apart from income with a notional tax credit) above the lower rate limit is charged at an extra 4% (box L49).

Fourth

All income above the basic rate limit is charged at 16% (box L53).

Fifth

All savings income above the basic rate limit is charged at 4% (box L59). Up to that point savings income above the basic rate band has only been charged at 36% (20% at box L44 plus 16% at box L53).

■ Reliefs

box L23

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 (Working Sheet box L14).

Adding the payments back in box L23 ensures that you do not get tax relief at the basic rate twice. Putting the payments in box L50 ensures that you get relief at the higher rate, if appropriate.

■ Allowances deducted from income

Some allowances may be deducted from your income (box L25); and others given as a relief in terms of tax (box L64).

box L25 Fill in boxes L25.1 to L25.6 on page 8 using the following instructions. **Only fill in boxes L25.2 to L25.5 for allowances you have claimed on page 6 of your Tax Return.**

box L25.1 £3,765 is the amount of the personal allowance. Enter it in box L25.1 unless you are not resident and not claiming allowances.

box L25.2 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 L25.2, 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 L25.2. (You get the personal allowance that everyone gets in box L25.1). If you are a married man, work out the amount of age-related married couple's allowance to put in box L64.1.

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 L21 and L19.

- 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 L25.2 the maximum personal allowance you are entitled to minus £3,765. If you are a married man, enter in box L64.1 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 L64.1.

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	£17,850
	Wife 6 April 1922 to 5 April 1932	
	Husband after 5 April 1932	£17,930
	Wife before 6 April 1922	
	Husband 6 April 1922 to 5 April 1932	£20,140
	Wife after 5 April 1922	
Husband 6 April 1922 to 5 April 1932	£20,220	
Wife before 6 April 1922		
Husband before 6 April 1922	£20,580	
1922 Wife any age		

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 L25.2.

If you are a married man entitled to married couple's allowance, enter £1,790 in box L64.1 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. Put the restricted amount in box L64.1.

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 L25.2 or L64.1.

Your income (box L21 plus box L19)	A £
Enter the figure in box A minus £15,200	B £
Multiply B x 1/2	C £
Enter the maximum personal allowance you are entitled to from Table 1	D £
Enter box D <i>minus</i> box C	E £

If E is £3,765 or more, enter in box L25.2 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 L64.1 unless:

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

Calculating your tax bill - continued

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 L64.1.

If box E is less than £3,765 enter '0' in box L25.2. If you are a married man entitled to married couple's allowance, fill in boxes F to H.

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

Enter the figure from box H in box L64.1 **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 L64.1.

box L25.3 If you have completed box 16.2 in your Tax Return, enter £1,250 in box L25.3.

box L25.4 Copy the figure from box 16.4 of your Tax Return.

box L25.5 Copy the figure from box 16.27 of your Tax Return.

box L25.6 Add figures in boxes L25.1 to L25.5 and enter the result in box L25.6. Copy it to box L25.

■ *Top slicing relief*

box L61 Treating 'chargeable event gains' (boxes 12.5, 12.8 and 6.8) as income of one year takes no account of the fact that the gains may have accrued over a number of years. Top slicing relief is a mechanism for reducing the rate of tax applied to these gains if you are liable to tax at the higher rate when they are added to your other income and would only be liable at the lower or basic rate if the gains were ignored. This is why you are asked to include a number of years in boxes 12.4, 12.6, 6.6 and possibly in the 'Additional information' box on page 8 of the Tax Return.

The Working Sheet on page 12 allows you to work out the top slicing relief. Note, these 'chargeable event gains' are still part of your total income. If you were born before 6 April 1932, or you are a married man whose wife was born before 6 April 1932, top slicing relief will not increase the amount of, or create an entitlement to, age-related allowances (the note to box L25.2 has more information about age-related allowances).

■ *Allowances and reliefs given in terms of tax*

box L64.1

- 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 L64.1.

If you or your wife were born before 6 April 1932, the notes for box L25.2 on page 4 tell you what to put in box L64.1.

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 note '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 L64.1.

- 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 L64.2.

Enter the amount you are entitled to in box L64.1.

box L64.2 Copy the figure from box 16.28 to box L64.2

box L64.3 If have you completed boxes 16.16 to 16.23 in your Tax Return, as appropriate, enter in box L64.3 **£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 L64.4 If you have filled in box 16.24 on page 6 of your Tax Return, enter £1,790 in box L64.4.

box L64.5 Copy the figure from box 15.2 on page 5 of your Tax Return.

■ *Income tax due after allowances and reliefs*

box L69 Now subtract box L68 from box L60:

- If the result is **more** than zero, put it in box L69.
- If the result is **zero** or **less** than zero, put '0' in box L69.

Box L69 is your 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 L70

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 L17. 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 L70 the figure from box B in the Working Sheet on page 3 of the Guide.

- Class 4 National Insurance Contributions

box L71

If you filled in the Self-employment Pages, copy the figure from box 3.92 to box L71.

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 L71.

If you had more than one business, make sure you have used *Help Sheet IR220: More than one business* to calculate your total Class 4 National Insurance Contributions.

The figure in box L71 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 L73

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. However, your tax code for 1996-97 may have been adjusted to collect tax unpaid in years before 1996-97. If so, your form 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 L73. If you think your PAYE deductions for 1996-97 included tax for earlier years but you no longer have your form P2 Notice of Coding for 1996-97, or if you are in any doubt about the correct amount for box L73, 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 L75

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 L75.1 to L75.9. Enter the total in box L75.10 and copy it to box L75.

If you pay tax through PAYE

box L76

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 L76 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 L76, ask your Tax Office or tax adviser for help.

Copy the figure in box L76 to box 18.2 in your Tax Return.

Total tax and Class 4 NIC due for 1996-97

box L78

Subtract the figure in box L77 from the figure in box L74 and put the result in box L78. Copy the figure in box L78 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 due or overpaid in 1996-97

box L79A

Enter in box L79A the amount of any repayment of 1996-97 tax included in box 17.1 of your Tax Return.

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

box L79

You may have paid too little tax from 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 L78) taking account of the adjustment. The difference between the recalculated figure and the original figure is the tax due. Enter it in box L79. Copy this figure to box 18.4 in your Tax Return. If you need help ask your Tax Office or tax adviser.

box L81

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

- you claim that losses are set against income 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 L78) taking account of the adjustment. The difference between the recalculated figure and the original figure is the tax overpaid. Enter it in box L81. Copy this figure to box 18.5 in your Tax Return. If you need help ask your Tax Office or tax adviser.

Tax calculation working sheet

➤ Total income from

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

Add income in boxes 1.8 to 1.10, 1.12 to 1.23 and 1.27 to 1.29

First employment	Other employments
£ <input style="width: 80%;" type="text"/>	£ <input style="width: 80%;" type="text"/>

Deduct any figures in boxes 1.31 to 1.38

£ <input style="width: 80%;" type="text"/>	£ <input style="width: 80%;" type="text"/>
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Total taxable income

£ <input style="width: 80%;" type="text"/>	+	£ <input style="width: 80%;" type="text"/>	=	L1 £ <input style="width: 80%;" type="text"/>
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- **Share schemes** (from box 2.31) **L2** £

- **Self-employment** (from box 3.89) **L3** £

- **Partnerships** (from boxes 4.32, 4.65 and 4.68) **L4** £

- **UK land and property** (from box 5.43) **L5** £

- **Foreign income** (from boxes 6.2, 6.4, 6.5 and 6.8) **L6** £

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

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

L7 £

- **UK savings and investments** (add together any figures in the 'right hand' column on page 3 of your Tax Return) **L8** £

- **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) **L9** £

- **Maintenance and alimony received, chargeable event gains etc.** (add together any figures in boxes 12.3, 12.5, 12.8 and 12.12) **L10** £

- **Other income** (copy the figure in box 13.3 *minus* any figure in box 13.5) **L11** £

Total income	L12 £ <input style="width: 80%;" type="text"/>
	Total column above

➤ Deductions for

- **Personal pension** (add together any figures in boxes 14.5, 14.10, 14.15, 14.16 and 14.17) **L13** £

- **Vocational training** (multiply any figure in box 15.1 by $\frac{100}{76}$) **L14** £

- **Interest on qualifying loans** (from box 15.3) **L15** £

- **Maintenance or alimony paid** (see the notes on page 2 of this Guide) **L16** £

- **Charitable covenants, annuities and Gift Aid payments** (multiply any figures in boxes 15.9 and 15.10 by $\frac{100}{76}$) **L17** £

- **Losses and post-cessation expenses** (from boxes 3.82, 4.12, 4.58, 5.16, 5.44, 8.16 and 15.11) **L18** £

- **Trade union and friendly society death benefit payments** (from box 15.12) **L19** £

Total	L20 £ <input style="width: 80%;" type="text"/>
	Total boxes L13 to L19

➤ Total income less deductions

L21 £

box L12 *minus* L20

➤ now copy the figure in box L21 to box L22 on page 9

Fill in any boxes on this page that apply to you and copy to page 9. Then work through the 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)
- **Vocational training** (from box L14)

Total **L23.3** £

Copy to L23

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
- **Age related personal allowance**
- see notes starting on page 4
- **Blind person's allowance**
- £1,250
- **Transitional allowance**
(from box 16.4)
- **Blind person's surplus allowance from your spouse**
(from box 16.27)

Total **L25.6** £

Copy to L25

How to fill in boxes L27, L29, L32, L35 and L40

- L27 - enter lower of L26 and [box L2.8 + 12.12 + 7.18 + (box 6.7 x ^(w/2a))]
- L29 - enter total of boxes 10.23, 10.26, 10.29, 10.32 + (4.73 x ^(w/2a)) + 7.15
- L32 - enter total of boxes 10.1, 10.4, 10.7, 10.8, 10.11, 10.14, 10.17, 10.20, 6.2, 7.6, 7.12 and 4.65 minus (4.73 x ^(w/2a))
- L35 - enter total of boxes 12.5, 12.8, 12.12, 1.29, 6.8, 7.18, L29 and L32
- L40 - enter total of boxes 12.5 + 1.29 + 6.8 minus (box 6.7 x ^(w/2a))

from box L21

L22 £

L23 £

L24 £ box L22 + box L23

L25 £

L26 £ box L24 minus box L25

L28 £

L29 £ box L26 minus box L27

L29 £

L30 £ lower of box L28 or box L29

L32 £

L33 £ lower of box L31 or box L32

L35 £

L36 £ from box L12

L37 £

L38 £ box L28 minus box L30

L38 £

L39 £ box L34 minus box L38

L40 £

L41 £ lower of box L39 or box L40

L42 £

L43 £ box L39 minus box L41

L43 £

L44 £ box L39 + L38 + L41 + L42

L44 £

L45 £ box L27 x 24%

L48 £

L49 £ box L46 minus box L47

L49 £

L50 £ box L43 x 20%

L50 £

L51 £ box L27 x 24%

L52 £

L53 £ box L48 x 4%

L53 £

L54 £ box L52 x 16%

L54 £

L55 £ box L50 minus box L51

L55 £

L56 £ boxes L38 + L42 + L54 + 7.18 + 12.12

L56 £

L57 £ E25,500 + boxes L2.3 + 12.9

L57 £

L58 £ lower of box L54 or box L57

L58 £

L59 £ box L58 x 4%

L59 £

L60 £ boxes L44 + L45 + L49 + L53 + L56

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

see Note aside for box L27

L71 £

BOX L46

Non savings income (apart from chargeable event gains on life policies and certain lump sums and compensation payments) from boxes L38 + L42 + 7.18 + 12.12.

If the figure in box L46.1 is £3,900 or more, enter at box L46.7 the greater of boxes L46.2 or L46.3 and do not complete boxes L46.4 to L46.6

L46.2 £ $\frac{L38 + L41 + L42}{38 + L41 + L42}$

L46.3 £ $\frac{L41 + £3,900}{L41 + £3,900}$

L46.4 £ $\frac{L46.1 + L30 + L33}{L46.1 + L30 + L33}$

L46.5 £ $\frac{L41 + £3,900}{L41 + £3,900}$

L46.6 £ $\frac{L46.4 + L41}{L46.4 + L41}$

L46.7 £ $\frac{L46.6 + L41}{L46.6 + L41}$

Copy to L46

Copy the figure in box L60 to box L60 on page 10

Income Tax due (from box L60 on page 9)

L60 £

• **Top slicing relief**

• **Venture Capital Trust and Enterprise Investment Scheme subscriptions**

from boxes 15.7 and 15.8

L62 £

from box TSR 14 - see Working Sheet on page 12

L61 £

box L62 x 20%

L63 £

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 on page 5 of this Guide.

• **Married couple's allowance**
- see note on page 5

L64.1 £

• **Married couple's surplus allowance**
(from box 16.28)

L64.2 £

• **Additional personal allowance**
- usually £1,790, may be split with another person - see the notes

L64.3 £

• **Widow's bereavement allowance - £1,790**
(if your husband died in 1996-97 or 1995-96 and you have not remarried)

L64.4 £

• **Interest on loans**
(from box 15.2)

L64.5 £

• **Maintenance and alimony**
(boxes 15.4, 15.5 - see the notes for box L16)

L64.6 £

Total

L64.7 £

Copy to L64

L64 £

box L64 x 15%

L65 £

box L30 x 20% + boxes L45 + 4.74

L66 £

• **Notional tax**

• **Tax credit relief on foreign income**

from box 6.9

L67 £

boxes L61 + L63 + L65 + L66 + L67

L68 £

Income Tax due, after allowances and reliefs

box L60 minus box L68

L69 £

• **Recoverable tax on charitable covenants, annuities and Gift Aid payments** (box L17 x 24%)

L70 £

• **Class 4 National Insurance Contributions**
(from box 3.92 or (box 4.22 minus box 4.75))

L71 £

Income Tax and Class 4 National Insurance Contributions

boxes L69 + L70 + L71

L72 £

Copy figure in box L72 to box L72 on page 11

Income Tax and Class 4 NIC due (from box L72 on page 10)

L72	£	
L73	£	box L72 + box L73
L74	£	

- Unpaid tax for earlier years included in PAYE code for 1996-97

Copy box L73 to box 18.1 in your Tax Return

Tax paid at source

• Employment (from boxes 1.11 and 1.30)	L75.1	£
• Self-employment (from box 3.93)	L75.2	£
• Partnerships (from box 4.72)	L75.3	£
• UK land and property (from box 5.21)	L75.4	£
• Foreign income (from boxes 6.1 and 6.3)	L75.5	£
• Trusts, settlements or estate income (from boxes 7.2, 7.5, 7.8 and 7.11)	L75.6	£
• UK savings (from boxes 10.3, 10.6, 10.10, 10.13, 10.16 and 10.19)	L75.7	£
• UK pensions and benefits (from boxes 11.8 and 11.11)	L75.8	£
• Other income (from box 13.2)	L75.9	£
Total	L75.10	£

L75	£	
L76	£	box L75 + box L76
L77	£	

- Tax due for 1996-97 included in next year's PAYE code

Copy to box 18.2 in your Tax Return

Total tax and Class 4 NIC due for 1996-97 (overpayment in brackets)

L78	£	box L74 minus box L77
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Copy box L78 to box 18.3 in your Tax Return

Tax owed or overpaid in 1996-97

• 1996-97 tax already refunded (from box 17.1)	L79A	£
• Tax due for earlier years	L79	£
• Tax overpaid for earlier years	L81	£
• Payments already made (from your Statements of Account)	L82	£

L80	£	box L78 + box L79A + box L79
-----	---	------------------------------

L83	£	box L81 + box L82
-----	---	-------------------

Tax you owe for 1996-97	L84	£	box L80 minus box L83
OR			
Tax you have overpaid for 1996-97	L85	£	box L83 minus box L80

Payments on account for 1997-98

- Your share of partnership tax and Class 4 NIC (from boxes 4.74 and 4.75)

Copy L84 to L86 if it is less than £1,000 and you would like the amount you owe collected through your 1998-99 PAYE code, otherwise enter zero

L86A	£
L86	£

If L87 is less than £500 you do not need to make payments on account. Leave box 18.6 blank and tick box 18.8 in your Tax Return.
If L87 is equal to or more than £500 carry on

L87	£	boxes L78 + box L86A minus box L86
-----	---	------------------------------------

• Income Tax due after allowances and reliefs	L88	£	from box L69
--	-----	---	--------------

• Class 4 National Insurance Contributions	L89	£	from box L71
---	-----	---	--------------

L90	£	box L86A + box L88 + box L89
-----	---	------------------------------

L91	£	box L90 x 20%
-----	---	---------------

If L87 is less than L91, you do not need to make payments on account. Leave box 18.6 blank and tick box 18.8.
If it is equal to or more than L91, you do have to make payments on account. Fill in box L92.

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

L92	£	box L87 x 50%
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Copy box L92 to box 18.6 in your Tax Return

Top Slicing Relief (TSR) working sheet

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

box L50 **minus** (boxes 1.29 + 5.22)
TSR1 £

Chargeable Event Gains

from boxes 6.8, 12.5 + 12.8
TSR2 £

box **TSR1 minus** box **TSR2**
TSR3 £

*If the figure in box **TSR3** is £25,500 or more, no Top Slicing Relief is due. Enter '0' in box L61 on page 10. If the figure in box **TSR3** is less than £25,500 fill in the boxes below.*

Page 15 of the Tax Return Guide and *Help Sheets IR 320 and IR321* explain when it is necessary to give additional information if you have gains from a number of insurers. You need to use a separate line below for each chargeable event gain, or total chargeable event gains from a cluster of policies.

Chargeable Event Gains
 from box 12.5 + 12.8 + 6.8

Number of years
 from box 12.4 + 12.6, + 6.6
 and Additional information
 box on page 8 of your
 Tax Return

A divided by B

A

B

TSR3 + TSR4
TSR5 £

TSR6 £

Total column above
TSR4 £

TSR5 **minus** TSR6 (if result is a negative enter zero)

TSR7 £

TSR7 x 16%
TSR8 £

*If you had one chargeable event gain, complete box **TSR9***

TSR8 x number of years in col B
TSR9 £

*If you had more than one chargeable event gain, complete boxes **TSR10** and **TSR11***

TSR8 x TSR2
TSR10 £

TSR10 divided by TSR4
TSR11 £

*Complete boxes **TSR12** to **TSR14** in all cases*

(TSR1 minus TSR6) x 16%
TSR12 £

from box **TSR9** or **TSR11**
TSR13 £

TSR12 **minus** TSR13
TSR14 £

Copy the figure in box **TSR14 to box L61 on page 10**

SA153 (NET)

box L82

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 put the total in box L82.

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, please contact your Tax Office or tax adviser for help.

box L84

Enter the figure in box L80 minus the figure in box L83. Leave blank if the result would be negative.

box L85

Enter the figure in box L83 minus the figure in box L80. 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 L86A to L92 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 L92 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 L86A

If you are a partner, include in box L86A 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.

If your payments on account turn out to be different from the final Income Tax shown on your 1997-98 Tax Return:

- 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*)
- 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 L78 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 L84 - 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)

L84 £

plus

plus

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

18.6 £

minus

minus

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

18.9 £

equals

equals

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

£

If you have paid too much tax for 1996-97

- the figure in box L85 - the amount you are owed for 1996-97

L85 £

plus

plus

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

18.9 £

minus

minus

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

18.6 £

equals

equals

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

£

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.