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Income Tax

Earnings related income

		2011/12	2010/11
Starting rate on 10% savings		£2,560	£2440
Basic rate 20%		£35,000	£37,400
Higher rate 40%	£35,001- £150,000		£37,401-£150,000
Additional rate 50%	Over £150,000		Over £150,000
Dividends			
Basic rate taxpayers		10%	10%
Higher rate taxpayers		32.5%	32.5%
Additional rate tax payers		42.5%	42.5%

Allowances

	Restriction	2011/12	2010/11
Personal allowance			
Age Under 65		£7,475	£6,475
Age 65 – 74	£1 per £2	£9,940	£9,490
Age 75 and Over	£1 per £2	£10,090	£9,640
Married Couples Allowance	£1 per £2		
Age 75 and over		£7,295	£6,965
Minimum Allowance		£2,800	£2,670
Income limit age allowance		£24,000	£22,900
Blind Person		£1,980	£1,890
Payment on loss of office		£30,000	£30,000
ISA's maximum investment		£10,680	£10,200

National minimum wage

Age	Rate per hour		
	From 1/10/10	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		

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

Working and child tax credits

	Restriction	2011/12	2010/11
Working tax credit			
Basic element		£1,920	£1,920
Couple/one parent element		£1,950	£1,890
Disability		£2,650	£2,570
Severe disability		£1,130	£1,095
30 hours		£790	£790
Age 50 plus		£1,365	£1,320
Age 50 plus over 30 hours		£2,030	£1,965
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		£2,555	£2,300
Disabled child		£2,800	£2,715
Severely disabled child		£1,130	£1,095
Earnings threshold		£15,860	£16,190

Education maintenance allowance

Closed to new applicants on 1 January 2011

Capital gains tax

Annual exemption	2011/12	2010/11
Individuals	£10,600	£10,100
Trusts (generally)	£5,300	£5,050
Chattels exemption	£6,000	£6,000
Tax rate		
Basic rate tax payers	18%	18%
Entrepreneurs relief	10%	10%
Higher rate tax payers, estates and trusts	28%	28%

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Entrepreneur's relief is available on certain business assets subject to a lifetime limit of £10million.

Inheritance tax

Rates	Gross cumulative transfer	
	2011/12	2010/11
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 (no matter what date first spouse died) 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 2011 contributions of any type are capped at a maximum of 100% of Net Relevant Earnings, or £3,600 if higher: but limited by an annual allowance. Tax is also charged if the value of the pension at retirement exceeds the individual's lifetime allowance.

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

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National insurance contributions

	Employee's rate			Employer's rate	
Class 1					
Non contracted out rates					
Per week	Per Month	Per Year			
Below £136.01	Below £589.01	Below £,7072.01	0%	0%	
£136.01-£139.00	£589.01-£602.00	£7072.01-£7225.00	0%	13.8%	
£139.01-£817.00	£602.01-£3,540.00	£7,225.01-£42,475.00	12%	13.8%	
Over £817.00	Over £3,540.00	Over £42,475.00	2%	13.8%	
Contracted out rates				Salary related	Money purchase
Below £136.01	Below £589.01	Below £7,072.01	0%	0%	0%
£136.01-£139.00	£589.01-£602.00	£7,072.01-£7,225.00	0%	10.1%	12.4%
£139.01-£770.00	£602.01-£3,337.00	£7,225.01-£40,040.00	10.4%	10.1%	12.4%
£770.01-£817.00	£3,337.01-£3,540.00	£40,040.01-£42,475.00	12%	13.8%	13.8%
Over £817.00	Over £3,540.00	Over £42,475.00	2%	13.8%	13.8%
Class 2				From April 2011	From April 2010
Earnings over £5,075 per annum				£2.50 per week	£2.40 per week
Special class 2 rate for volunteer development worker				£5.1 per week	£4.85 per week
Class 3 (voluntary)				£12.60 per week	£12.05 per week
Class 4 (self employed)				2011/12	2010/11
0%				Below £7,225	Below £5,715
8%				£7,225- £42,475	£5,715- £43,875
1%				Over £42,475	Over £43,875

Corporation tax

	From 1/4/11	From 1/4/10
Full tax rate	28%	28%
Small company rate (£1-£300,000)	20%	21%
Marginal rate (£300,001 - £1.5m)	27.5%	29.75%

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Capital allowances

	From April 2011	From April 2010
Plant and Machinery		
Annual Investment allowance	£100,000	£100,000
Rate	100%	100%
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	2%	2%
Agricultural and forestry land and buildings	2%	2%

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%	
	121-129g/km		15%	
	Each additional 5g/km		Add 1%	
	Maximum		35%	
	Diesel cars		Add 3%	

Fuel benefit

£18,800 times the relevant percentage of the car benefit scale, (2010/11 £18,000).

Company Van benefits

	2011/12	2010/11
Benefit for directors and employees earning over £8,500p.a.	£3,000	£3,000

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Mileage allowance

	Per business mile
Annual business mileage up to 10,000 miles	45p
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.

VAT

Rates	From 4/1/2011	From 1/1/10
Standard	20%	17.5%
Reduced	5%	5%
Zero	0%	0%

	From 1/4/11	From 1/4/10
Registration threshold	£73,000	£70,000
Deregistration threshold	£71,000	£68,000
Cash accounting and annual accounting		
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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