

## Tax Rates and Allowances 2010/11

### 1 Income Tax

|                                 | 2009/10  | 2010/11          |
|---------------------------------|----------|------------------|
| Starting rate on savings income | £2,440   | £2,440           |
| Basic Rate Band                 | £37,400  | £37,400          |
| Higher Rate                     | £37,400+ | £37,400-£150,000 |
| New Additional Rate Band        | N/A      | £150,000+        |

#### Rates differ for General Income/Interest/Dividends:

|  | 2009/10 and 2010/11 |          |           |
|--|---------------------|----------|-----------|
|  | General             | Interest | Dividends |
| <b>Starting Rate</b>                           | 0%                  | 10%      | 10%       |
| <b>Basic Rate</b>                              | 20%                 | 20%      | 10%       |
| <b>Higher Rate</b>                             | 40%                 | 40%      | 32.5%     |
| <b>Additional Rate<br/>(From 6 April 2010)</b> | 50%                 | 50%      | 42.5%     |

#### Personal Allowances

|                                 | 2009/10 | 2010/11 |
|---------------------------------|---------|---------|
| Personal Allowance              | £6,475  | £6,475  |
| Personal Age Allowance (65-74)* | £9,490  | £9,490  |
| Personal Age Allowance (75+)*   | £9,640  | £9,640  |
| Blind Persons Allowance         | £1,890  | £1,890  |
| Married Couples Allowances:     |         |         |
| Aged 75 and over**              | £6,965  | £6,965  |

□ Personal allowance will reduce gradually for individuals with income in excess of £100,000. This will be based on a reducer of £1 for every £2 of income in excess of £100,000. Individuals with income in excess of £112,950 will not receive a personal allowance.

\*Reduced by £1 for every £2 of income which exceeds £22,900 (£22,900 for 2009/10) subject to a minimum Personal Age Allowance equivalent to the standard Personal Allowance being applied. Excess income is offset against the Personal Age Allowance first before being applied to the Married Couples Allowance.

\*\*Tax reducer at 10%. MCA can be reduced to a minimum of £2,670 (£2,670 for 2009/10).

### Income Tax Reliefs and Limits

|   | <b>2009/10</b> | <b>2010/11</b> |
|---|----------------|----------------|
| Individual Savings Accounts:              |                |                |
| Total investment                          | £7,200         | £10,200        |
| Stocks and Shares ISA                     | £7,200         | £10,200        |
| Cash ISA                                  | £3,600         | £5,100         |
| Rent a Room relief                        | £4,250         | £4,250         |
| Enterprise Investment Scheme (20% relief) | £500,000       | £500,000       |
| Venture Capital Trusts (30% relief)       | £200,000       | £200,000       |

## **2 Pension contributions\*\*\***

|  | <b>2009/10</b> | <b>2010/11</b> |
|--|----------------|----------------|
| Maximum contributions where no earnings  | £3,600         | £3,600         |
| Annual Allowance (maximum contributions) | £245,000       | £255,000       |
| Lifetime Allowance                       | £1,750,000     | £1,800,000     |

\*\*\*Pension contributions provide tax relief by extending the basic rate band by the gross contribution. Pension contributions should be reviewed following the Budget in 2009 and 2010 as relief may be restricted and additional tax charges may be incurred.

### 3 National Insurance Contributions

#### Class 1 (weekly rates)

|                                      | Employees | Employers |
|--------------------------------------|-----------|-----------|
| Earnings below £97.00                | N/A       | N/A       |
| Earnings between £97.01 and £110.00  | 0%        | N/A       |
| Earnings between £110.01 and £844.00 | 11%       | 12.8%     |
| Earnings in excess of £844.00        | 1%        | 12.8%     |

**2009/10**

**2010/11**

#### Class 2 (self employed)

|                          |        |        |
|--------------------------|--------|--------|
| Weekly rate              | £2.40  | £2.40  |
| Small earnings exemption | £5,075 | £5,075 |

#### Class 3 (voluntary)

|                    |        |        |
|--------------------|--------|--------|
| Flat rate per week | £12.05 | £12.05 |
|--------------------|--------|--------|

#### Class 4 (self employed)

|  |         |         |
|--|---------|---------|
| Lower limit on profits                         | £5,715  | £5,715  |
| Upper limit on profits                         | £43,875 | £43,875 |
| Rate on profits between upper and lower limits | 8%      | 8%      |
| Rate on profits over upper limit               | 1%      | 1%      |

#### 4 Car benefit assessment 2010/11

Charge based on a percentage of the initial list price of the car, including accessories, delivery charge and VAT. The percentage is based on the carbon emissions rating of the car and whether the engine runs on petrol or diesel. Lower rates apply to electric or bio-fuel adapted cars.

| <b>Ratings</b>   | <b>Petrol</b>   | <b>Diesel</b> |
|------------------|---|---------------|
| 121-134g/km CO2  | 15%   | 18%           |
| 135g/km CO2      | 15%   | 18%           |
| Over 135g/km CO2 | Add an additional 1% per g/km of CO2 up to a maximum of 35% |               |

Maximum list price to which car benefit applies is £80,000. Special rules apply to older cars which do not have a CO2 rating. Employee contributions for private use are deducted from the taxable figure.

Company vans are charged at £3,000 if there is a private use element other than travel from home to work. An additional amount of £500 is charged if private fuel is provided.

#### Fuel benefit

Where private fuel is provided in addition to a company car, the relevant percentage which is used to calculate the company car benefit is applied to a standard figure of £16,900. This results in a maximum fuel benefit of £5,915 (35% x 16,900 for 2009/10 and 2010/11).

#### 5 Mileage allowances

##### Cars

|                    |              |
|--------------------|--------------|
| Up to 10,000 miles | 40p per mile |
| 10,000 miles +     | 25p per mile |

**Motorcycles** 24p per mile

**Bicycles** 20p per mile

**Business passengers** 5p per mile

## 6 Inheritance Tax

|   | 2009/10  | 2010/11  |
|---|----------|----------|
| Nil rate band (per individual)****                | £325,000 | £325,000 |
| Charge on death estate on excess                  | 40%      | 40%      |
| Charge on Chargeable Lifetime Transfers           | 20%      | 20%      |
| Annual exemption*****                             | £3,000   | £3,000   |
| Small gifts exemption                             | £250     | £250     |
| Gifts on occasion of marriage:                    |          |          |
| From parent                                       | £5,000   | £5,000   |
| From grandparent/relative/other party to marriage | £2,500   | £2,500   |
| From other  | £1,000   | £1,000   |

Business Property Relief(BPR)/Agricultural Property Relief (APR)is available up to 100% of the value of a qualifying asset.

\*\*\*\*The nil rate band is transferable between spouses/civil partners.

\*\*\*\*\*The annual exemption can be carried forward for one tax year, where it has not been fully utilised.

### Taper relief for chargeable gifts made (Potentially Exempt Transfers)

| Years survived | % of tax payable |
|----------------|------------------|
| 0-3 years      | 100%             |
| 3-4 years      | 80%              |
| 4-5 years      | 60%              |
| 5-6 years      | 40%              |
| 6-7 years      | 20%              |
| 7+ years       | 0%               |

## 7 Stamp Duty and Stamp Duty Land Tax

### Shares and marketable securities

|                         |      |
|-------------------------|------|
| Up to a value of £1,000 | 0%   |
| Values from £1,001      | 0.5% |

### Land

|    | Residential       | Non residential     |
|----|-------------------|---------------------|
| 0% | £0-£125,000       | £0-£150,000         |
| 1% | £125,001-£250,000 | £150,001-£250,000   |
| 3% | £250,001-£500,000 | £250,001-£500,000   |
| 4% | £500,000+         | £500,000-£1,000,000 |
| 5% | N/A               | £1,000,000+         |

First time buyers can claim relief from SDLT on residential transactions up to £250,000 between 25 March 2010 and 25 March 2012.

## 8 Capital Gains Tax

|                                | 2009/10 | 2010/11 |
|--------------------------------|---------|---------|
| Annual exemption (Individuals) | £10,100 | £10,100 |
| Annual exemption (Trusts)      | £5,050  | £4,800  |
| Chattels exemption             | £6,000  | £6,000  |

All gains after relevant exemptions and reliefs will be taxed at a flat rate of 18%

### Entrepreneurs' relief

For disposals of assets which are classified as business assets, gains made are reduced to 5/9 to give an effective rate of CGT of 10%. This is subject to a lifetime allowance of gains up to a maximum of £2,000,000 (£1,000,000 in 2009/10).

Gains made above the allowance are taxed at the flat CGT rate of 18%.

## 9 Corporation Tax

|   | <b>FY09</b> | <b>FY10</b> |
|---|-------------|-------------|
| Profits in excess of £1,500,000                         | 28%         | 28%         |
| Profits up to £300,000                                  | 21%         | 21%         |
| Profits between £300,000 and £1,500,000 (marginal rate) | 7/400       | 7/400       |
| Effective rate of tax (marginal rate)                   | 29.75%      | 29.75%      |

## 10 Capital Allowances

### Plant and Machinery from FY10

|  |      |
|--|------|
| Annual Investment Allowance (AIA - up to £100,000)           | 100% |
| Certain energy efficient plant (including low emission cars) | 100% |
| WDA on long life assets                                      | 10%  |
| Cars (max £3,000 pa)   | 20%  |

### Research and Development Tax Credits

|                    |      |      |
|--------------------|------|------|
| SME Rate           | 175% | 175% |
| Large Company Rate | 130% | 130% |

### Industrial Buildings Allowances

IBA's continue to be phased out as follows:

|         |    |
|---------|----|
| 2009/10 | 2% |
| 2010/11 | 1% |
| 2011/12 | 0% |

## 11 VAT and other Indirect Taxes

### VAT

|  |       |
|--|-------|
| Zero rated supplies (children's clothes, food produce)     | 0%    |
| Fuel and power (home energy supplies)                      | 5%    |
| Standard rated supplies                                    | 17.5% |
| VAT fraction for inclusive price                           | 7/47  |
| VAT registration threshold is £70,000 (£68,000 in 2009/10) |       |

### Insurance Premium Tax

|               | 2009/10 | 2010/11 |
|---------------|---------|---------|
| Standard Rate | 5%      | 5%      |
| Higher Rate   | 17.5%   | 17.5%   |

## 12 Deadlines for payment of taxes

### Income Tax

|  |                 |
|--|-----------------|
| Balancing payment 2009/10 and 1 <sup>st</sup> Payment on Account for 2010/11 | 31 January 2011 |
| 2 <sup>nd</sup> Payment on Account for 2010/11                               | 31 July 2011    |

### Capital Gains Tax

|  |                 |
|--|-----------------|
| For gains made in 2009/10 and gains becoming chargeable in 2009/10 | 31 January 2011 |
|--|-----------------|

### Inheritance Tax

Normally 6 months from the month of death/transfer

## Corporation Tax

|                 |   |
|-----------------|---|
| Small companies | 9 months and 1 day from the end of the period |
| Large companies | Instalments from 6 ½ months through AP        |

## 13 Useful Rates

| <b>State Pension (basic amount per week)</b>              | <b>2009/10</b>    | <b>2010/11</b>    |
|---|-------------------|-------------------|
| Individual  | £95.25            | £97.65            |
| <br>  |                   |                   |
| <b>Working and Child Tax Credits Rates (per year)</b>     | <b>April 2009</b> | <b>April 2010</b> |
| <b>Working Tax Credit</b>                                 |                   |                   |
| Basic Element   | £1,890            | £1,920            |
| Couple and lone parent element                            | £1,860            | £1,890            |
| 30 hour element   | £775              | £790              |
| Disabled worker element                                   | £2,530            | £2,570            |
| Severe disability element                                 | £1,075            | £1,095            |
| 50+ Return to work payment (16-29 hours)                  | £1,300            | £1,320            |
| 50+ Return to work payment (30+ hours)                    | £1,935            | £1,965            |
| <br>  |                   |                   |
| <b>Childcare element of the Working Tax Credit</b>        |                   |                   |
| Maximum eligible cost for one child (per week)            | £175              | £300              |
| Maximum eligible cost for two or more children (per week) | £300              | £300              |
| Percentage of eligible costs covered                      | 80%               | 80%               |
| <br>  |                   |                   |
| <b>Child Tax Credit</b>                                   |                   |                   |
| Family element  | £545              | £545              |
| Family element, baby addition                             | £545              | £545              |
| Child element   | £2,235            | £2,300            |

|                                 |        |        |
|---------------------------------|--------|--------|
| Disabled child element          | £2,670 | £2,715 |
| Severely disabled child element | £1,075 | £1,095 |

#### **Income thresholds and withdrawal rates**

|   |         |         |
|---|---------|---------|
| First income threshold                                      | £6,420  | £6,420  |
| First withdrawal rate                                       | 39%     | 39%     |
| Second income threshold                                     | £50,000 | £50,000 |
| Second withdrawal rate                                      | 6.67%   | 6.67%   |
| First threshold for those entitled to Child Tax Credit only | £16,040 | £16,190 |
| Income disregard  | £25,000 | £25,000 |

#### **National Minimum Wage**

|                     |           |
|---------------------|-----------|
| From 1 October 2007 | £5.52 p/h |
| From 1 October 2008 | £5.73 p/h |
| From 1 October 2009 | £5.80 p/h |

#### **Business Rates**

#### **Rate per pound of business property's rateable value**

|                           | <b>2009/10</b> | <b>2010/11</b> |
|---------------------------|----------------|----------------|
| Standard multiplier       | 48.5p          | 41.4p          |
| Small business multiplier | 48.1p          | 40.7p          |