

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
Starting Rate	0%	10%	10%
Basic Rate	20%	20%	10%
Higher Rate	40%	40%	32.5%
Additional Rate (From 6 April 2010)	50%	50%	42.5%

Personal Allowances

	2009/10	2010/11
Personal Allowance	£6,475	£6,475 ^a
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

^a 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

	2009/10	2010/11
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***

	2009/10	2010/11
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
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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.

Ratings	Petrol	Diesel
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

	FY09	FY10
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 st Payment on Account for 2010/11	31 January 2011
2 nd 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
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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

State Pension (basic amount per week)	2009/10	2010/11
Individual	£95.25	£97.65
Working and Child Tax Credits Rates (per year)	April 2009	April 2010
Working Tax Credit		
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
Childcare element of the Working Tax Credit		
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%
Child Tax Credit		
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

	2009/10	2010/11
Standard multiplier	48.5p	41.4p
Small business multiplier	48.1p	40.7p