



Tax Facts 2010/11
(revised 22 June 2010)

INCOME TAX RATES

Taxable income bands			Taxable income bands		
2010/11	Rate	Tax on Band	2009/10	Rate	Tax on Band
£	%	£	£	%	£
1 – 2,440	20 [#]	488	1 – 2,440	20 [#]	488
2,441 – 37,400	20 [*]	6,992	2,441 – 37,400	20 [*]	6,992
37,401 – 150,000	40 [§]	45,040	37,401 – 150,000	40 [§]	45,040
Over 150,000	50 ^π		Over 150,000	40 [§]	

Discretionary trusts – First £1,000 of income (2009/10: £1,000) taxed at 20%* (2009/10: 20%*). Over £1,000 (2009/10: £1,000) taxed at 50%^π (2009/10: 40%[§]).

Personal representatives – Taxed at a maximum of 20% (2009/10: 20%).

Non-domiciled individuals – If UK resident for more than 7 out of the last 10 years, an annual charge of £30,000 (2009/10: £30,000) applies where unremitted income and gains exceed £2,000 (2009/10: £2,000) and a claim is made to be taxed on the remittance basis.

[#] Dividends: 10%; Other savings income: 10%, unless remittance basis applies

^{*} Dividends: 10%, unless remittance basis applies [§] Dividends: 32.5%, unless remittance basis applies

^π Dividends: 42.5%, unless remittance basis applies

INCOME TAX ALLOWANCES AND RELIEFS

	2010/11	2009/10
	£	£
Personal	6,475 ^{#π*}	6,475 [#]
Age allowance		
personal – age 65 – 74	9,490 [#]	9,490 [#]
– age 75 and over	9,640 [#]	9,640 [#]
– minimum allowance	6,475 ^{#*}	6,475 [#]
married – age 75 and over	6,965 ^{#§}	6,965 ^{#§}
– minimum allowance	2,670 ^{#§}	2,670 ^{#§}
– income limit for full relief	22,900	22,900
Blind person	1,890 [#]	1,890 [#]
Rent-a-room relief	4,250	4,250

* If income before allowances over £100,000: reduced by £1 per £2 excess until £nil (at income of £112,950).

[#] Nil for individuals subject to the remittance basis. [§] Relief restricted to 10%. ^π £7,475 from 2011/12.

Gift aid – 20% (2009/10: 20%) band increased by gross gift. Charities may claim repayment of 22% (2009/10: 22%) of gross gift.

CAR AND FUEL SCALE BENEFITS

For tax year 2010/11:

Cars for directors and employees earning £8,500 per annum or more:

Car benefit: Percentage (see below) of list price (max £80,000)

Fuel benefit: Percentage (see below) of £18,000

-Cars registered from 1 January 1998:

CO ₂ emissions (g/km):	%
Nil	-
Up to 75	5
76 – 120	10
121 – 134	15
Each additional 5	Further 1
230 and over	35

Diesel cars: 3% surcharge subject to 35% maximum

-Cars registered before 1 January 1998:

	%
Up to 1400cc	15
1401 – 2000cc	22
Over 2000cc	32

AUTHORISED MILEAGE RATES

	Per mile
Cars and vans - First 10,000 miles in the tax year	40p
- Additional miles	25p

MAIN DUE DATES FOR PAYMENT OF TAX AND FILING OF RETURNS

For tax year 2010/11:

<i>Income tax:</i> 1st payment on account:	31 January 2011
2nd payment on account:	31 July 2011
Balance:	31 January 2012

Interim payments required are generally 50% of the income tax liability for 2009/10 net of tax deducted at source, but nil if less than £1,000 or 20% of the total income tax liability for that year.

Return generally due by 31 January 2012 (online); 31 October 2011 (paper).

Capital gains tax: Payable by 31 January 2012 (included in income tax return)

Corporation tax: Tax generally due nine months after the end of the accounting period but some companies are required to pay quarterly instalments in the 7th, 10th, 13th and 16th months after the commencement of the accounting period.

Return generally due within one year of the end of the accounting period.

INHERITANCE TAX (IHT)

Cumulative transfers:

From 6/4/2011	From 6/4/2010	Up to 5/4/2010	%
£0 – £325,000	£0 – £325,000	£0 – £325,000	- *
Over £325,000	Over £325,000	Over £325,000	40[#]

* Nil rate band for estate of party to a marriage is increased by proportion of unutilised nil rate band of predeceased spouse.

Some lifetime gifts are taxed at 20%.

Main exemptions:

- Annual gifts per donor	£3,000	Gifts on marriage:	
- Small gifts per donee	£250	- Parent	£5,000
- Normal expenditure out of income	exempt	- Grandparent	£2,500
		- Other	£1,000

NATIONAL INSURANCE CONTRIBUTIONS (NICs)

From 6/4/2010:

Class 1* (employed)	Contracted in rates		Contracted out rates	
	Employer [#]	Employee	Employer [#]	Employee
Earnings per week	Payable on		Payable on	
	all earnings	band	all earnings	band
	%	%	%	%
£0.00 – £97.00	-	-	-	-
£97.01 – £110.00	-	-	-	-
£110.01 – £770.00	12.8	11	9.1 [§]	9.4
£770.01 – £844.00	12.8	11	12.8	11
Over £844.00	12.8	1	12.8	1

Class 1A and 1B* (employers only) 12.8%

Class 2 (self-employed) £2.40 per week

(small earnings exemption) £5,075

Class 3 (voluntary) £12.05 per week

Class 4* (self-employed) 8% on profits between £5,715 and £43,875
1% on profits above £43,875 per annum

* Rates to increase by 1% from 6 April 2011.

From 22 June 2010, qualifying businesses will be exempt from the first £5,000 of class 1 NICs due in respect of the first year of employment of the first ten qualifying employees hired in the first year of business.

§ Rate increased by 2.3% for money purchase schemes.

CAPITAL GAINS TAX (CGT)

	2010/11	2009/10
	£	£
Exemptions		
- individuals	10,100*	10,100*
- personal representatives	10,100	10,100
- trusts	5,050	5,050

* Nil for individuals subject to the remittance basis.

Rates

- individuals: 18%[#] (2009/10: 18%)
- personal representatives and trusts: 28%[§] (2009/10: 18%)

Entrepreneurs relief - liability reduced to 10% (2009/10: 10%) on gains on qualifying business assets up to a maximum lifetime allowance of £5,000,000^π (2009/10: £1,000,000).

[#]28% where gains arising from 23 June 2010 and income exceed £37,400.

^π£2,000,000 up to 22 June 2010. [§]18% up to 22 June 2010.

STAMP DUTY

Shares (consideration over £1,000)	0.5%
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STAMP DUTY LAND TAX (SDLT)

Property:	Consideration	Residential *	Non-Residential
	£	%	%
	125,001 – 150,000	1 [#]	-
	150,001 – 250,000	1 [#]	1
	250,001 – 500,000	3	3
	Over 500,000	4 [§]	4

Until 1 October 2012, new zero-carbon homes and flats up to £500,000 pay no SDLT (over £500,000 – 4%[§] less £15,000).

Leases: 1% to the extent that the net present value of rents exceeds £125,000 (residential)^{*#} or £150,000 (non-residential).

* Residential property in a disadvantaged area is taxed at the same rates as non-residential property.

[#]For freeholds and leases of at least 21 years with consideration under £250,001, rate reduced to 0% for first time buyers from 25 March 2010 until 24 March 2012.

[§]5% on consideration over £1,000,000 from 6 April 2011.

PERSONAL PENSIONS

Maximum contributions*: the lower of 100% (2009/10: 100%) of earnings or £255,000 (2009/10: £245,000).

Lifetime allowance*: £1,800,000 (2009/10: £1,750,000).

Stakeholder pensions: up to £3,600 (2009/10: £3,600) irrespective of earnings.

* Where contributions made by or on behalf of individuals with taxable income over £129,999 in 2010/11, 2009/10, 2008/09 or 2007/08 and taxable income, when taken together with employer pension contributions, over £149,999 exceed £20,000 (up to £30,000 in rare cases where contributions have been made less often than quarterly), any abnormal or irregular contribution will be taxable. The rate of tax relief for pension contributions made by such individuals after 5 April 2011 will be reduced to a minimum of 20%.

INDIVIDUAL SAVINGS ACCOUNTS (ISAs)

Annual investment limits	From 6/4/2010 £
Overall maximum investment*	10,200
- cash ISA	5,100
- stocks and shares ISA	10,200

* Individuals may only have one cash ISA and one stocks and shares ISA per year.

ENTERPRISE INVESTMENT SCHEME (EIS)

Income tax relief – liability reduced by up to 20% (2009/10: 20%) of the first £500,000 (2009/10: £500,000) invested each tax year.*

Capital gains tax relief – tax on a gain on the disposal of any asset may be deferred by an EIS investment in the period from one year before to three years after disposal. Capital gains arising on the disposal of EIS investments may be exempt if shares held for three years.

* Up to £500,000 (2009/10: £500,000) may be claimed to have been invested in the previous tax year subject to annual limit.

VENTURE CAPITAL TRUSTS (VCTs)

Income tax relief – liability reduced by up to 30% (2009/10: 30%) of the first £200,000 (2009/10: £200,000) invested each tax year. Income from and capital gains on VCT investments are exempt from tax if shares held for five years.

REAL ESTATE INVESTMENT TRUSTS (REITs)

Corporation tax relief – liability reduced to 0% (2009/10: 0%) on qualifying rental income and gains where at least 90% (2009/10: 90%) of qualifying income is distributed. Qualifying income from REITs taxed as non-savings income.

CORPORATION TAX

Year to 31 March	2012	2011	2010
Taxable profits	%	%	%
£0 – £300,000	20	21	21
£300,001 – £1,500,000	28.75	29.75	29.75
Over £1,500,000	27	28	28

CAPITAL ALLOWANCES

	2010/11	2009/10	
	%	%	
<i>First year and initial allowances:</i>			
- research and development	100	100	
- enterprise zone buildings	100 ^Φ	100	
- energy-saving technologies including cars	100	100	
- water efficient technology	100	100	
- business premises renovation	100	100	until 11 April 2012
- renovation/conversion of flats over shops	100	100	
- plant and machinery:			
- annual investment allowance	100	100	max £100,000 [#] (2009/10: £50,000)
- general plant and machinery excluding cars	-	40	
- cars with CO ₂ emissions under 110g/km	100	100	
- brand new zero-emission goods vehicles	100	-	until 2014/15
<i>Writing down allowances:</i>			
- long life assets and integral features	10 ^{*\$}	10 [*]	reducing balance
- other assets and inexpensive cars	20 ^{*π}	20 [*]	reducing balance
<i>Expensive (over £12,000) cars:</i>			
- cars with CO ₂ emissions over 160g/km	10 ^{\$}	10	reducing balance
- cars with CO ₂ emissions under 161g/km	20 ^π	20	reducing balance
- cars acquired before 2009/10	20 ^π	20	reducing balance max £3,000
<i>Intangible assets:</i>			
- companies (all intangibles)	4	4	straight line (min)
- others (patent rights and know how)	25	25	reducing balance
<i>Industrial & agricultural buildings and hotels</i>	1 ^Φ	2	straight line (min)

* For pools less than £1,001: any amount up to pool balance[#] £25,000 from 2012/13

^{\$}8% from 2012/13 ^π18% from 2012/13 ^Φ0% from 2011/12

VALUE ADDED TAX (VAT)

Standard rate	17.5% [#]
Reduced rate	5%
Registration limit from 1 April 2010 taxable turnover (last 12 months*):	£70,000
Deregistration limit from 1 April 2010 taxable turnover (next 12 months):	£68,000
Cash accounting entry limit – turnover (per annum) under:	£1,350,000
Annual accounting entry limit – turnover (per annum) under:	£1,350,000
Flat rate scheme entry limit – taxable turnover (per annum) under:	£150,000
* or next 30 days [#] 20% from 4 January 2011	

INSURANCE PREMIUM TAX (IPT)

Standard rate	5% [*]
Higher rate	17.5% [#]
* 6% from 4 January 2011 [#] 20% from 4 January 2011	

BANK PAYROLL TAX (BPT) / BANK LEVY

Bank payroll tax is payable at a rate of 0% (50% between 9 December 2009 and 5 April 2010) of discretionary bonuses awarded in excess of £25,000. A tax based on balance sheets will apply from 1 January 2011.

Tax Facts is designed for the information of readers. Whilst every effort has been made to ensure accuracy, information contained in Tax Facts may not be comprehensive and recipients should not act upon it without seeking professional advice.

These figures are based on the Budget statement of 22 June 2010 and may be affected by subsequent changes.

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