

TAX RATES AND ALLOWANCES 2011-2012

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INCOME TAX RATES

	2011-12	2010-11
Individuals		
Starting rate of 10% on savings income up to *	£2,560	£2,440
Basic rate of 20% on income up to	£35,000	£37,400
Higher rate of 40% on income	£35,001 - £150,000	£37,401 - £150,000
Additional rate of 50% on income over	£150,000	£150,000
<i>Dividends for:</i>		
Basic rate taxpayers	10%	10%
Higher rate taxpayers	32.5%	32.5%
Additional rate taxpayers	42.5%	42.5%
Trusts		
Standard rate band generally	£1,000	£1,000
Rate applicable to trusts:		
Dividends	42.5%	42.5%
Other income	50%	50%
Pre-owned assets tax minimum taxable as income	£5,000	£5,000

* Not available if taxable non-savings income exceeds starting rate band.

INCOME TAX ALLOWANCES

	2011-12	2010-11
Personal (basic)	£7,475	£6,475
Personal (65–74) *	£9,940	£9,490
Personal (75 & over) *	£10,090	£9,640
Personal allowances are reduced by £1 for every £2 of adjusted net income over	£100,000	£100,000
Married couples/civil partners (minimum) at 10%†	£2,800	£2,670
Married couples/civil partners (75 and over) at 10%†	£7,295	£6,965
* Age-related relief's reduced by £1 for every £2 of adjusted net income over	£24,000	£22,900
Blind person's allowance	£1,980	£1,890
Rent-a-room tax-free income	£4,250	£4,250
Non-domicile Remittance Basis Charge		
For adult non-UK domiciliary after UK residence in at least 7 of the previous 9 tax years	£30,000	£30,000

† Where at least one spouse/civil partner was born before 6 April 1935

It is proposed that from April 2012 that the existing £30,000 tax charge will increase to £50,000 for claimants who have been UK resident for 12 or more years.

PENSIONS

All individuals up to the age of 75 can invest up to **£3,600** regardless of income. The maximum that can be invested is the lower of 100% of net relevant earnings and the annual allowance of **£50,000** for **2011/12** (£255,000 for 2010-11).

Up to 5 April 2011 certain transitional rules could apply to people who made infrequent contributions and had income in excess of £130,000, these do not apply from 6 April 2011.

From 6 April 2011 it may be possible to carry forward unused relief from previous years, based on a maximum level of £50,000.

The lifetime allowance for 2011-12 is **£1.8m** reducing to £1.5m for 2012-13. (£1.8m for 2010-11).

PERSONAL INVESTMENT INCENTIVES

INDIVIDUAL SAVINGS ACCOUNTS (ISAs)	2011-12	2010-11
Overall maximum investment limit	£10,680	£10,200
Comprising:		
Cash (up to maximum of)	£5,340	£5,100
Stocks and shares (up to maximum of)	£10,680	£10,200

Limits for 2011-12	EIS	VCT
Maximum investment eligible for income tax relief	£500,000	£200,000
Rate of income tax relief for 2011/12	30%	30%
Rate of income tax relief for 2010/11	20%	30%
Capital gains tax deferral	Yes	No
Capital Gains Tax Exemption on Disposal	Yes	Yes
Tax free income from investments within the permitted maximum	No	Yes

BASIC STATE PENSION

	2011-12		2010-11	
	Weekly	Annual	Weekly	Annual
Single person	£102.15	£5,311.80	£97.65	£5,077.80
Dependant's addition	£61.20	£3,182.40	£58.50	£3,042.00
Total married pension	£163.35	£8,494.20	£156.15	£8,119.80

NATIONAL INSURANCE CONTRIBUTIONS FROM 6 APRIL 2011

Class 1 – Individuals in employment	Weekly	Monthly	Yearly
Lower Earnings Limit (LEL) – no NIC due	£102	£442	£5,304
Secondary threshold limit (ST)	£136	£589	£7,072
<i>Note: for earnings between LEL and ST, no NIC is paid but for the purposes of claiming benefits NIC is treated as being paid.</i>			
Primary threshold limit (PT)	£139	£602	£7,225
<i>Note: for earnings between the ST and PT, NIC is payable by the employer but not the employee.</i>			
Upper Accrual Point	£770	£3,337	£40,040
Upper Earnings Limit (applies to employees only)	£817	£3,540	£42,475
		Employee	Employer
Not contracted out rates on the following weekly earnings bands			
£0.00 - £102.00		NIL	NIL
£102.01 - £136.00		0%	0%
£136.01 - £139.00		0%	13.8%
£139.01 - £817.00		12%	13.8%
Over £817.00		2%	13.8%
Contracted out rebate			
On:		£102.01 - £770 per week	
Salary related scheme		1.6%	3.7%
Money purchase scheme		1.6%	1.4%
Personal pension		NIL	NIL
Class 1A (employer) on most taxable benefits		N/A	13.8%
		2011-12	2010-11
Self employed			
Class 2 flat rate		£2.50 pw	£2.40 pw
Small earnings exception		£5,315 pa	£5,075 pa
Class 4 (unless over state pension age on 6 April)			
On profits per annum:		£7,225 –	£5,715 –
		£42,475 : 9%	£43,875 : 8%
		Over £42,475	Over £43,875
		: 2%	: 1%
Class 3 voluntary – Flat rate		£12.60 pw	£12.05 pw

CAR BENEFIT FOR EMPLOYEES

Taxable amount based on car's list price when new. The charge varies according to CO2 emissions in grams per kilometre.

CO2 g/km	% of list price		g/km	% of list price		g/km	% of list price	
	11-12	10-11		11-12	10-11		11-12	10-11
75 or less	5	5	155-9	21	20	195-9	29	28
76-120	10	10	160-4	22	21	200-4	30	29
121-9	15	15	165-9	23	22	205-9	31	30
130-4	16	15	170-4	24	23	210-4	32	31
135-9	17	16	175-9	25	24	215-9	33	32
140-4	18	17	180-4	26	25	220-4	34	33
145-9	19	18	185-9	27	26	225-9	35	34
150-4	20	19	190-4	28	27	230 +	35	35

Diesels: add 3% subject to maximum charge of 35%

Zero emission cars, incl. electric only: no taxable benefit

VANS – FOR PRIVATE USE

	2011-12	2010-11
Chargeable amount	£3,000	£3,000
No charge if zero emissions, or private use is limited to home-work journeys.		

FUEL BENEFIT

	2011-12	2010-11
Multiply the CO2% used for the car benefit by	£18,800	£18,000
Minimum charge at 5%	£940	£900
Maximum charge at 35%	£6,580	£6,300
Vans – flat charge (except zero emissions)	£550	£550

MILEAGE PAYMENTS

Business mileage	From 6-4-11	To 5-4-11
Motor Cars and Vans:		
Up to 10,000 miles	45p	40p
Excess over 10,000 miles	25p	25p
Motor cycles	24p	24p
Cycles	20p	20p
Passenger payment	5p	5p

The rates are the tax free allowances which may be used to reimburse employees who use their own vehicle for business purposes.

The following fuel only rates can be used by employers to reimburse business travel in their company cars or for staff who are required to repay the cost of fuel provided for private travel on or after **1 March 2011**.

Engine size	Petrol fuel Cost (per mile)	Diesel Fuel Cost (per mile)	LPG fuel Cost (per mile)
1400cc or less	14p	13p	10p
1401cc – 2000cc	16p	13p	12p
Over 2000cc	23p	16p	17p

CORPORATION TAX

Profits	To 31-3-12	To 31-3-11
£0 - £300,000	20%	21%
£300,001 - £1,500,000	27.5%	29.75%
£1,500,000 and over	26%	28%

The profit limits are reduced for accounting periods of less than 12 months and for a company with associated companies.

VALUE ADDED TAX

	Rate	Fraction
Standard rate until 3 January 2011	17.5%	7/47
Standard rate from 4 January 2011	20%	1/6
Effective from:	1 April 2011	1 April 2010
Registration level	£73,000	£70,000
Deregistration level	£71,000	£68,000
Flat rate scheme turnover limit	£150,000	£150,000
Cash and annual accounting scheme turnover limit	£1,350,000	£1,350,000

MAIN CAPITAL AND OTHER ALLOWANCE RATES

	2011-12	2010-11	
Plant and machinery 100% annual investment allowance	£100,000	£100,000	
Plant and machinery (reducing balance) per annum	20%	20%	
Patent rights & know-how (reducing balance) per annum	25%	25%	
Certain long life assets, integral features of buildings (reducing balance) per annum	10%	10%	
Energy and water efficient equipment	100%	100%	
Zero emission goods vehicles (new)	100%	100%	
Qualifying flat conversions, business premises & renovations	100%	100%	
Motor cars: Expenditure on or after 1/4/09 (Corporation Tax) or 6/4/09 (Income Tax)			
CO2 emissions of g/km:	110 or less*	111-160	161 or more
Capital allowance	100%	20%	10%
<i>* If new, not second hand</i>	(First year)	(reducing balance)	(reducing balance)
Research and Development			
Capital expenditure	100%	100%	
Revenue expenditure:			
Small and medium size company	200%	175%	
Large company	130%	130%	

INHERITANCE TAX

Rates	2011-12	2010-11
Nil rate band *	£325,000	£325,000
Rate of tax on excess	40%	40%
Lifetime transfers to and from certain trusts	20%	20%
Exemption for overseas domiciled spouse/civil partner	£55,000	£55,000
Reliefs		
Annual exemption per donor	£3,000	£3,000
Small gifts per donee	£250	£250
Gifts in consideration of marriage by:		
Parent	£5,000	£5,000
Grandparent	£2,500	£2,500
Remote ancestor	£2,500	£2,500
Party to the marriage	£2,500	£2,500
Other person	£1,000	£1,000

* Potentially increased for surviving spouses or civil partners who die on or after 9 October 2007

CAPITAL GAINS TAX

Rates	2011-12	2010-11
Individuals , as top slice of income:		
On taxable gains up to basic rate limit	18%	18%
On taxable gains above basic rate limit	28%	* 28%
Trusts generally / personal representatives	28%	* 28%
* from 23 June 2010		

Annual exemptions

Individuals and certain trusts	£10,600	£10,100
Trusts generally	£5,300	£5,050
Personal representatives for year of death & next two years	£10,600	£10,100

Entrepreneurs relief

For disposals on or after 6 April 2011, the first £10 million (£5 million for disposals on or after 23 June 2010 and before 6 April 2011) of lifetime qualifying gains are charged at 10%. Gains in excess of the limit are charged at the rates detailed above.

STAMP DUTY LAND TAX FROM 6 APRIL 2011

Residential Properties		Non Residential Properties and Residential Properties in Disadvantaged Area	
£0 - £125,000 *	0%	£0 - £150,000	0%
£125,001 - £250,000	1%	£150,001 - £250,000	1%
£250,001 - £500,000	3%	£250,001 - £500,000	3%
£500,001 - £1,000,000	4%	Over £500,000	4%
Over £1,000,000	5%		

* £250,000 for first time buyers where completion is before 25/3/12

Stamp Duty (including SDRT): stocks and marketable securities 0.5%
No charge unless the duty exceeds £5

These rates and allowances are based on the proposals set out by the Chancellor in his budget of 23 March 2011 but may be amended in the Finance Bill.

They are produced as a general guide but are not a substitute for professional advice which is specific to your individual circumstances.

We would be pleased to talk you through our services and suggest how we can meet your particular requirements and you can contact us as follows:

David Barnes FCA
0118 957 7445
davidbarnes@edwinsmith.co.uk

Philip Nixon FCA
0118 957 7457
philipnixon@edwinsmith.co.uk

Or please visit our website for the contact details of our team at:

www.edwinsmith.co.uk

Edwin Smith
Chartered Accountants
and Registered Auditors
32 Queens Road
Reading, Berkshire
RG1 4AU

Tel: 0118 958 1956
Fax: 0118 950 9602
info@edwinsmith.co.uk

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