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Income Tax

Earnings related income

		2010/11	2009/10
Basic rate	20%	£37,400	£37,400
Higher rate	40%	£37,400- £150,000	Over £37,400
Additional rate	50%	Over £150,000	N/A

Savings & Dividend Income

There is a rate of 10% for savings income only with a limit of £2,440 in 2010/11 and 2009/10; taxpayers will be able to reclaim the additional 10% paid at source. If non savings income is above this limit then the 10% rate is not applicable. Higher rate tax payers pay a further 20% or 30%.

Dividends are taxed at 10%, 32.5% and 42.5%. Non tax payers cannot reclaim the tax credit on dividends.

Allowances

	Restriction	2010/11	2009/10
Personal allowance			
Age Under 65		£6,475	£6,475
Age 65 – 74	£1 per £2	£9,490	£9,490
Age 75 and Over	£1 per £2	£9,640	£9,640
Married Couples Allowance	£1 per £2		
Age 75 and over		£6,965	£6,965
Minimum Allowance		£2,670	£2,670
Income limit age allowance		£22,900	£22,900
Blind Person		£1,890	£1,890
Payment on loss of office		£30,000	£30,000
Rent a room relief		£4,250	£4,250
ISA's maximum investment		£10,200	£7,200
ISA's max investment aged over 50		£10,200	£7,200

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Working and child tax credits

	Restriction	2010/11	2009/10
Working tax credit			
Basic element		£1,920	£1,890
Couple/one parent element		£1,890	£1,860
Disability		£2,570	£2,530
Severe disability		£1,095	£1,075
30 hours		£790	£775
Age 50 plus		£1,320	£1,300
Age 50 plus over 30 hours		£1,965	£1,935
Childcare 1 child	80%	£175	£175
Childcare 2 or more children	80%	£300	£300
Earnings threshold		£6,420	£6,420
Child tax credit			
Family element		£545	£545
Child element		£2,300	£2,235
Disabled child		£2,715	£2,670
Severely disabled child		£1,095	£1,075
Earnings threshold		£16,190	£16,040

Education maintenance allowance

Parents/guardians annual income	Weekly allowance
Up to £20,817	£30
£20,818-£25,521	£20
£25,522-£30,810	£10

Capital gains tax

	2010/11	2009/10
Annual exemption		
Individuals	£10,100	£10,100
Trusts (generally)	£5,050	£5,050
Chattels exemption	£6,000	£6,000
Tax rate		
Individuals	18%	18%
Estates and trusts	40%	40%

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Entrepreneur's relief

Entrepreneur's relief is available on certain business assets of 4/9 of the gain subject to a lifetime limit of £1 million.

Inheritance tax

Rates	Gross cumulative transfer	
	2010/11	2009/10
0%	£325,000	£325,000
40%	Over £325,000	Over £325,000
Exemptions		
Annual	£3,000	£3,000
Small gifts	£250	£250
Marriage gifts		
Parent	£5,000	£5,000
Grandparent	£2,500	£2,500
Spouses	£2,500	£2,500
Other	£1,000	£1,000

Taper relief on gifts within 7 years of death

Years before death	0-3	3-4	4-5	5-6	6-7
Death charge percentage	100%	80%	60%	40%	20%

Transfer of unused nil rate bands

On the death of a surviving spouse after 9 October 2007 the relevant percentage of the first spouses unused nil rate band may be transferred to the estate of the surviving partner.

Personal pension schemes

From 6 April 2006 tax is charged on the value of contributions that exceed the annual allowance or relevant earnings subject to a minimum of £3,600. Tax is also charged if the value of the pension at retirement exceeds the individual's lifetime allowance.

	2010/11	2009/10
Annual allowance	£255,000	£245,000

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Lifetime allowance **£1,800,000** £1,750,000

National insurance contributions

	Employee's rate	Employer's rate	
Class 1			
Non contracted out rates			
Per week Per Month Per Year			
Below Below Below £5,715.01	0%	0%	
£110.01 £476.01			
£110.01- £844.00	11%	£5,435.01- £43875.00	12.8%
Over Over Over	1%	12.8%	
£840.00 £3,656.00 £43,875.00			
Contracted out rates		Salary related	Money purchase
Below Below Below	0%	0%	0%
£97.01 £412.01 £4,940.01			
£97.01- £110.00	0%	0%	0%
£110.01- £770.00	9.4%	9.1%	11.4%
£770.01- £844.00	11%	12.8%	12.8%
Over Over Over	1%	12.8%	12.8%
£840.00 £3,656.00 £40,040.00			
Class 2	From April 2010	From April 2009	
Earnings over £5,075 per annum	£2.40 per week	£2.30 per week	
Special class 2 rate for volunteer development worker	£4.85 per week	£4.75 per week	
Class 3 (voluntary)	£12.05 per week	£12.05 per week	
Class 4 (self employed)	2010/11	2009/10	
0%	Below £5,715	Below £5,715	
8%	£5,715- £43,875	£5,715- £43,875	
1%	Over £43,875	Over £43,875	

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National minimum wage

Age	Rate per hour		
	From 1/10/09	From 1/10/09	From 1/10/08
Over compulsory school age	3.64	3.57	3.53
18 +	4.92	4.83	4.77
21 +	5.93	5.80	5.73
Apprentice rate *	2.50		

* The apprentice rate applies to apprentices under 19 or over 19 but in their first year of the apprenticeship.

Corporation tax

	From 1/4/10	From 1/4/09
Full tax rate	28%	28%
Small company rate (£1-£300,000)	21%	21%
Marginal rate (£300,001 - £1.5m)	29.75%	29.75%

Capital allowances

	From April 2010	From April 2009
Plant and Machinery		
Annual Investment allowance	£100,000	£50,000
Rate	100%	100%
First year allowance	-	40%
Writing down allowance	20%	20%
Long life assets	10%	10%
Cars with CO emissions under 110g/km	100%	100%
Cars 110g/km-160g/km	20%	20%
Cars over 160g/km	10%	10%
Integral features	10%	10%
Energy saving plant or machinery	100%	100%
Business premises renovation allowance	100%	100%
Industrial buildings and hotels	-	1%
Agricultural and forestry land and buildings	-	1%

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Car benefits

Registered	Emissions	0- 1,400cc	1,401- 2,000cc	Over 2,000cc
Before 1/1/98		15%	22%	32%
After 1/1/98	None approved	15%	25%	35%
After 1/1/98	0-75g/km		5%	
	76-120g/km		10%	
	121-130g/km		15%	
	Each additional 5g/km		Add 1%	
	Maximum		35%	
	Diesel cars		Add 3%	

Fuel benefit

£18,000 times the relevant percentage of the car benefit scale, (2009/10 £16,900).

Company Van benefits

	2010/11	2009/10
Benefit for directors and employees earning over £8,500p.a.	£3,000	£3,000

Benefit is apportioned if the van is shared

Mileage allowance

	Per business mile
Annual business mileage up to 10,000 miles	40p
Business mileage over 10,000 miles	25p
Each passenger making same business trip	5p
Motorcycles	24p
Bicycles	20p

VAT Car fuel scales – quarterly returns

For accounting periods' commencing on or after 1 May 2007 the VAT fuel scale charge reflects the CO2 emissions. For details please see notice 700/64 on HM Revenue and Customs website.

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VAT

		From 1/1/2010	From 24/11/08
Rates	Standard	17.5%	15%
	Reduced	5%	5%
	Zero	0%	0%
VAT fraction		7/47	3/23
		From 1/4/10	From 1/5/09
Registration threshold		£70,000	£68,000
Deregistration threshold		£68,000	£66,000
Cash accounting scheme –			
	Start to use scheme	£1,350,000	£1,350,000
	Stop using scheme	£1,600,000	£1,600,000
Annual accounting scheme			
	Start to use scheme	£1,350,000	£1,350,000
	Stop using scheme	£1,600,000	£1,600,000
Flat rate scheme			
	Start to use scheme	£150,000	£150,000
	Stop using scheme	£225,000	£225,000

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