



Budget Tax Facts

2011

COOPER - PARRY

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INCOME TAX RATES

Personal Bands £		Rate %	Tax on Band £
2011/12			
0 – 35,000*	(basic)	20	7,000
35,001 - 150,000	(higher)	40	46,000
Over 150,000	(additional)	50	
2010/11			
0 – 37,400	(basic)	20	7,480
37,401 - 150,000	(higher)	40	45,040
Over 150,000	(additional)	50	

* Savings income up to £2,560 (2010/11 - £2,440) is subject to a 10% rate of taxation. Where non savings income exceeds £2,560 the 10% rate is not available. The rates applicable to dividends are 10% for income up to the basic rate limit, 32.5% in the higher rate band and an additional rate of 42.5%

Trusts	2011/12	2010/11
Interest-in-possession trusts	20%	20%
Discretionary trusts*	50%	40%

* Dividend income of discretionary trusts is taxed at 42.5% (2010/11 – 42.5%).

ALLOWANCES & RELIEFS

	2011/12 £	2010/11 £
Given at taxpayer's marginal rate		
• Single person's allowance	7,475	6,475
• Age allowance		
Single person (65-74)	9,940	9,490
(75 and over)	10,090	9,640
• Blind person	1,980	1,890
Credited at 10%		
• Married couple's age allowance born before 6.4.1935 and aged: (75 and over)	7,295	6,965
Minimum	2,800	2,670
Personal allowances reduced by half of income over	100,000	100,000
Age allowances reduced by half of income over	24,000	22,900

PENSIONS

	2011/12 £	2010/11 £
Annual allowance	50,000	255,000
Lifetime allowance	1,800,000	1,800,000

With effect for pension input periods ending in the 2011/12 fiscal year, individuals may make pension contributions of up to £50,000 in any annual pension input period. Contributions by an individual's employer may make up any shortfall below the £50,000. Where contributions in any of the previous three pension input periods fall below £50,000, contributions equal to the cumulative shortfall may also be made in the current pension input period. Where contributions exceed the permitted amount the excess will be subject to income tax at the individual's marginal rate of taxation.

Tax charges

Tax charges apply when the annual allowance or lifetime allowance is breached (2010/11 and earlier periods only), when the pension scheme makes an unauthorised payment, or if the pension scheme is no longer deemed to be a qualifying registered scheme:

Annual allowance charge	40% of excess over annual allowance
Lifetime allowance charge	55% when excess drawn as a lump sum, or 25% when drawn as retirement income
Unauthorised payments	
• individual charge	40% of deemed unauthorised payment
• individual surcharge	15% of deemed unauthorised payment
• scheme sanction charge	15% - 40% of deemed chargeable payment
De-registration charge	40% of fund value

INHERITANCE TAX

Transfers made on or after 6.4.2009	Rate
Individuals	
£1 - £325,000	nil
Over £325,000	40% on death
Married couples and civil partners	
£1 - £650,000	nil
Over £650,000	40% on death
Gifts	
• between individuals	Exempt if donor survives 7 years
• lifetime gifts to trusts	20%
Main exemptions	£
Annual gifts per donor*	3,000
Small gifts per donee	250
Gifts on marriage	
Parent	5,000
Grandparent and other ancestor	2,500
Other	1,000

* Can be carried forward for 1 year.

Main reliefs

Agricultural property relief	} according to circumstances
Business property relief	} 50% or 100%

CAR SCALE BENEFIT

The car benefit is a percentage of the car's original list price when it was first registered, (which includes VAT, car tax, delivery charges and accessories), according to the level of the car's carbon dioxide emissions measured in grams per kilometre and rounded down to the nearest 5 g/km.

For 2011/12 the scale benefit starts at 15% for 125 CO₂ emissions (2010/11: 130 CO₂) increases 1% for every 5 CO₂ emissions up to a maximum of 35% for 225 CO₂ emissions and above.

From 6 April 2008 cars with exactly 120 CO₂ emissions or less are subject to a benefit rate of 10% (5% if exactly 75 CO₂ emissions or less).

Cars which do not produce any CO₂ emissions (zero emissions cars) are subject to a benefit rate of 0%.

The CO₂ emissions on the car can be found on the vehicle registration document or via the approved HM Revenue & Customs websites www.smmf.co.uk and www.vcacarfueldata.org.uk

There is a supplement for diesel of 3%, subject to the maximum percentage of 35%.

Price reduced by employee capital contributions up to **£5,000**

CAR FUEL BENEFIT

2011/12

For 2011/12 the car fuel benefit is a set figure of £18,800 (2010/11: £18,000) multiplied by the applicable CO₂ emissions percentage

VANS

For the 2011/12 and 2010/11 financial years the benefit for vans used for private journeys is **£3,000** irrespective of the age of the van. The fuel benefit (if applicable) is **£550**.

There is no benefit charge for employees who have to take their van home, but are not allowed any other private use of it.

Vans which are not capable of producing any CO₂ emissions are subject to a benefit of £0.

AUTHORISED MILEAGE RATES

Authorised rates for 2011/12 financial year for employees using their own cars for business purposes.

Vehicle type	First 10,000 miles	Excess
Cars and Vans	45p	25p
Motorcycles	24p	24p
Bicycles	20p	20p

FUEL RATES FOR COMPANY CARS

Authorised fuel rates for company cars where fuel is not provided by the employer for all journeys on or after 1 March 2011:

Cylinder capacity	Petrol	Diesel
Up to 1,400cc	14p	13p
1,401 – 2,000cc	16p	13p
Over 2,000cc	23p	16p

These rates are to be revised every 6 months.

CAPITAL ALLOWANCES

2011/12 and 2010/11

20% writing down allowances

- generally available on machinery and plant, other than 'long life' plant and machinery and plant and machinery which is integral to a building.
- available on cars with up to and including 160 CO₂ emissions purchased.

10% writing down allowances for long life assets and integral plant and machinery

- available for items of plant and machinery which have an expected useful economic life of 25 years or more and certain items of plant and machinery which are integral to a building.
- available on cars with over 160 CO₂ emissions.

£100,000 annual investment allowance

- available to all businesses to give 100% allowances on expenditure of up to £100,000 on any items of plant and machinery other than cars.
- groups of companies and businesses under common control carrying out similar activities or operating from shared premises are entitled to a single £100,000 allowance only.

100% first year allowances

- investments in designated energy-saving plant and machinery.
- cars with 110 CO₂ emissions or less.
- new or unused zero emissions goods vehicles.
- investments on designated plant and machinery to reduce water use and improve water quality.
- up to £1,500 for energy saving installation of loft, cavity, floor and hot water system insulation, in rented accommodation by individual private landlords.
- expenditure on renovating or converting property for business use that is in a designated disadvantaged area and that has been vacant for more than a year.
- expenditure on converting space above certain shops and other commercial properties into qualifying residential flats.
- expenditure incurred for carrying out research and development or providing facilities for research and development.

NATIONAL INSURANCE CONTRIBUTIONS

2011/12

Class 1 employed: £pw earnings

Employee	Contracted in	Contracted out
Up to £101.99	nil	nil
£102.00 - £139.00	nil	rebate 1.6%
£139.01 - £770.00	12.0%	10.4%
£770.01 - £817.00	12.0%	12.0%
Over £817.00	2.0%	2.0%

Employer	Contracted in	Contracted out	
		Salary Related	Money Purchase
Up to £101.99	nil	nil	nil
£102.00 - £136.00	nil	nil*	nil*
£136.01 - £770.00	13.8%	10.1%	12.4%
Over £770.00	13.8%	13.8%	13.8%

* Employer rebate of 3.7% for Salary Related and 1.4% for Money Purchase on earnings between £102.00 and £136.00.

Class 1A Employers:	13.8% on taxable benefits in kind
Class 1B Employers:	13.8% on PAYE Settlement Agreements
Class 2 Self-employed:	Weekly rate £2.50 Small earnings exception £5,315 p.a.
Class 3 Voluntary:	Weekly rate £12.60
Class 4 Self-employed:	9% on annual profits £7,225 - £42,475 2% on annual profits above £42,475

VALUE ADDED TAX

Standard rate	Rate %	Fraction
From 4 January 2011	20%	1/6

From 1 April 2011

Turnover registration limit £73,000 a year.

Future turnover deregistration limit £71,000 a year.

Car fuel scale charge

New fuel scale charges to be used for returns that commence on or after 1 May 2011.

Cash Accounting Scheme

Threshold for joining the Cash Accounting Scheme is £1,350,000 and for remaining in the scheme is £1,600,000.

STAMP DUTY & STAMP DUTY LAND TAX

STAMP DUTY LAND TAX (SDLT)

On transfers of residential land and buildings

Up to £125,000	nil
£125,001 - £250,000	1%
£250,001 - £500,000	3%
£500,001 - £1,000,000	4%
Over £1,000,000	5%

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

On transfers of non-residential land and buildings

Up to £150,000	nil
£150,001 - £250,000	1%
£250,001 - £500,000	3%
Over £500,000	4%

Gifts of land and buildings nil*

* *SDLT will normally be nil on the gift of mortgage free property. If a property is transferred still subject to a mortgage then the amount of the mortgage will be treated as proceeds received and SDLT will be payable on that amount.*

Leases

- For non-residential leases a 1% charge arises on the excess of Net Present Value (NPV) over £150,000.
- For residential leases a 1% charge will arise on the excess of NPV over £125,000.

STAMP DUTY

On share transfers	0.5%
On gifts	nil

CAPITAL GAINS TAX

	2011/12	2010/11
Annual exemption	£	£
• individuals	10,600	10,100
• most settlements	5,300	5,050

CGT rates

Individuals

Total taxable gains and income
below income tax basic rate band 18%

Total taxable gains and income
above income tax basic rate band 28%

Settlements

From 23 June 2010 28%

Entrepreneurs' relief

In certain circumstances, individuals disposing of all or part of a trading business, or qualifying business assets and shareholdings, are taxed at an effective rate of 10%. From 6 April 2011 entrepreneurs' relief is available on the first £10,000,000 of gains arising on such disposals during an individual's life time (2010/11: Post 23 June 2010; available on the first £5,000,000 of such gains. Pre 23 June 2010; available on the first £2,000,000 of such gains).

CORPORATION TAX

Financial year	2011/12	2010/11
	(to 31.3.12)	(to 31.3.11)
Small companies' rate	20%	21%
Profits up to £300,000		
Marginal rate	27.5%	29.75%
£300,001 - £1,500,000		
Full rate	26%	28%
Above £1,500,000		

Company capital gains are included in taxable profits, they benefit from indexation allowance but not entrepreneurs' relief.

INVESTMENTS WITH SPECIAL TAX SAVINGS

Enterprise Investment Scheme (EIS)

- Up to £500,000 can qualify each tax year for income tax relief at 30% for shares issued on or after 6 April 2011 (subject to State Aid approval) (20% for shares issued pre 6 April 2011).
- CGT deferral relief also available without cash ceiling.
- On disposal of EIS investment which qualified for income tax relief, gain exempt from CGT, other EIS gains and all deferred gains are taxed.

Venture Capital Trusts (VCT)

- Up to £200,000 of new investment qualifies each tax year from 6 April 2006.
- Income tax relief at 30% on investments made after 6 April 2006.
- Income tax exemption for dividends paid by VCT.
- CGT deferral relief is not available against shares issued on or after 6 April 2004.
- On disposal, VCT gain exempt, any deferred gain (from before 6 April 2004) is taxed.

Individual Savings Account (ISA)

- Maximum investment £10,680 (2010/11: £10,200).
- Maximum cash investment £5,340 (2010/11: £5,100).
- Income tax and capital gains tax exemption on income and gains within the ISA.



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