



TAX RATES AND ALLOWANCES 2012-2013

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INCOME TAX RATES

| | 2012-13 | 2011-12 |
|---|----------------------|-----------------------|
| Individuals | | |
| Starting rate of 10% on savings income up to * | £2,710 | £2,560 |
| Basic rate of 20% on income up to | £34,370 | £35,000 |
| Higher rate of 40% on income | £34,371- £150,000 | £35,001 - £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% |
| Child benefit charge from 7 January 2013: 1% of benefit for every £100 of income over | £50,000 | N/A |
| 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

| | 2012-13 | 2011-12 |
|--|----------|----------|
| Personal (basic) | £8,105 | £7,475 |
| Personal (65–74) * | £10,500 | £9,940 |
| Personal (75 & over) * | £10,660 | £10,090 |
| 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%† | £2,960 | £2,800 |
| Married couples/civil partners (75 and over) at 10%† | £7,705 | £7,295 |
| * Age-related relief's reduced by £1 for every £2 of adjusted net income over | £25,400 | £24,000 |
| Blind person's allowance | £2,100 | £1,980 |
| † Where at least one spouse/civil partner was born before 6 April 1935 | | |
| 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 |
| At least 12 or more of the previous 14 tax years | £50,000 | £30,000 |

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 **2012/13** (£50,000 for 2011-12).

Where the £50,000 limit is not fully used it may be possible to carry forward the unused amount forward for three years.

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

PERSONAL INVESTMENT INCENTIVES

| INDIVIDUAL SAVINGS ACCOUNTS (ISAs) | 2012-13 | 2011-12 |
|---|----------------|----------------|
| Overall maximum investment limit | £11,280 | £10,680 |
| Comprising: | | |
| Cash (up to maximum of) | £5,640 | £5,340 |
| Stocks and shares (up to maximum of) | £10,680 | £10,200 |
| Limits for 2012-13 | EIS | VCT |
| Maximum investment eligible for income tax relief | £1,000,000 | £200,000 |
| Rate of income tax relief for 2012/13 and 2011/12 | 30% | 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 |
| Seed EIS (SEIS) at 50% - new from 6 April 2012 | £100,000 | N/A |
| SEIS eligible for CGT reinvestment exemption | £100,000 | N/A |

BASIC STATE PENSION

| | 2012-13 | | 2011-12 | |
|-----------------------|----------------|---------------|----------------|---------------|
| | Weekly | Annual | Weekly | Annual |
| Single person | £107.45 | £5,587.40 | £102.15 | £5,311.80 |
| Dependant's addition | £64.40 | £3,348.80 | £61.20 | £3,182.40 |
| Total married pension | £171.85 | £8,936.20 | £163.35 | £8,494.20 |

NATIONAL INSURANCE CONTRIBUTIONS FROM 6 APRIL 2012

| Class 1 – Individuals in employment | Weekly | Monthly | Yearly |
|--|---------------|-------------------------|---------------------|
| Lower Earnings Limit (LEL) – no NIC due | £107 | £464 | £5,564 |
| Secondary threshold limit (ST) | £144 | £624 | £7,488 |
| <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) | £146 | £634 | £7,605 |
| <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 - £107.00 | | NIL | NIL |
| £107.01 - £144.00 | | 0% | 0% |
| £144.01 - £146.00 | | 0% | 13.8% |
| £146.01 - £817.00 | | 12% | 13.8% |
| Over £817.00 | | 2% | 13.8% |
| Contracted out rebate | | | |
| On: | | £107.01 - £770 per week | |
| Salary related scheme | | 1.4% | 3.4% |
| Money purchase scheme | | N/A | N/A |
| Personal pension | | N/A | N/A |
| Class 1A (employer) on most taxable benefits | | N/A | 13.8% |
| | | 2012-13 | 2011-12 |
| Self employed | | | |
| Class 2 flat rate | | £2.65 | £2.50 pw |
| Small earnings exception | | £5,595 | £5,315 pa |
| Class 4 (unless over state pension age on 6 April) | | | |
| On profits per annum: | | £7,605 – | £7,225 – |
| | | £42,475 : 9% | £42,475 : 9% |
| | | Over £42,475 | Over £42,475 |
| | | : 2% | : 2% |
| Class 3 voluntary – Flat rate | | £13.25 pw | £12.60 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 | |
|-------------|-----------------|-------|-------|-----------------|-------|-------|-----------------|-------|
| | 12-13 | 11-12 | | 12-13 | 11-12 | | 12-13 | 11-12 |
| 75 or less | 5 | 5 | 140-4 | 19 | 18 | 185-9 | 28 | 27 |
| 76-99 | 10 | 10 | 145-9 | 20 | 19 | 190-4 | 29 | 28 |
| 100-4 | 11 | 10 | 150-4 | 21 | 20 | 195-9 | 30 | 29 |
| 105-9 | 12 | 10 | 155-9 | 22 | 21 | 200-4 | 31 | 30 |
| 110-4 | 13 | 10 | 160-4 | 23 | 22 | 205-9 | 32 | 31 |
| 115-9 | 14 | 10 | 165-9 | 24 | 23 | 210-4 | 33 | 32 |
| 120-4 | 15 | 10 | 170-4 | 25 | 24 | 215-9 | 34 | 33 |
| 125-9 | 16 | 15 | 175-9 | 26 | 25 | 220-5 | 35 | 34 |
| 130-4 | 17 | 16 | 180-4 | 27 | 26 | 225+ | 35 | 35 |
| 135-9 | 18 | 17 | | | | | | |

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

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

VANS – FOR PRIVATE USE

| | 2012-13 | 2011-12 |
|---|---------|---------|
| Chargeable amount | £3,000 | £3,000 |
| No charge if zero emissions, or private use is limited to home-work journeys. | | |

FUEL BENEFIT

| | 2012-13 | 2011-12 |
|---|---------|---------|
| Multiply the CO2% used for the car benefit by | £20,200 | £18,800 |
| Minimum charge at 5% | £1,010 | £940 |
| Maximum charge at 35% | £7,070 | £6,580 |
| Vans – flat charge (except zero emissions) | £550 | £550 |

MILEAGE PAYMENTS

| Business mileage | 2012-13 | 2011-12 |
|--------------------------|----------------|----------------|
| Motor Cars and Vans: | | |
| Up to 10,000 miles | 45p | 45p |
| 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 2012**. These rates are reviewed quarterly.

| Engine size | Petrol fuel Cost (per mile) | LPG fuel Cost (per mile) |
|--------------------|--|-------------------------------------|
| 1400cc or less | 15p | 10p |
| 1401cc – 2000cc | 18p | 12p |
| Over 2000cc | 26p | 18p |
| Engine size | Diesel Fuel Cost (per mile) | |
| 1600cc or less | 13p | |
| 1601cc – 2000cc | 15p | |
| Over 2000cc | 19p | |

CORPORATION TAX

| Profits | To 31-3-13 | To 31-3-12 |
|-----------------------|-------------------|-------------------|
| £0 - £300,000 | 20% | 20% |
| £300,001 - £1,500,000 | 25% | 27.5% |
| £1,500,000 and over | 24% | 26% |

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 from 4 January 2011 | 20% | 1/6 |
| Effective from: | 1 April 2012 | 1 April 2011 |
| Registration level | £77,000 | £73,000 |
| Deregistration level | £75,000 | £71,000 |
| 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

| | 2012-13 | 2011-12 |
|---|---------|----------|
| Plant and machinery 100% annual investment allowance | £25,000 | £100,000 |
| Plant and machinery (reducing balance) per annum | 18% | 20% |
| Patent rights & know-how (reducing balance) per annum | 25% | 25% |
| Certain long life assets, integral features of buildings (reducing balance) per annum | 8% | 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% | 18% | 8% |
| <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 | 225% | 200% |
| Large company | 130% | 130% |

INHERITANCE TAX

| Rates | 2012-13 | 2011-12 |
|---|----------------|----------------|
| 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 | 2012-13 | 2011-12 |
|---|----------------|----------------|
| 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% |
| Annual exemptions | | |
| Individuals and certain trusts | £10,600 | £10,600 |
| Trusts generally | £5,300 | £5,300 |
| Personal representatives for year of death & next two years | £10,600 | £10,600 |

Entrepreneurs relief

For disposals on or after 6 April 2012, the first £10 million (£10 million for disposals on or after 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 2012

| 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% |
| £1,000,000 – £2,000,000 | 5% | | |
| Over £2,000,000 | 7%* | | |
| <i>* 15% if purchased by a non-natural entity, e.g. company</i> | | | |
| 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 21 March 2012 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:

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