

# Larsen & Co

## Chartered Accountants

### Income Tax

#### Earnings related income

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

#### Allowances

	Restriction	2011/12	2010/11
Personal allowance			
Age Under 65		<b>£7,475</b>	£6,475
Age 65 – 74	£1 per £2	<b>£9,940</b>	£9,490
Age 75 and Over	£1 per £2	<b>£10,090</b>	£9,640
Married Couples Allowance	£1 per £2		
Age 75 and over		<b>£7,295</b>	£6,965
Minimum Allowance		<b>£2,800</b>	£2,670
Income limit age allowance		<b>£24,000</b>	£22,900
Blind Person		<b>£1,980</b>	£1,890
Payment on loss of office		<b>£30,000</b>	£30,000
ISA's maximum investment		<b>£10,680</b>	£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	<b>3.64</b>	<b>3.57</b>	<b>3.53</b>
18 +	<b>4.92</b>	<b>4.83</b>	<b>4.77</b>
21 +	<b>5.93</b>	<b>5.80</b>	<b>5.73</b>
Apprentice rate *	<b>2.50</b>		

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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		<b>£1,920</b>	£1,920
Couple/lone parent element		<b>£1,950</b>	£1,890
Disability		<b>£2,650</b>	£2,570
Severe disability		<b>£1,130</b>	£1,095
30 hours		<b>£790</b>	£790
Age 50 plus		<b>£1,365</b>	£1,320
Age 50 plus over 30 hours		<b>£2,030</b>	£1,965
Childcare 1 child	80%	<b>£175</b>	£175
Childcare 2 or more children	80%	<b>£300</b>	£300
Earnings threshold		<b>£6,420</b>	£6,420
Child tax credit			
Family element		<b>£545</b>	£545
Child element		<b>£2,555</b>	£2,300
Disabled child		<b>£2,800</b>	£2,715
Severely disabled child		<b>£1,130</b>	£1,095
Earnings threshold		<b>£15,860</b>	£16,190

### Education maintenance allowance

Closed to new applicants on 1 January 2011

### Capital gains tax

Annual exemption	<b>2011/12</b>	2010/11
Individuals	<b>£10,600</b>	£10,100
Trusts (generally)	<b>£5,300</b>	£5,050
Chattels exemption	<b>£6,000</b>	£6,000
Tax rate		
Basic rate tax payers	<b>18%</b>	18%
Entrepreneurs relief	<b>10%</b>	10%
Higher rate tax payers, estates and trusts	<b>28%</b>	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%	<b>£325,000</b>	£325,000
40%	<b>Over £325,000</b>	Over £325,000
Exemptions		
Annual	<b>£3,000</b>	£3,000
Small gifts	<b>£250</b>	£250
Marriage gifts		
Parent	<b>£5,000</b>	£5,000
Grandparent	<b>£2,500</b>	£2,500
Spouses	<b>£2,500</b>	£2,500
Other	<b>£1,000</b>	£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	<b>£50,000</b>	£255,000
Lifetime allowance	<b>£1,800,000</b>	£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						
	Below £136.01	Below £589.01	Below £7,072.01	0%	Salary related	Money purchase
	£136.01-£139.00	£589.01-£602.00	£7,072.01-£7,225.00	0%	0%	0%
	£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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