

IMPORTANT CHANGES FROM 6 APRIL 2016

Income Tax: changes to dividend taxation

The Government has announced that from 6 April 2016 the Dividend Tax Credit will be replaced by a new tax-free Dividend Allowance.

This will be in the form of a 0% tax rate on the first £5,000 of dividend income per year.

UK residents will pay tax on any dividends received over the £5,000 allowance at the following rates:

- ▶ 7.5% on dividend income within the basic rate (20%) band
- ▶ 32.5% on dividend income within the higher rate (40%) band
- ▶ 38.1% on dividend income within the additional rate (45%) band

Dividends paid on shares held within pensions and Individual Savings Accounts (ISAs) will continue to be tax free.

Further information is available from HMRC. Please go to:

www.gov.uk/tax-on-dividends

IMPORTANT: You will be required to retain details of any dividend payments you receive and complete Tax Returns where required. For further advice please contact a tax or financial advisor who in the UK must be authorised by the Financial Conduct Authority.

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