



## TAX RATES

# 2011 / 2012

Management Accounting

Treasury and Bacs

Payroll

Accounts and Tax

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### TAX FREE MILEAGE ALLOWANCES

Cars and vans	First 10,000 business miles p.a.	45p
	Thereafter	25p
Motorcycles		24p
Bicycles		20p
Business passengers		5p

### Fuel only allowance for company cars

From 1 March 2011	Petrol	Diesel	LPG
Up to 1400cc	14p	13p	10p
1401 – 2000cc	16p	13p	12p
Over 2000cc	23p	16p	17p

These rates may change within the tax year.

### CAR BENEFIT IN KIND (BIK)

The taxable BIK is calculated as a percentage of the car's UK list price. The percentage depends on the car's CO<sub>2</sub> emissions in grams per kilometre.

Rating	Petrol	Diesel
1 – 75g/km	5%	8%
76 – 120g/km	10%	13%
121 – 129 g/km	15%	18%
Over 129g/km	add 1% for every 5g/km	
Maximum	35%	35%

Chargeable on employees earning £8,500 or over (including BIK) and directors. The list price is on the day before first registration, including most accessories and is reduced by any employee's capital contribution (max £5,000) when the car is first made available. Vans where private use is more than home to work travel; £3,000 and £550 for private fuel. Payments by employees for private use may reduce these BIK.

Where the cost of **all** fuel for private use is borne by the employee, the fuel benefit is nil. Otherwise, the taxable benefits calculated as the car benefit percentage (see above) of £18,800 (2010/11 £18,000).

### VALUE ADDED TAX

From	1.4.2011	4.1.2011
Standard rate	20%	20%
VAT fraction	1/6	1/6

### Taxable turnover limits

Registration – last 12 months or next 30 days over	£73,000	£70,000
Deregistration – next year under	£71,000	£68,000
Annual Accounting Scheme	£1,350,000	£1,350,000
Cash Accounting Scheme	£1,350,000	£1,350,000
Flat Rate Scheme	£150,000	£150,000

### STAMP DUTIES

Stamp duty is payable at a rate of 0.5% on transfers of shares and securities of £1,000 and over.

On the transfer of residential property	£0 – £125,000*	nil
	£125,001 – £250,000**	1%
	£250,001 – £500,000	3%
	£500,001 – £1,000,000	4%
	£1,000,001 and over	5%

\*£150,000 in disadvantaged areas.

\*\* First time buyers can claim relief on residential transactions up to £250,000 between 25 March 2010 and 24 March 2012.

### DUE DATES FOR TAX PAYMENTS

Income Tax and Class 4 NIC	2011/12	2010/11
1st payment on account	31 January 2012	2011
2nd payment on account	31 July 2012	2011
Balancing payment	31 January 2013	2012
Capital Gains Tax	31 January 2013	2012

### Inheritance Tax

Normally six months after the end of the month in which death occurs.

### Corporation Tax

Small and medium companies	Nine months and one day after the end of accounting period
Large companies	Four quarterly instalments commencing 6.5 months into the accounting period

<b>INCOME TAX BANDS AND RATES</b>	<b>2011/12</b>	<b>2010/11</b>
Savings rate band	£2,560	£2,440
Savings rate	10%	10%
Basic rate band	£35,000	£37,400
Basic tax rate	20%	20%
Dividend ordinary rate	10%	10%
Higher rate band	£35,001–£150,000	£37,401–£150,000
Higher tax rate	40%	40%
Dividend higher tax rate	32.5%	32.5%
Additional rate band - over	£150,000	£150,000
Additional tax rate	50%	50%
Dividend additional tax rate	42.5%	42.5%

#### Allowances that reduce taxable income\*

Personal allowances (under 65)	£7,475	£6,475
(65 to 74)	£9,940	£9,490
(75 and over)	£10,090	£9,640
Blind person's allowance	£1,980	£1,890

Age related allowances are reduced by £1 for each £2 of income above £24,000 (2010/11 £22,900), until the minimum of £7,475 (2010/11 £6,475) is reached. The minimum personal allowance is reduced, by £1 for each £2 of income from £100,000 to £114,950.

#### Allowances that reduce tax\*

Married couple's allowance (MCA)

Tax reduction (77 and over)	£729.50	£696.50
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The age for MCA is of the elder spouse or civil partner. The loss of tax reduction is 10p for each £2 of income above £24,000 (2010/11 £22,900) until the minimum of £280 (2010/11 £267) is reached.

\*All ages as at 5 April 2012.

<b>INHERITANCE TAX</b>	<b>2011/12</b>	<b>2010/11</b>
Standard threshold	£325,000	£325,000
Combined threshold maximum for married couples and civil partners	£650,000	£650,000

#### Rates of tax on balance

Chargeable lifetime transfers	20%	20%
Transfers on or within seven years of death	40%	40%

All lifetime transfers not covered by exemptions and made within 7 years of death will be added back into the estate for the purposes of calculating the tax payable. This may then be reduced:

Years before death	0–3	3–4	4–5	5–6	6–7
Tax reduced by	0%	20%	40%	60%	80%

#### Main exemptions

- Most transfers between spouses and between civil partners.
- First £3,000 of lifetime transfers in any tax year plus any unused from the previous year.
- Gifts up to £250 p.a. to any number of persons.
- Gifts made out of income that form part of normal expenditure and do not reduce the standard of living.
- Gifts in consideration of marriage/civil partnership up to £5,000 by a parent, £2,500 by grandparents, or £1,000 by any other.
- Gifts to charities, whether made during lifetime or on death.

<b>CAPITAL GAINS TAX</b>	<b>2011/12</b>	<b>2010/11</b>
Lower rate	18%	18%
Higher rate	28%	28%
Annual exemption	Individual £10,600 Settlement(s) £5,300	£10,100 £5,050
Entrepreneurs' relief:	Applicable rate 10%	10%
	Lifetime limit £10,000,000	£5,000,000*

\*This increased from £2 million from 23 June 2010

<b>NATIONAL INSURANCE</b>	<b>EMPLOYER</b>	<b>EMPLOYEE</b>
<b>Class 1 (not contracted out)</b>		
Lower earnings limit		£102
Payable on weekly earnings of £136.01–£139	13.8%	nil
Payable on weekly earnings of £139.01–£817	13.8%	12%
Over £817	13.8%	2%
Over state retirement age	13.8%	nil

#### Class 1A

On relevant benefits	13.8%	nil
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#### Class 2

Self employed		£2.50 per week
Limit of net earnings for exception		£5,315 per annum

#### Class 3

Voluntary		£12.60 per week
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#### Class 4\*

Self employed on profits £7,225 – £42,475		9%
Above £42,475		2%

\*Exemption applies if state retirement age reached by 6 April 2011

#### PENSION CONTRIBUTIONS

Maximum annual tax-efficient gross contributions to age	74
- individuals	£3,600 or 100% of earnings to £50,000
- employers	£50,000 less employee contributions

Minimum age for taking benefits	55
Lifetime allowance charge – lump sum paid	55%
– monies retained	25%

on cumulative benefits exceeding	£1,800,000*
Maximum tax-free lump sum	25%*

\*Subject to transitional protection for excess amount

<b>CORPORATION TAX</b>			
Financial Year to		31.3.2012	31.3.2011
<b>Taxable profits</b>	First £300,000	20%	21%
	Next £1,200,000	27.5%	29.75%
	Over £1,500,000	26%	28%

#### MAIN CAPITAL ALLOWANCES

##### Plant and machinery

Energy saving and environmentally beneficial equipment, electric and low CO<sub>2</sub> emission (up to 110 g/km) cars, natural gas/hydrogen refuelling equipment: first year allowance

100%

Annual investment allowance (AIA) – on first £100,000 of investment (excludes cars and expenditure already qualifying for 100% first year allowance)

100%

Writing down allowance – cars

111g/km – 160g/km

20%

Over 160g/km

10%

Writing down allowance (WDA) : Long-life assets, integral features of buildings, thermal insulation

10%

WDA: Other plant and machinery

20%

Rates for 2010/11 are applicable at 5 April 2011.

The rates and allowances are for information only.

Please ask for advice.

Budget 2011 version.