

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 calculation 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 or 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 have any chargeable capital gains (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), or
- certain lump sums or compensation payments (box 1.29, or, if you are a Minister of Religion, box 1M.45), or
- income from the estate of a deceased person, with a notional basic rate tax credit (box 7.18), or
- a refund of surplus additional voluntary contributions from your pension scheme provider (box 12.12), or
- 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 'F'. 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 you should read the relevant note under 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, taking account of allowances and reliefs given in terms of tax.
- Work out 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 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 F1 to F11 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 F1, F3 and F4, as appropriate
- add together the tax paid on each and put the total in boxes F75.1, F75.2 and F75.3, 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 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 F1 and any tax deducted (1M.50) in box F75.1. You will also need to include any figure in box 1M.45 in boxes F35 and F40.

If you are claiming top slicing relief deduct box 1M.45 from the figure in box TSR1 on the Working Sheet on page 14.

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 F75.2
- box 3L.85 in box F18, if you made a loss and want to set it against other 1996-97 income
- box 3L.91 in box F3, if you made a profit
- box 3L.94 in box F71.

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 F27 - enter the lower of box F26 and (boxes Z+ 12.8 + 12.12 + 7.18 + (box 6.7 x $100/24$))
- box F35 - include Z in the figures to be added together here
- box F46.1 - include Z in the figures to be added together here
- box F55 - include Z in the figures to be added together here
- box F66 - subtract (box Z x 4%) from the figures added together here.

Deducting reliefs from your income

boxes F13 to F19

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 F13 to F19 and F23
- relief for some payments is given in terms of tax. This is done in boxes F61 to F67.

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

Vocational training

box F14

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 F14 the gross amount of the payment. This is the net amount paid to your training provider (from box 15.1 in your Tax Return) plus the tax relief given at source. To work out the figure to go in box F14, multiply the figure in box 15.1 by $100/76$.

■ Maintenance or alimony paid

boxes F16 and F64.6

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 F16. Enter the figure from box 15.4 in box F64.6.

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 F16 and the figure from box 15.5 in box F64.6.

If you make payments under both the Old and the New rules, relief is given in terms of tax. Fill in box F64.6 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 F64.6.

■ Charitable covenants, annuities and Gift Aid payments

boxes F17 and F70

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 F17) and deduct them from your total income, **and**
- account for the tax treated as deducted (in box F70).

Use the Working Sheet below 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 figures in boxes A and B. This is the gross amount of your payments.

Copy the figure in box C to box F17 in the Working Sheet.
Copy the tax in box B to box F70.

box F22

Copy your income minus deductions from box F21 to box G22.

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

■ How your income and chargeable gains are taxed

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

You pay Income 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 Income Tax and Capital Gains Tax at 40% on your income and chargeable gains 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 below.

(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 on page 4 of your Tax Return),
- 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.

Your net taxable income (after deducting personal allowances, etc.) and chargeable gains are taxed in a set order:

- first, income other than savings
- second, savings income
- third, certain lump sums and compensation payments and certain chargeable event gains
- fourth, chargeable gains.

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). The tax calculation takes account of this exception in the Working Sheet for box F49G.

The calculation proceeds as follows by charging:

First

All income, apart from income with a notional basic rate tax credit, at 20% (box F44).

Second

All chargeable gains at 20% (box F44A).

Third

All income with a notional basic rate tax credit at 24% (box F45).

Fourth

All non-savings income, apart from income with a notional tax credit, above the lower rate limit at an extra 4% (box F49).

Fifth

- If the whole of the lower rate band is taken up by non-savings income Capital Gains Tax is charged at an additional 4% on all of your chargeable gains (boxes F49A, F49B and F49G).
- If part or none of the lower rate band is taken up by non-savings income Capital Gains Tax is charged at an additional 4% on your chargeable gains except those which have been included in the lower rate band in priority to savings income (boxes F49C to F49F and F49G).

Sixth

All income taxable above the basic rate limit at 16% (box F53).

Seventh

All chargeable gains taxable above the basic rate limit at 16% (box F53C).

There is one exception to this general rule where you have also recorded chargeable event gains in boxes 6.8, 12.5 or 12.8 of your Tax Return. The rules for Capital Gains Tax allow you, when calculating the amount of any Capital Gains Tax to pay, to reduce the amount of any chargeable event gain so that a smaller fraction of the gain uses the basic rate tax band in priority to any chargeable gain. The adjustment to reduce the chargeable event gain is made just before you calculate the amount of Capital Gains Tax payable above the basic rate (working sheet for box F53A).

Eighth

All savings income above the basic rate limit is charged at 4% (box F59). Up to that point savings income above the basic rate band has only been charged at 36% (20% at box F44 plus 16% at box F53).

■ Reliefs

box F23 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 F14 in the Working Sheet on page 7).

Adding the payments back in box F23 ensures that you do not get tax relief at the basic rate twice. Putting the payments in box F50 ensures that you get relief at the higher rate, if appropriate.

■ Allowances deducted from income

Some allowances may be deducted from your income (box F25) and others given as a relief in terms of tax (box F64).

box F25

Fill in boxes F25.1 to F25.6 on page 8 using the following instructions. **Only fill in boxes F25.2 to F25.5 for allowances you are entitled to and have claimed on page 6 of your Tax Return.**

box F25.1

£3,765 is the amount of the personal allowance. Enter it in box F25.1 unless you are not resident and not claiming allowances.

box F25.2

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 F25.2 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 F25.2. (You get the personal allowance that everyone gets in box F25.1). If you are a married man, work out the amount of age-related married couple's allowance to put in box F64.1.

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 F21 and F19.

- 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 F25.2 the maximum personal allowance you are entitled to minus £3,765. If you are a married man enter in box F64.1 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 F64.1.

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	
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 F25.2.

If you are a married man entitled to married couple's allowance, enter £1,790 in box F64.1 **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 F64.1.

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 F25.2 or F64.1.

Your income (box F21 plus box F19)	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 minus box C	E £

If box E is £3,765 or more, enter in box F25.2 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 F64.1 **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 F64.1.

If box E is less than £3,765, enter '0' in box F25.2. 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 F64.1 **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 F64.1.

box F25.3 If you have completed box 16.2 in your Tax Return, enter £1,250 in box F25.3.

box F25.4 Copy the figure from box 16.4 in your Tax Return.

box F25.5 Copy the figure from box 16.27 in your Tax Return.

box F25.6 Add figures in boxes F25.1 to F25.5 and enter the result in box F25.6. Copy it to box F25.

■ Top slicing relief

box F61 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 14 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 F25.2 has more information about age-related allowances).

■ Allowances and reliefs given in terms of tax

box F64.1

- 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 F64.1.

If you or your wife were born before 6 April 1932, the notes for box F25.2 on page 4 tell you what to put in box F64.1.

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 F64.1.

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

If you got 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 F64.2.

Enter the amount you are entitled to in box F64.1.

box F64.2

Copy the figure from box 16.28 in your Tax Return to box F64.2.

box F64.3

If you have completed boxes 16.16 to 16.23 in your Tax Return, as appropriate, enter in box F64.3 **£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 24 of your Tax Return Guide explain how to calculate the lower amount.

box F64.4

If you have filled in box 16.24 on page 6 of your Tax Return, enter £1,790 in box F64.4.

box F64.5

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

■ Income tax due after allowances and reliefs

box F69

Now subtract box F68 from box F60:

- if the result is **more** than zero, put it in box F69.
- if the result is **zero** or **less** than zero, put '0' in box F69.

Box F69 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 F70

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 F17.

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 F70 the figure from box B in the Working Sheet on page 3 of the Guide.

- Class 4 National Insurance Contributions

box F71

If you filled in the the Self-employment Pages, copy the figure from box 3.92 to box F71.

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 F71.

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 Contribution.

The figure in box F71 is the Class 4 National Insurance Contribution you are due to pay.

Deducting tax already paid on account or accounted for

■ Unpaid tax for earlier years

box F73

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 F73. 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 F73, 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 F75

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 F75.1 to F75.9. Enter the total in box F75.10 and copy it to box F75.

Tax calculation working sheet

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

<ul style="list-style-type: none"> ● 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 <table style="margin-left: 20px; border: none;"> <tr> <td style="border: none; padding-right: 20px;">First employment</td> <td style="border: 1px solid black; width: 150px; height: 25px; text-align: center;">£</td> <td style="border: none; padding-right: 20px;">Second employment</td> <td style="border: 1px solid black; width: 150px; height: 25px; text-align: center;">£</td> </tr> <tr> <td style="border: none; padding-right: 20px;">Deduct any figures in boxes 1.31 to 1.38</td> <td style="border: 1px solid black; width: 150px; height: 25px; text-align: center;">£</td> <td style="border: none; padding-right: 20px;"></td> <td style="border: 1px solid black; width: 150px; height: 25px; text-align: center;">£</td> </tr> <tr> <td style="border: none; padding-right: 20px;">Total taxable income</td> <td style="border: 1px solid black; width: 150px; height: 25px; text-align: center;">£</td> <td style="border: none; padding-right: 10px;">+</td> <td style="border: 1px solid black; width: 150px; height: 25px; text-align: center;">£</td> <td style="border: none; padding-right: 10px;">=</td> <td style="border: 1px solid black; width: 100px; height: 25px; text-align: center;">F1 £</td> </tr> </table> 	First employment	£	Second employment	£	Deduct any figures in boxes 1.31 to 1.38	£		£	Total taxable income	£	+	£	=	F1 £	
First employment	£	Second employment	£												
Deduct any figures in boxes 1.31 to 1.38	£		£												
Total taxable income	£	+	£	=	F1 £										
● Share schemes (from box 2.31)	F2 £														
● Self-employment (as a sole trader) (from box 3.89)	F3 £														
● Partnerships (from boxes 4.32, 4.65 and 4.68)	F4 £														
● UK land and property (from box 5.43)	F5 £														
● Foreign income (from boxes 6.2, 6.4, 6.5 and 6.8)	F6 £														
● 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)	F7 £														
● UK savings and investments (total the 'right hand' column on page 3 of your Tax Return)	F8 £														
● 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)	F9 £														
● Maintenance and alimony received, chargeable event gains etc. (add together any figures in boxes 12.3, 12.5, 12.8 and 12.12)	F10 £														
● Other income (copy the figure in box 13.3 less any figure in box 13.5)	F11 £														
Total income	Total column above F12 £														

➤ Deductions for

● Personal pension (add together any figures in boxes 14.5, 14.10, 14.15, 14.16 and 14.17)	F13 £
● Vocational training (multiply any figure in box 15.1 by $\frac{100}{76}$)	F14 £
● Interest on qualifying loans (from box 15.3)	F15 £
● Maintenance or alimony paid (see the notes on page 2 of this Guide)	F16 £
● Charitable covenants, annuities and Gift Aid payments (multiply any figures in boxes 15.9 and 15.10 by $\frac{100}{76}$)	F17 £
● Losses and post-cessation expenses (from boxes 3.82, 4.12, 4.58, 5.16, 5.44, 8.16 and 15.11)	F18 £
● Trade union and friendly society death benefit payments (from box 15.12)	F19 £
Total deductions	Total boxes F13 to F19 F20 £

➤ Total income less deductions

box F12 minus box F20 F21 £

now copy the figure in box F21 to box F22 on page 9

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, 11, 12 and 13.

Allowances given as a deduction from your income - you may need to check your entitlement - see notes, page 4.

- Personal allowance** - normally £3,765 unless you are non-resident and not claiming allowances
F25.1 £
- Age related personal allowance** - see notes starting on page 4
F25.2 £
- Blind person's allowance** - enter £1,250
F25.3 £
- Transitional allowance** (from box 1644)
F25.4 £
- Blind person's surplus allowance from your spouse** (from box 1627)
F25.5 £

Total **F25.6** £

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)
F23.1 £
- Vocational training** (from box F14)
F23.2 £

Total **F23.3** £

How to fill in boxes F27, F32, and F35

- F27** - enter lower of F26, and [box 12.8 + 12.12 + 7.18 + (box 6.7 x ¹⁰⁰/₂₅)]
- F32** - 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 ¹⁰⁰/₂₀)
- F35** - enter total of boxes 1.29, 6.8, 7.18, 12.5, 12.8, 12.12, F29 and F32

Copy to F25

Copy to F23

Box F49
Add boxes F27, F38, F41 and F42 minus F23.

If F49A is greater than £3,900 fill in F49B and copy F49B to F49C. Enter '0' in F49D. Ignore F49C, F49E and F49F.

If F49A is less than or equal to £3,900 fill in boxes F49C to F49F below.

Take the lower of box F49C or £3,900, and then deduct the amount in box F49A. Enter the result in box F49D.

F49A £ see aside

F49B £ $F23A \times 4\%$

F49C £ $F23A + F49A$

F49D £ see aside

F49E £ $F49C$ minus £3,900

F49F £ $F49E \times 4\%$

Box F46
Non savings income (apart from chargeable event gains on life policies and certain lump sums and compensation payments) from boxes F38 + F42 + 7.18 + 12.12.

If the figure in box F46.1 is £3,900 or more, enter at box F46.7 the greater of boxes F46.2 or F46.3 and do not complete boxes F46.4 to F46.6.

OTHERWISE
add box F46.1 + savings income.

If the figure in box F46.4 is £3,900 or more, complete box F46.5 and copy the figure to box F46.7.

Leave box F46.6 blank

OTHERWISE
complete box F46.6 and copy the figure to box F46.7.

From box F46.2 or box F46.3 or box F46.5 or box F46.6.

F46.1 £

F46.2 £ $F38 + F41 + F42$

F46.3 £ $F41 + £3,900$

F46.4 £ $F46.1 + F30 + F33$

F46.5 £ $F41 + £3,900$

F46.6 £ $F46.4 + F41$

F46.7 £

Copy either F49B or F49F to box F49C

from box F21

F22 £

F23 £

F24 £ box F22 + box F23

F25 £

F26 £ box F24 minus box F25

F27 £ see Notes for F27 aside

F28 £ box F26 minus box F27

F29 £ $10.23 + 10.26 + 10.29 + 10.32 - 4.73 \times \frac{100}{20} \text{ or } 7.15$

F30 £ lower of boxes F28 or F29

F31 £ box F28 minus box F30

F32 £ see Notes for F32 aside

F33 £ lower of boxes F31 or F32

F34 £ box F31 minus box F33

F35 £ see Notes for F35 aside

F36 £ from box F12

F37 £ box F36 minus box F35

F38 £ smallest of £3,900, box F37 or box F34

F39 £ box F34 minus box F38

F40 £ boxes $1.29 + 12.5 + 6.8$ minus (box $6.7 \times \frac{100}{25}$)

F41 £ lower of box F39 or box F40

F42 £ box F39 minus box F41

F43 £ boxes F30 + F33 + F38 + F41 + F42

F44 £ box F43 x 20%

F45 £ box F27 x 24%

F46 £

F47 £ 3,900

F48 £ box F46 minus box F47

F49 £ box F48 x 4%

F49C £ see Notes aside

F49D £

F49E £

F49F £

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

Complete this section before going to the F53A working sheet only if there is an entry in F28A

If you expect to pay tax at the higher rate of 40% and there are entries in boxes F27 or F41, you may need to make an adjustment for any chargeable event gains that have used up the basic rate band in priority to any chargeable gain. The following adjustment when used on the Working Sheet for box F53A will correct this.

A	B	C
Chargeable event gains from boxes 6, 8, 12, 5 and 12, 8	Number of relevant years (see your Tax Return Guide and Help Sheet: H320 and H321)	Column A Divided by Column B

- Total of column A
- Total of column C

1 minus 2
F49AA £

Working Sheet for box F53A

Are boxes F30 and F33 both zero? Yes No

Is box F49A equal to or greater than £3,900? Yes No

Enter in box B the greater of box F26 minus box F23 minus box F49AA or £3,900

box A minus box B

Copy the figure in box C to box F53A

£23,500 + box 12,9
A £

B £

C £

Copy the figure in box F28A to box D

Copy the figure in box F49D to box E

box D minus box E

box F26 minus box F23 = £

Add box E = £

minus box F49AA £

total £

Copy total to box H

box G minus box H

Enter in box I the lowest of box F, or box I or £21,600

Copy the figure in box J to box F53A

F51 £ 25,500

box F50 minus box F51
F52 £

F53A £

F28A minus F49D minus F53A
F53B £

box F52 x 16%
F53 £

If the figures in boxes F30 and F33 are NIL, go straight to box F60. Do not complete boxes F54 to F59

box F30 + box F33
F54 £

box F38 + F48 + F54 + 7.18 + 12.12
F55 £

£23,500 + boxes 12,9 + 12,9 minus F49D
F56 £

box F55 minus box F56
F57 £

lower of box F54 or box F52
F58 £

box F58 x 4%
F59 £

from box 8, 9
F60A £

from box 6, 10
F60B £

boxes F44A + F49C + F51C + F60A minus F60B
F60C £

from box F14 - see Working Sheet on page 14
F61 £

Capital Gains Tax due

Top slicing relief

from boxes 15, 7 and 13, 8
F62 £

box F62 x 20%
F63 £

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 6 of this Guide.

Married couple's allowance - see notes on page 6

F64.1 £

Married couple's surplus allowance (from box 1, 6, 28)

F64.2 £

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

F64.3 £

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

F64.4 £

Interest on loans (from box 15, 2)

F64.5 £

Maintenance and alimony (boxes 15, 4 and 15, 5 - see the notes for box F1 6)

F64.6 £

Total

F64.7 £

Copy to box F64

F64 £

National tax

Tax credit relief on foreign income

box F64 x 15%
F65 £

box F30 x 20% + boxes F45 + 4, 7, 4
F66 £

boxes F61 + F63 + F65 + F66 + F67
F68 £

Income Tax due, after allowances and reliefs

box F60 minus box F68
F69 £

Tax calculation working sheet

● **Recoverable tax on charitable covenants, annuities and Gift Aid payments** (box F17 x 24%) **F70** £

● **Class 4 National Insurance Contributions** (from box 3.92 or (box 4.22 minus box 4.75)) **F71** £

Income Tax and NIC

boxes F69 + F70 + F71
F72 £

● **Unpaid tax for earlier years included in PAYE code for 1996-97** **F73** £

Copy to box 18.1 in your Tax Return

box F72 + box F73
F74 £

Tax paid at source

● Employment (from boxes 1.11 and 1.30)	F75.1 £
● Self-employment (from box 3.93)	F75.2 £
● Partnerships (from box 4.72)	F75.3 £
● UK land and property (from box 5.21)	F75.4 £
● Foreign income (from boxes 6.1 and 6.3)	F75.5 £
● Trusts, settlements or estate income (from boxes 7.2, 7.5, 7.8 and 7.11)	F75.6 £
● UK savings (from boxes 10.3, 10.6, 10.10, 10.13, 10.16 and 10.19)	F75.7 £
● UK pensions and benefits (from boxes 11.8 and 11.11)	F75.8 £
● Other income (from box 13.2)	F75.9 £
Total	F75.10 £

Copy to box F75

F75 £

● **Tax due for 1996-97 included in next year's tax code**

F76 £

Copy to box 18.2 in your Tax Return

box F75 + box F76
F77 £

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

box F74 minus box F77 + F60C
F78 £

Copy to box 18.3 in your Tax Return

Tax owed or overpaid in 1996-97

- 1996-97 tax already refunded (from box 17.1)

F79A	£
-------------	---

box F78 + box F79A + box F79

- Tax due for earlier years

F79	£
------------	---

F80	£
------------	---

Copy box F79 to box 18.4 in your Tax Return

- Tax overpaid for earlier years

F81	£
------------	---

Copy box F81 to box 18.5 in your Tax Return

- Payments already made (from your Statements of Account)

F82	£
------------	---

box F81 + box F82

F83	£
------------	---

Tax you owe for 1996-97	box F80 minus box F83
	F84 £
OR	
Tax you have overpaid for 1996-97	box F83 minus box F80
	F85 £

Payments on account for 1997-98

- Share of partnership tax and Class 4 NIC (from boxes 4.74 + 4.75)

F86A	£
-------------	---

Copy F84 to F86 if it is less than £1,000 and you would like the amount you owe collected through your 1997-98 tax code. Otherwise enter zero

F86B	£
-------------	---

- Capital Gains Tax due (box F60C)

F86C	£
-------------	---

If F87 is less than £500, you do not need to make payments on account. Leave 18.6 blank and tick 18.8. If F87 is equal to or more than £500, carry on.

boxes F78 + box F86A minus box F86B minus F86C

F87	£
------------	---

- Income Tax due, after allowances and reliefs

F88	£
------------	---

from box F69

- Class 4 National Insurance Contributions

F89	£
------------	---

from box F71

F90	£
------------	---

box F86A + box F88 + box F89

F91	£
------------	---

box F90 x 20%

If F87 is less than F91, you do not need to make payments on account. Leave 18.6 blank and tick box 18.8. If it is equal to or more than F91, you do have to make payments on account. Fill in box F92.

This is the amount of each payment on account for 1997-98	F92	£
--	------------	---

box F87 x 50%

Copy box F92 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 F50 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 F61 on page 11. If the figure in box TSR3 is less than £25,500 fill in the boxes below.

Page 15 of your Tax Return Guide and *Help Sheets IR 320* and *IR 321* explain when it is necessary to give additional information if you have gains from a number of insurers. 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

A

TSR3 + TSR4
TSR5 £

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 £

Number of years

from box 12.4 + 12.6, + 6.6 or entries in 'Additional information' box on page 8 of your Tax Return

B

TSR6 £

TSR5 minus TSR6 (enter '0' if amount is negative)

TSR7 £

TSR10 divided by TSR4
TSR11 £

A divided by B

Total column above
TSR4 £

TSR7 x 16%
TSR8 £

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 F61 on page 11

SA154 (NET)

■ If you pay tax through PAYE

box F76 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 F76 the 'estimated underpayment' figure shown on the bottom of the last dated form P2 Notice of Coding you received for 1996-97.

If you are in any doubt about the correct amount to put in box F76, ask your Tax Office or tax adviser for help.

Copy the figure in box F76 to box 18.2 in your Tax Return.

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

box F78 Subtract the figure in box F77 from the figure in box F74 and add the figure in box F60C. Enter the result in box F78. **Copy the figure in box F78 to box 18.3 in your Tax Return.** The 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 F79A Enter in box F79A the amount of any repayment of 1996-97 tax included in box 17.1 of your Tax Return. Exclude any repayments from trading losses carried back to an earlier year.

box F79 You may have paid too **little** tax for 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 F78) taking account of the adjustment. The difference between the recalculated figure and the original figure is the tax due. Enter it in box F79. **Copy this figure to box 18.4 in your Tax Return.** If you need help ask your Tax Office or tax adviser.

box F81 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 to carry back retirement annuity or personal pension payments exceptionally 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 F78) taking account of the adjustment. The difference between the recalculated figure and the original figure is the amount of tax overpaid. Enter it in box F81. **Copy this figure to box 18.5 in your Tax Return.** If you need help, ask your Tax Office or tax adviser.

box F82 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 F82. 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 F84 Enter the figure in box F80 minus the figure in box F83. Leave blank if the result would be negative.

box F85 Enter the figure in box F83 minus the figure in box F80. 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 on the Working Sheet for boxes F86A to F92. These will:

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

Copy the figure from box F92 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 F86A If you are a **partner**, include in box F86A 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
- enter the amount of each reduced payment on account in box 18.6

Calculating your tax bill - continued

- 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 give 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 F78 is the amount of your 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 F84 - 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)

F84 £

plus

18.6 £

minus

18.9 £

equals

£

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

- the figure in box F85 - 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)

F85 £

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.

These notes are for guidance only, and reflect the position at the time of writing. They do not affect any rights of appeal.