

Larsen & Co

Chartered Accountants

Income Tax

Earnings related income

		2013/14	2012/13
Starting rate on savings	10%	£2,790	£2,710
Basic rate	20%	£32,010	£34,370
Higher rate	40%	£32,010- £150,000	£34,370-£150,000
Additional rate	45%	Over £150,000	
Additional rate	50%		Over £150,000
Dividends			
Basic rate taxpayers		10%	10%
Higher rate taxpayers		32.5%	32.5%
Additional rate tax payers		37.5%	42.5%

Allowances

	Restriction	2013/14	2012/13
Personal allowance			
Born after 5 April 1948	£1 per £2	£9,440	£8,105
Born between 6/4/38 – 5/4/48	£1 per £2	£10,500	£10,500
Born before 6 April 1938	£1 per £2	£10,660	£10,660
Married Couples Allowance			
Either partner born before 6/4/35		£7,915	£7,705
Minimum Allowance		£3,040	£2,960
Income limit age allowance		£26,100	£25,400
Income limit personal allowance		£100,000	£100,000
Blind Person		£2,160	£2,100
Payment on loss of office		£30,000	£30,000
ISA's maximum investment		£11,520	£11,280
Junior ISA's maximum		£3,720	£3,600

Working and child tax credits

	Restriction	2013/14	2012/13
Working tax credit			
Basic element		£1,920	£1,920
Couple/lone parent element		£1,970	£1,950
Disability		£2,855	£2,790
Severe disability		£1,220	£1,190
30 hours		£790	£790
Childcare 1 child	70%	£175	£175
Childcare 2 or more children	70%	£300	£300
Earnings threshold		£6,420	£6,420
Child tax credit			
Family element		£545	£545
Child element		£2,720	£2,690
Disabled child		£3,015	£2,950
Severely disabled child		£1,220	£1,190
Earnings threshold		£15,910	£15,860

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National minimum wage

Age	From 1/10/12
Over compulsory school age	3.68
18 +	4.98
21 +	6.19
Apprentice rate for first year of apprenticeship or under 19's	2.65

Capital gains tax

Annual exemption	2013/14	2012/13
Individuals	£10,900	£10,600
Trusts (generally)	£5,450	£5,300
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%

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

Inheritance tax

Rates	Gross cumulative transfer	
	2013/14	2012/13
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.

	2013/14	2012/13
Annual allowance	£50,000	£50,000
Lifetime allowance	£1,500,000	£1,500,000

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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 £148.01	Below £641.33	Below £7,696.01		0%	0%	
£148.01-£149.00	£641.34-£645.67	£7696.01-£7748.00		0%	13.8%	
£149.01-£797.00	£645.67-£3,453.67	£7,748.01-£41,444.00		12%	13.8%	
Over £797.00	Over £3,453.67	Over £41,444.00		2%	13.8%	
Class 2				From April 2013	From April 2012	
Earnings over £5,725 per annum				£2.70 per week	£2.65 per week	
Special class 2 rate for volunteer development worker				£5.45 per week	£5.35 per week	
Class 3 (voluntary)				£13.55 per week	£13.25 per week	
Class 4 (self employed)				2012/13	2012/13	
0%				Below £7,755	Below £7,605	
8%				£7,755- £41,450	£7,605-£42,475	
1%				Over £41,450	Over £42,475	

Corporation tax

	From 1/4/13	From 1/4/12
Full tax rate	24%	25%
Small company rate (£1-£300,000)	20%	21%
Marginal rate (£300,001 - £1.5m)	23.75%	25%

Capital allowances

	From 1/1/2013	From April 2012
Plant and Machinery		
Annual Investment allowance	£250,000	£100,000
Rate	100%	100%
Writing down allowance	18%	18%
Long life assets	8%	8%
Cars with CO emissions under 110g/km	100%	100%
Cars 110g/km-160g/km	18%	18%
Cars over 160g/km	8%	8%
Integral features	8%	8%
Energy saving plant or machinery	100%	100%
Business premises renovation allowance	100%	100%

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%	
	76-94g/km		10%	
	Each additional 5g/km		Add 1%	
	Maximum		35%	
	Diesel cars		Add 3%	

Fuel benefit

£21,100 times the relevant percentage of the car benefit scale, (2012/13 £20,200).

Company Van benefits

	2013/14	2012/13
Benefit for directors and employees earning over £8,500p.a.	£3,000	£3,000
Fuel	£564	£550

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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

	From 1/4/13	From 1/4/12
Registration threshold	£79,000	£77,000
Deregistration threshold	£77,000	£75,000
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	£230,000	£230,000

STUDENT LOANS

	2013/14	2012/13
Employee annual earnings threshold at which repayments begin	£16,365	£15,795
Rate of deductions above threshold	9%	9%