

## VAT

	From	From
	4.1.2011	
Standard rate		20%
VAT fraction of gross price		1/6
Reduced rate		5%
Annual turnover limits <sup>1</sup>	From 1.4.2011	From 1.4.2010
- registration	£73,000	£70,000
- deregistration	£71,000	£68,000

<sup>1</sup>based on previous 12 months or expected within next 30 days.

## STAMP DUTY LAND TAX (SDLT)

Value of property £	Residential %	Non-residential %
1 - 125,000	nil	nil
125,001 - 150,000	1 <sup>1,2</sup>	nil
150,001 - 250,000	1 <sup>2</sup>	1
250,001 - 500,000	3	3
500,000 - 1,000,000	4	4
over 1,000,000	5 <sup>3</sup>	4

<sup>1</sup>nil in disadvantaged areas.

<sup>2</sup>nil for first time buyers for two years which started on 25 March 2010.

<sup>3</sup>this new rate applies from 6 April 2011.

## CHARITABLE GIVING

Gift Aid donations qualify for tax relief. Donations must be in cash.

An individual must make a written Gift Aid declaration. Charities can reclaim tax on the donation.

Company donations are made gross and charities can not recover tax.

Example (2011/2012)	£	£
Tax relief to individual	(40% taxpayer)	(50% taxpayer)
Donation paid	800.00	800.00
Higher rate tax relief on grossed up donation (20%/30% x £1,000)	200.00	300.00
<b>Cost to individual</b>	<b>600.00</b>	<b>500.00</b>
Charity's position		
Net donation	800.00	800.00
Tax claimed at 20%	200.00	200.00
<b>Gross receipt</b>	<b>1,000.00</b>	<b>1,000.00</b>

Income, Capital Gains and Corporation Tax reliefs also apply for gifts to charity of listed shares and securities, AIM shares, units in authorised unit trusts, shares in OEICs and land and buildings.

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## Tax facts 2011/2012 The Chancellor's Budget



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## PERSONAL TAXES

### Income Tax Rates

	2011/2012		2010/2011
	%	Tax on band £	%
£1 - £35,000 <sup>1</sup>	20	7,000	20 <sup>3</sup>
£35,001 - £150,000	40	46,000	40 <sup>4</sup>
over £150,000	50	-	50
Dividend rate <sup>2</sup>			
40% taxpayer	32.5	-	32.5
50% taxpayer	42.5	-	42.5

<sup>1</sup> there is a 10% starting rate of up to £2,560 (2010/2011: £2,440) for savings income, provided other income exceeds £2,560 (2010/2011: £2,440).

<sup>2</sup> applies to the dividend plus the 10% tax credit, with rates after deducting the 10% credit being 22.5% and 32.5% (where other income is charged at 40% and 50% respectively).

<sup>3</sup> for 2010/2011 the band was £1 - £37,400.

<sup>4</sup> for 2010/2011 the band was £37,401 - £150,000.

### Inheritance Tax (IHT)

	Rate
£1 - £325,000 <sup>1</sup>	nil
over £325,000	40% on death

<sup>1</sup> executors of a surviving spouse can claim any unused nil rate band on the death of the first spouse.

### Lifetime gifts

Most lifetime gifts are exempt from IHT where the donor survives seven years.

Reduced rates apply on death within four to seven years of the gift. Some gifts including those to and from trusts are taxed at 20%.

### Other exemptions

Small gifts: £250 per donee. Annual gifts: £3,000 per donor.

### Capital Gains Tax (CGT)

Annual exemption	2011/2012		2010/2011
	£	£	£
Individuals	10,600		10,100
Trustees	5,300		5,050
Rates	From 6.4.2011	23.6.2010/ 5.4.2011	6.4.2010/ 22.6.2010
Basic rate taxpayer	18% <sup>1</sup>	18% <sup>1</sup>	18%
Higher rate taxpayer	28% <sup>1</sup>	28% <sup>1</sup>	18%
Trustees and personal representatives	28%	28%	18%
Entrepreneurs' relief	10%	10%	10%
- Lifetime gains limit	£10 million	£5 million	£2 million

<sup>1</sup> gains arising on or after 23 June 2010 will be treated as the top slice of income and taxed at marginal rates (18% up to the higher rate threshold and 28% above).

### Income Tax Allowances and Reliefs

	2011/2012 £	2010/2011 £
Personal allowance	7,475	6,475
Personal allowance reduction threshold	100,000 <sup>1</sup>	100,000 <sup>1</sup>
Married couple's allowance (basic)	2,800 <sup>2</sup>	2,670 <sup>2</sup>
Age allowance		
Single person		
- aged 65 - 74	9,940	9,490
- aged 75 and over	10,090	9,640
Married couple's allowance		
- aged 75 and over	7,295 <sup>2</sup>	6,965 <sup>2</sup>
Age allowance reduction threshold	24,000 <sup>3</sup>	22,900 <sup>3</sup>
Blind person's allowance	1,980	1,890
Rent a room	4,250	4,250

<sup>1</sup> reduces by £1 for £2 of income over £100,000 (applies to all ages).

<sup>2</sup> relief at 10% available if one spouse born pre 6 April 1935.

<sup>3</sup> reduces by £1 for £2 of income over £24,000 (2010/2011: £22,900) until basic personal allowance is reached.

## BUSINESS TAXES

### Corporation Tax Rates

Taxable profits	Year end 31.3.2012	Year end 31.3.2011
£1 - £300,000	20%	21%
£300,001 - £1,500,000	27.5% <sup>1</sup>	29.75% <sup>1</sup>
over £1,500,000	26%	28%
<sup>1</sup> marginal tax fraction.	3/200	7/400

### Capital Allowances

	First year/ initial allowance	Writing-down allowance
Plant & machinery		
- general <sup>1</sup>	nil	20%
- long life/integral features <sup>2</sup>	nil	10%
- green technology <sup>3</sup>	100%	nil
Annual Investment Allowance (AIA) on first £100,000 of expenditure <sup>4</sup>	100%	nil
Industrial/agricultural buildings	nil	1%
Research & Development	100%	nil

<sup>1</sup> includes cars emitting above 110 g/km and no more than 160 g/km.

<sup>2</sup> includes cars emitting more than 160 g/km.

<sup>3</sup> includes cars emitting no more than 110 g/km and electric cars.

<sup>4</sup> available on general plant & machinery, long life assets and integral features.

## EMPLOYMENT TAXES

### National Insurance Contributions (NICs)

From 6 April 2011

#### Class 1 Employed:

£ pw earnings Employee Earnings bracket	Contracted in	Contracted out (salary related)	Contracted out (money purchase)
Up to £139.00	nil	nil	nil
£139.01 - £770.00	12%	10.4%	10.4%
£770.01 - £817.00	12%	12%	12%
over £817.00	2%	2%	2%
rebate	-	1.6%	1.6%

#### Employer

##### Earnings bracket

Up to £136.00	13.8%	10.1%	12.4%
£136.01 - £770.00	13.8%	13.8%	13.8%
over £770.00	-	3.7%	1.4%
rebate	-	3.7%	1.4%

#### Class 2 Self-employed:

Weekly rate £2.50 (small earnings exception: £5,315 a year)

#### Class 3 Voluntary:

Weekly rate £12.60

#### Class 4 Self-employed:

9% on annual profits between £7,225 - £42,475

2% on annual profits above £42,475

### Pension Contributions

	2011/2012 £	2010/2011 £
Annual allowance <sup>1</sup>	50,000	255,000 <sup>2</sup>
Lifetime allowance	1,800,000	1,800,000

<sup>1</sup> tax relief on lower of annual earnings or the annual allowance (or £3,600 regardless of earnings level). Tax relief may be restricted to 20% where total income is £130,000 or more.

<sup>2</sup> aggregate of personal and employer contributions.

### Car Benefit Assessment 2011/2012

Car benefit is based on a percentage of the car's list price graduated according to the level of the car's CO<sub>2</sub> emissions (subject to a maximum of 35%). This applies to cars first registered on or after 1 January 1998. There are different rules for older cars and those with no CO<sub>2</sub> figure.

The £80,000 limit for the price of a car for car benefit purposes will no longer apply. The lower threshold (the CO<sub>2</sub> emissions which sets the 15% rate) will be reduced from 130 g/km to 125 g/km.

A 3% supplement applies to all diesel cars subject to a maximum of 35%.