



CHARTERED ACCOUNTANTS  
& BUSINESS ADVISERS

# Tax Rates 2010/2011

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## Income Tax

	2010-11	2009-10
Basic rate band – income up to	£37,400	£37,400
Starting rate for savings	*10%	*10%
Basic rate	20%	20%
Dividend ordinary rate	10%	10%
Higher rate – income over	£37,400	£37,400
Higher rate	40%	40%
Dividend upper rate	32.5%	32.5%
Additional rate – income over	£150,000	-
Additional rate	50%	-
Dividend additional rate	42.5%	-

\*Starting rate is for savings income up to the starting rate limit of £2,440 within the basic rate band. The rate applies to any balance of the limit remaining after allocating taxable non-savings income.

<b>Personal allowances (PA)</b>	– under 65	*£6,475	*£6,475
	– 65 to 74	*£9,490	*£9,490
	– 75 and over	*£9,640	*£9,640

### Married couple's allowance (MCA)

Either partner born before 6 April 1935 (relief restricted to 10%)	*£6,965	*£6,965
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Ages are as at the end of the tax year.

\*Age-related allowances are reduced by £1 for every £2 that adjusted net income exceeds £22,900 to a minimum PA of £6,475 and to a minimum MCA of £2,670.

For 2010-11, where adjusted net income exceeds £100,000, PA is reduced in the same way until it becomes nil.

### Tax Shelters

Enterprise Investment Scheme up to	£500,000	£500,000
Venture Capital Trust up to	£200,000	£200,000
'Rent a Room' exempt on gross annual rent	£4,250	£4,250
<b>Construction Industry Scheme</b> deduction rate	20/30%	20/30%

## Pensions and ISAs

**Pensions:** There is no financial limit on the amount that may be contributed to a registered pension scheme. The maximum amount on which an **individual** can claim tax relief in any tax year is the greater of the individual's UK relevant earnings or £3,600. If **total pension input** exceeds the **annual allowance** of £255,000 there is a tax charge on the excess. This limit does not apply in the year that full pension benefits are taken.

Maximum age for tax relief	74
Minimum age for taking benefits	55
Lifetime allowance charge	– lump sum paid 55%
	– monies retained 25%
on cumulative benefits exceeding	£1,800,000
Maximum tax-free lump sum	25%*

\*Subject to transitional protection for excess amount.

A charge may apply in respect of contributions where an individual has relevant income of £130,000 or more.

<b>ISAs:</b> Overall investment limit	£10,200
Including cash maximum of	£5,100

# Vehicles

## Company Car Benefits

The taxable benefit is calculated as a percentage of the car's UK list price. The calculation begins with the car's CO<sub>2</sub> emissions in grams per kilometre. Then deduct 130 and divide this result by 5. Round down (4.9 = 4) and then add 15 (petrol) or 18 (diesel). The result is the taxable percentage.

	<b>Petrol</b>	<b>Diesel</b>
Minimum rate*	15%	18%
Maximum rate	35%	35%

\*Special rules apply to some other environmentally friendly cars.

For cars first registered before 1 January 1998 special rules apply.

Chargeable on employees earning £8,500 or over (including benefits) and directors ♣ The list price relates to the day before first registration and includes accessories. The price is subject to an upper limit of £80,000 ♣ The list price is reduced by the employee's capital contribution, subject to a maximum deduction of £5,000 ♣ Special rules apply to cars at least 15 years old with a market value of £15,000 or more ♣ **Van**, no benefit for certain environmentally friendly vans or if restricted private use condition met; otherwise van benefit £3,000, fuel £550 ♣ Payments by employees for private use may reduce the above benefits.

## HM Revenue & Customs (HMRC) Mileage Rates

**Employees using their own car for business:** approved rates are 40p per mile for the first 10,000 miles and 25p thereafter. Income tax and NICs may be due on higher rates and tax relief may be due on lower rates.

**Company cars:** from time to time HMRC publish advisory fuel rates which apply where employees are reimbursed for business travel or are required to repay the cost of fuel for private travel.

## Company Car Fuel Benefit

Where the cost of **all** fuel for private use is borne by the employee, the fuel benefit is nil. Otherwise, the taxable benefit is calculated as the car benefit percentage (see above) of **£18,000**. VAT is payable by the business by reference to the CO<sub>2</sub> emissions (rounded down to next multiple of 5) as follows:

## VAT fuel scale charges for 3 month return period beginning on/after 1 May 2010

<b>CO<sub>2</sub> in g/km</b>	<b>Scale charge £</b>	<b>CO<sub>2</sub> in g/km</b>	<b>Scale charge £</b>	<b>CO<sub>2</sub> in g/km</b>	<b>Scale charge £</b>
120 or less	141	160	297	195	397
121 to 134	212	165	312	200	411
135	227	170	326	205	425
140	241	175	340	210	439
145	255	180	354	215	454
150	269	185	368	220	468
155	283	190	383	225	482
				230 or over	496

# Corporation Tax

Financial Year to		31 March 2011	31 March 2010
Taxable Profits			
First	£300,000	21%	21%
Next	£1,200,000	29.75%	29.75%
Over	£1,500,000	28%	28%

## Capital Allowances

**Plant and Machinery:** Energy saving and environmentally beneficial equipment, low CO<sub>2</sub> emission (up to 110g/km) cars, natural gas/hydrogen refuelling equipment first year allowance (FYA) **100%**

Annual Investment Allowance (AIA) – on first £100,000 of investment **100%\***  
(£50,000 for expenditure incurred before 6 April 2010 or 1 April 2010 for companies). Excludes cars and expenditure already qualifying for 100% FYA

Writing Down Allowance on expenditure not qualifying for AIA or FYA:

Long-life assets, integral features of buildings, cars over 160g/km **10%\***

Other plant and machinery **20%\***

Industrial and agricultural buildings and hotels (on building cost) **1%\***

Enterprise Zone Allowance, conversion of parts of business premises into flats, business premises renovation max initial allowance **100%**

*\*Transitional rules may apply.*

## Value Added Tax

From	1 Jan 2010	1 Dec 2008
<b>Standard Rate</b>	17.5%	15%
<b>VAT Fraction</b>	7/47	3/23
<b>Reduced Rate</b>	5%	5%

### Current Turnover Limits

Registration	– last 12 months or next 30 days over	£70,000 from 1 April 2010
Deregistration	– next year under	£68,000 from 1 April 2010
Annual Accounting Scheme		£1,350,000
Cash Accounting Scheme		£1,350,000
Flat Rate Scheme		£150,000

## Capital Gains Tax

	2010-11	2009-10
On chargeable gains	18%	18%

**Entrepreneurs' relief** - This will reduce the chargeable gain on qualifying assets by 4/9 – an effective rate of 10%. Claims may be made on more than one occasion, up to a "lifetime" total of £2 million (£1 million before 6 April 2010).

Annual exempt amount

- individuals £10,100 £10,100

- most trustees £5,050 £5,050

Transfers between spouses and civil partners are generally not chargeable.

# National Insurance Contributions

<b>Class 1 (not contracted out)</b>	<b>Employer</b>	<b>Employee</b>
Payable on weekly earnings of		
£97 (lower earnings limit) to £110	0%	0%
£110.01 – £770 (upper accrual point)	12.8%	11%
£770.01 – £844 (upper earnings limit)	12.8%	11%
Over £844	12.8%	1%
<i>Over state retirement age, the employee contribution is generally nil.</i>		
<b>Class 1A</b> On relevant benefits	12.8%	Nil
<b>Class 2</b> Self employed	£2.40 per week	
Limit of net earnings for exception	£5,075 per annum	
<b>Class 3</b> Voluntary	£12.05 per week	
<b>Class 4*</b> Self employed on profits		
£5,715 – £43,875	8%	
Excess over £43,875	1%	
<i>*Exemption applies if state retirement age was reached by 6 April 2010.</i>		

## Inheritance Tax

	<b>2010-11</b>	<b>2009-10</b>			
Standard threshold	£325,000	£325,000			
Combined threshold maximum for married couples and civil partners	£650,000	£650,000			
Rate of tax on balance:					
Chargeable lifetime transfers	20%	20%			
Transfers on, or within 7 years of, death	40%	40%			
All lifetime transfers not covered by exemptions and made within 7 years of death will be added back into the estate for the purpose of calculating the tax payable. Tax attributable to such transfers is then reduced:					
Years before death	0 – 3	3 – 4	4 – 5	5 – 6	6 – 7
Tax reduced by	0%	20%	40%	60%	80%

### Main Exemptions

- 1 Most transfers between spouses and civil partners
- 2 The first £3,000 of lifetime transfers in any tax year plus any unused balance from the previous year
- 3 Gifts of up to but not exceeding £250 p.a. to any number of persons
- 4 Gifts made out of income that form part of normal expenditure and do not reduce the standard of living
- 5 Gifts in consideration of marriage/civil partnership of up to £5,000 by a parent, £2,500 by a grandparent, or £1,000 by any other person
- 6 Gifts to charities, whether made during lifetime or on death

## Stamp Taxes

Stamp duty is generally payable at a rate of 0.5% on transfers of shares and securities. On the transfer of property, the stamp duty land tax is:

Value up to £125,000*	nil
Over £125,000* – £250,000	1%**
Over £250,000 – £500,000	3%
Over £500,000	4%

\*£150,000 for non-residential property, and residential property in disadvantaged areas.

Special rules apply for new zero-carbon homes.

\*\*Relief available for first time buyers of residential property.

## Selected Rates

### Basic Retirement Pension

	<b>£</b>
– Single person	97.65
– Couple	156.15

### Pension Credit

Standard Minimum Guarantee

– Single person	132.60
– Couple	202.40

### Child Benefit

– First eligible child	20.30
– Each subsequent child	13.40

**Statutory Pay** qualification - average weekly earnings (AWE) £97 or over.

**Sick (SSP)** The standard rate is £79.15 per week for up to 28 weeks.

**Maternity (SMP), Adoption (SAP) and Paternity (SPP)** paid at the lower of £124.88 or 90% of AWE apart from first 6 weeks of SMP which is paid at 90% of AWE. **SMP** and **SAP** are payable for up to 39 weeks.

**SPP** is payable for up to 2 weeks.

### Jobseeker's Allowance

– Single person	65.45
– Couple	102.75

### National Minimum Wage

Age	22 and over	18-21	16 and 17
From 1 October 2009	£5.80 p.h.	£4.83 p.h.	£3.57 p.h.
From 1 October 2010 main rate applies to 21 and over and is	£5.93 p.h.		

## Key Dates & Deadlines

Payment Dates	2010-11	2009-10
<b>Income Tax and Class 4 NICs</b>		
1st payment on account	31 January 2011	2010
2nd payment on account	31 July 2011	2010
Balancing payment	31 January 2012	2011
<b>Capital Gains Tax</b>	31 January 2012	2011
<b>Class 1A NICs</b>	19 July 2011	2010
<b>Corporation Tax</b>	9 months and one day after the end of accounting period (or by quarterly instalments if large company)	

### 2009-10 Returns Filing Deadlines

19 May 2010	P14, P35, P38 and P38A
31 May 2010	Issue P60s to employees
6 July 2010	P9D, P11D and P11D(b) – and appropriate copies to employees
31 October 2010	Self Assessment Tax Return (SATR) - paper version
30 December 2010	SATR Online where outstanding tax (up to £2,000) to be included in 2011-12 PAYE code
31 January 2011	SATR Online

*Budget Day edition. Rates subject to change – contact us for latest. For general guidance only, no responsibility is taken for action taken or refrained from in consequence of card contents.*



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