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# TAX TABLES

## 2010/11

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**This booklet contains information on tax rates and allowances announced for the year 2010/11 together with details of other relevant changes to tax legislation. If you require any clarification or further information please contact us at any of our offices listed on the back of this booklet**



This booklet contains information announced by Mr Darling in his budget given on 24 March 2010 together with the associated press releases. It also includes details of the many tax changes announced by the Chancellor prior to budget day and incorporates some measures, which were announced in last year's budget. Some of the contents therein may change before the Finance Act 2010 becomes statute.

## **SUMMARY OF RATES AND ALLOWANCES**

	<b><u>2010/11</u></b>	<b><u>2009/10</u></b>
<b>Income Tax</b>		
- Personal Allowance	£6,475	£6,475
- Basic Rate of Income Tax	20%	20%
- Higher Rate of Income Tax	40%	40%
- Additional Rate of Income Tax	50%	N/A
- Higher Tax Rate	£37,401 - £150,000	Over £37,400
- Additional Tax Rate	Over £150,000	N/A
<b>Capital Gains Tax (Individuals &amp; trusts)</b>		
- Rate of Tax	18%	18%
- Annual Exemption	£10,100	£10,100
<b>Corporation Tax</b>		
- Small Companies Rate	21%	21%
- Small Companies Profit Limit	300,000	300,000
- Full Rate	28%	28%
<b>Inheritance Tax</b>		
- Nil Rate Band	£325,000	£325,000
<b>Value Added Tax</b>		
- Registration Limit	£70,000	£68,000
<b>Pensions</b>		
- Annual Contribution Allowance	£255,000	£245,000
- Lifetime Allowance	£1.8m	£1.75m

## PERSONAL TAXATION

### PERSONAL TAX ALLOWANCES

		<u>2010/11</u>	<u>Increase</u>	<u>2009/10</u>
		£	£	£
Personal Allowance*	(aged 64 and under)	6,475	-	6,475
	(aged 65-74) **	9,490	-	9,490
	(aged 75 and over) **	9,640	-	9,640
Married Couples Allowance ***	(If born before 6 April 1935)**	6,965	-	6,965
	Minimum amount	2,670	-	2,670
Blind Persons Allowance		1,890	-	1,890
Age Allowance Income Limit		22,900	-	22,900

\* From 2010/11 if an individual's gross income is above £100,000 the basic personal allowance will be reduced by £1 for every £2 above the income limit up to a maximum of the allowance.

\*\* There is a reduction of relief for age allowance by £1 for every £2 over the Income Limit.

\*\*\* This allowance attracts relief at a rate of 10%.

### INCOME TAX RATES

<u>Rate</u>	<u>2010/11</u>	<u>2009/10</u>
Savings rate: 10% *	£0 – £2,440	£0 - £2,440
Basic rate: 20%	£0 - £37,400	£0 - £37,400
Higher rate: 40%	£37,401 - £150,000	Over £37,400
Additional rate: 50%	Over £150,000	N/A

\*If an individual's taxable non-savings income is above this limit then the 10% savings rate will not be applicable, and the 20% rate is applied to the income up to the level of the basic rate band.

### Taxation of Dividends

Dividends continue to form the top slice of income.

	<u>2010/11</u>	<u>2009/10</u>
Basic rate on dividends	10%	10%
Higher rate on dividends	32.5%	32.5%
Additional rate on dividends	42.5%	N/A

## **CAR, VAN AND FUEL BENEFITS**

### **COMPANY CARS**

Where a car is made available for an employee's private use, a taxable benefit arises.

Company car benefit is calculated by applying the Relevant Scale Percentage to the list price of the car. The percentage is based on the CO<sub>2</sub> emissions of the car and ranges from 10% to 35%. Most diesel cars attract a 3% supplement on petrol percentages (also capped at 35 per cent).

The car benefit tables for 2009/10 and 2010/11 are set out at the back of this booklet.

### **CAR FUEL BENEFIT**

Car fuel benefit arises where an employee's private fuel is provided by the employer. The benefit is calculated by multiplying the Relevant Scale Percentage as used for calculating the car benefit above by £16,900 for 2009/10 increasing to £18,000 for 2010/11.

The fuel benefit does not apply if the employee makes good all the cost of fuel used for private use. Journeys between home and place of work are regarded as private motoring.

The fuel benefit is proportionately reduced if provision of private fuel ceases part way through a year.

### **PRIVATE FUEL IN COMPANY CARS**

Where an employee with a company car pays for all of their own fuel, an employer can reimburse at the following rate for business mileage.

Applicable from 1 December 2009	<u>Petrol</u> <u>per mile</u>	<u>Diesel</u> <u>per mile</u>
Under 1400 cc	11p	11p
1400 cc – 2000 cc	14p	11p
Over 2000 cc	20p	14p

The company car fuel rates are reviewed twice a year on 1 June and 1 December or more often where there is a significant change in fuel prices.

## **AUTHORISED MILEAGE RATES**

Authorised mileage rates are the amount an employer can pay if the employee uses their own car for business purposes.

### **Business Mileage**

First 10,000 miles	40p per mile
Excess over 10,000 miles	25p per mile

Rates for other modes of transport:

Motor Cycles	24p per mile
Bicycles	20p per mile

If employers pay higher rates the amount paid in excess of the statutory rates will be liable to tax and National Insurance.

## **VAN BENEFIT**

	<u>2010/11</u>	<u>2009/10</u>
	£	£
Company Vans used for private use	3,000	3,000
Fuel in vans for private use	550	500

For the purpose of the van benefit (but not for cars) commuting does not count as private use.

# **BUSINESS TAXATION**

## **CORPORATION TAX**

Corporation Tax rates are as follows:-

	<u>1 April</u> <u>2011</u>	<u>1 April</u> <u>2009 &amp; 2010</u>
Profits up to £300,000	22%	21%
£300,001-£1,500,000	29.5%	29.75%
Then £1,500,001 onwards	28%	28%

The above profit rate bands need to be divided by the number of associated companies for tax purposes.

## **CAPITAL ALLOWANCES**

### **Plant and Machinery**

The Annual Investment Allowance is to be increased from £50,000 to a new limit of £100,000. The increase will have effect for expenditure incurred on or after 1st April 2010 for businesses liable to corporation tax and on or after 6th April 2010 for businesses liable to income tax.

Businesses incurring expenditure in excess of the Annual Investment Allowance cap can claim a temporary 40% first year allowance on qualifying expenditure incurred in the twelve month period beginning on 1 April 2009 for the purposes of Corporation Tax and 6 April 2009 for the purpose of Income Tax.

There are exceptions where the expenditure will not qualify for the temporary first year allowance, the main exceptions include "special rate" expenditure (including long-life assets and integral features), expenditure on cars and on assets for leasing.

### **Motor Cars**

Qualifying expenditure incurred on cars on or after 1 or 6 April 2009 is allocated to one of the two general plant and machinery pools, depending on the car's CO<sub>2</sub> emissions. Expenditure on cars with CO<sub>2</sub> emissions exceeding 160g/km is dealt with in the special rate pool and attracts writing down allowance at 10%. Expenditure on cars with CO<sub>2</sub> emissions of 160g/km or less are added to the main rate pool and attract writing down allowance at 20% per annum.

Cars that have an element of non-business use are dealt with in single asset pools to enable the private use adjustments to be made but the rate of writing down allowance is determined by the car's CO<sub>2</sub> emissions.

From April 2009 the special rules that restrict the amount of car lease rental payments that can be deducted for tax purposes were reformed. A flat rate disallowance of 15% of relevant payments applies and only in respect of cars with CO<sub>2</sub> emissions exceeding 160g/km.

### **INDUSTRIAL & AGRICULTURAL BUILDINGS ALLOWANCES**

This is an allowance available for buildings used for manufacturing, agriculture and for hotels. The rate is being reduced as follows:

2009/10	2%
2010/11	1%
2011/12 onwards	0%

### **TRADING LOSSES**

All companies and unincorporated businesses making trading losses are able to carry back losses for up to 3 years. This applies where the accounting period ends between 24 November 2008 and 23 November 2010 for companies or the trading loss falls in the tax year 2008/09 or 2009/10 for unincorporated businesses.

The amount of trading losses that can be carried back to the preceding year is unlimited. The amount of unused losses that can then be carried back to the earlier years is limited to a maximum of £50,000.

# **VALUE ADDED TAX**

## **STANDARD RATE**

From 1 January 2010 the Standard Rate returned to 17.5%.

## **REGISTRATION**

The annual registration limit increases from £68,000 to £70,000 with effect from 1 April 2010. A trader is required to register if

- a) Turnover of £70,000 is expected within the next thirty days.
- or b) The trader at the end of any month has exceeded turnover of £70,000 in the past twelve months.

If at the end of any month a persons taxable turnover in the past twelve months or less exceeds £70,000, but Customs are satisfied that it will not exceed £68,000 in the next twelve months, that person will not have to be registered.

For those considering cancellation of their registration the turnover limit within the last 12 months is £68,000.

## **CASH ACCOUNTING SCHEME**

The annual turnover limit below which businesses can start to use the scheme is £1.35million. The limit above which businesses must leave the scheme is £1.6million.

## **FUEL SCALE CHARGE**

The VAT fuel scale charges apply where cars have private use and where input tax is claimed on all fuel. The basis of calculating the charge is based on carbon dioxide emissions.

The car scale charge table is set out at the back of this booklet.

Rates for monthly returns or other non regular VAT periods are adjusted pro-rata.

# **CAPITAL GAINS TAX**

## **ANNUAL EXEMPTION**

	<u>2010/11</u>	<u>2009/10</u>
Individuals	£10,100	£10,100
Trusts	£5,050	£5,050

## **RATE FOR INDIVIDUALS & TRUSTEES**

The rate of capital gains on disposals by individuals and trustees is 18%.

The gain is calculated as the selling price less the cost price (or its value at 31 March 1982 if held at that date).

## **RATE FOR COMPANIES**

The rate of CGT for Companies depends on the company's rate of Corporation Tax. The gain is calculated as the selling price less the cost price (or 31 March 1982 value) with full adjustment for the change in the retail price index from acquisition (or 1982) to the date of sale.

## **ENTREPRENEUR RELIEF**

On certain business disposals the effective rate of Capital Gain is 10% and applies to the first £1million of gain. From 6 April 2010 the limit increases to the first £2million of gain.

Qualifying disposals are:

- (a) Shares in a qualifying limited company
- (b) Sale of an unincorporated business
- (c) Sale of assets at the same time as "a" or "b" or on cessation.

# INHERITANCE TAX

## RATES

<u>Tax Rate on Death</u>	<u>2010/11</u>	<u>2009/10</u>
Nil	£	£
40%	0 – 325,000	0 – 325,000
	over 325,000	over 325,000

Potentially Exempt Transfers are available for most lifetime transfers. Lifetime chargeable transfers above the nil rate band to most trusts are taxed at 20%.

Annual gifts of capital not exceeding £3,000 or small gifts of £250 p.a. remain exempt.

The transferable allowances regime, where the unused nil rate band of the first deceased spouse can often be passed to the surviving spouse, gives an effective double nil rate band for most married couples.

## **MISCELLANEOUS**

### **INDIVIDUAL SAVINGS ACCOUNTS (ISA'S)**

	<u>2010/11</u>	<u>2009/10</u>
Overall annual investment limit	£10,200	£7,200*
of which can be saved in cash	£5,100	£3,600*

\* From October 2009 for those aged 50 and over the overall annual investment limit is raised to £10,200, up to £5,100 of which can be saved in cash.

### **STAMP DUTY LAND TAX**

#### Rate

Zero	£0 - £125,000 £0 - £150,000	Residential Commercial & Residential in disadvantaged area
1%	£125,001- £250,000 £150,001 - £250,000	Residential Commercial & Residential in disadvantaged area
3%	£250,001 - £500,000	All property
4%	Over £500,000	All property

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

\*\* From 6 April 2011 all residential property above £1m will be subject to a new higher rate of Stamp Duty Land Tax of 5%.

### **LANDFILL TAX**

The standard rate of landfill tax is £48 per tonne from 1 April 2010 this will increase by £8 to £56 from 1 April 2011.

## EXCISE DUTIES (including VAT effect)



Tobacco duty

Duty to rise by 1% above inflation from 24.3.2010



Beer  
Cider

Duty to rise by 2% above inflation from 29.3.2010

Duty to rise by 10% above inflation from 29.3.2010



Wine & Spirits

Duty to rise by 2% above inflation from 29.3.2010



Petrol/Diesel  
- Sulphur Free  
& Ultra Low Sulphur

Increases 1p per litre on 1.4.10

Increases 1p per litre on 1.10.10

Increases 0.76p per litre on 1.1.11

## VEHICLE EXCISE DUTY (VED)

VED bands for cars registered on or after 1 March 2001

VED band	CO <sub>2</sub> Emissions (g/km)	Standard rate 2010/11	First year rate 2010/11	Standard rate 2009/10
A	Up to 100	£0	£0	£0
B	101 to 110	£20	£0	£35
C	111 to 120	£30	£0	£35
D	121 to 130	£90	£0	£120
E	131 to 140	£110	£110	£120
F	141 to 150	£125	£125	£125
G	151 to 165	£155	£155	£150
H	166 to 175	£180	£250	£175
I	176 to 185	£200	£300	£175
J	186 to 200	£235	£425	£215
K*	201 to 225	£245	£550	£215
L**	226 to 255	£425	£750	£405
M**	Over 255**	£435	£950	£405

\* Includes cars emitting over 225g/km registered between 1 March 2001 and 23 March 2006

\*\* Only applicable to cars registered on or after 23 March 2006

Alternative fuel discount: 2009-10 A-I £20, J-M £15; 2010-11 £10 all cars

VED band for cars registered before 1 March 2001

Engine size	2010/11	2009/10
1549cc and below	£125	£125
Above 1549cc	£205	£190

## **NATIONAL INSURANCE**

Rates and thresholds are set out below.

**2010/11**

**2009/10**

<b>Class 1</b>	Weekly £	Monthly £	Yearly £	Weekly £	Monthly £	Yearly £
Lower Earnings Limit	97	420	5,040	95	412	4,940
Earnings Threshold	110	476	5,715	110	476	5,715
Upper Earnings Limit (UEL)	844	3,656	43,875	844	3,656	43,875
	Employees' contributions	Employers' contributions		Employees' contributions	Employers' contributions	
<b>Not contracted out</b>						
Earnings between Earnings Threshold and Upper Earnings Limit	11%	12.8%		11%	12.8%	
Earnings above Upper Earnings Limit	1%	12.8%		1%	12.8%	
<b>Contracted out</b>						
Earnings between Earnings Threshold and Upper Earnings Limit	9.4%	12.8%		9.4%	12.8%	
Earnings above Upper Earnings Limit	1%	12.8%		1%	12.8%	

<b>Class 1A</b> (Employers)		
On Benefits in Kind	12.8%	12.8%

<b>Class 2</b> (Self-employed)		
Flat rate	£2.40 per week	£2.40 per week
Small earnings exception	£5,075 per year	£5,075 per year

<b>Class 3</b> (Voluntary)	£12.05 per week	£12.05 per week
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<b>Class 4</b> (Self-employed)		
Lower Annual Profits Limit	£5,715	£5,715
Upper Annual Profits Limit	£43,875	£43,875
Profits between Lower and Upper Limit	8%	8%
Profits above Upper Limit	1%	1%

From 2011/12 the main rate of Class 1 and Class 4 NICs will be increased by 1% to 12% and 9% respectively. The Class 1 employer rate will also increase by 1% to 13.8% which includes Class 1A and Class 1B contributions. The rate for earnings/profits above the upper limits will increase from 1% to 2%.

## CO<sub>2</sub> EMISSIONS TABLE

CO <sub>2</sub> emissions in grams per kilometre	CAR BENEFIT SCALE		FUEL BENEFIT SCALE			
	2010/11	2009/10	2010/11		2009/10	
	Percentage of car's list price taxed		Percentage applied to £18,000	Fuel Benefit £	Percentage applied to £16,900	Fuel Benefit £
120	10%	10%	10%	1,800	10%	1,690
130	15%	15%	15%	2,700	15%	2,535
135	16%	15%	16%	2,880	15%	2,535
140	17%	16%	17%	3,060	16%	2,704
145	18%	17%	18%	3,240	17%	2,873
150	19%	18%	19%	3,420	18%	3,042
155	20%	19%	20%	3,600	19%	3,211
160	21%	20%	21%	3,780	20%	3,380
165	22%	21%	22%	3,960	21%	3,549
170	23%	22%	23%	4,140	22%	3,718
175	24%	23%	24%	4,320	23%	3,887
180	25%	24%	25%	4,500	24%	4,056
185	26%	25%	26%	4,680	25%	4,225
190	27%	26%	27%	4,860	26%	4,394
195	28%	27%	28%	5,040	27%	4,563
200	29%	28%	29%	5,220	28%	4,732
205	30%	29%	30%	5,400	29%	4,901
210	31%	30%	31%	5,580	30%	5,070
215	32%	31%	32%	5,760	31%	5,239
220	33%	32%	33%	5,940	32%	5,408
225	34%	33%	34%	6,120	33%	5,577
230	35%	34%	35%	6,300	34%	5,746
235 or above	35%	35%	35%	6,300	35%	5,915

- Diesels attract a surcharge of 3% subject to a maximum of 35%. Before 2011/12 any vehicles registered before 1 January 2006 which meet the Euro IV emissions standard will have no surcharge applied.
- CO<sub>2</sub> emissions are rounded down to the nearest 5 grams, except between 121-129 (2009/10: 121-134) in which case they are rounded up to 130g (2009/10: 135g).
- For cars which are too old to have CO<sub>2</sub> emissions figures, HMRC have prescribed a level of emissions by reference to the vehicle's engine capacity (c.c.)
- From 2011-12 all thresholds other than 120 g/km will reduce by 5g/km

## VAT FUEL SCALE CHARGES

CO <sub>2</sub> emissions in grams per kilometre	VAT FUEL SCALE CHARGES For 3 month periods Return periods commencing on or after 1 May 2010			VAT FUEL SCALE CHARGES For 3 month periods Return periods commencing on or after 1 January 2010		
	VAT fuel scale charge £	VAT £	VAT exclusive £	VAT fuel scale charge £	VAT £	VAT exclusive £
120 or less	141.00	21.00	120.00	126.00	18.77	107.23
125	212.00	31.57	180.43	189.00	28.15	160.85
130	212.00	31.57	180.43	189.00	28.15	160.85
135	227.00	33.81	193.19	189.00	28.15	160.85
140	241.00	35.89	205.11	201.00	29.94	171.06
145	255.00	37.98	217.02	214.00	31.87	182.13
150	269.00	40.06	228.94	226.00	33.66	192.34
155	283.00	42.15	240.85	239.00	35.6	203.4
160	297.00	44.23	252.77	251.00	37.38	213.62
165	312.00	46.47	265.53	264.00	39.32	224.68
170	326.00	48.55	277.45	276.00	41.11	234.89
175	340.00	50.64	289.36	289.00	43.04	245.96
180	354.00	52.72	301.28	302.00	44.98	257.02
185	368.00	54.81	313.19	314.00	46.77	267.23
190	383.00	57.04	325.96	327.00	48.7	278.3
195	397.00	59.13	337.87	339.00	50.49	288.51
200	411.00	61.21	349.79	352.00	52.43	299.57
205	425.00	63.3	361.7	365.00	54.36	310.64
210	439.00	65.38	373.62	378.00	56.3	321.7
215	454.00	67.62	386.38	390.00	58.09	331.91
220	468.00	69.7	398.3	403.00	60.02	342.98
225	482.00	71.79	410.21	416.00	61.96	354.04
230	496.00	73.87	422.13	428.00	63.74	364.26
235 or above	496.00	73.87	422.13	441.00	65.68	375.32

- For Bi-fuel vehicles, which have two CO<sub>2</sub> emissions figures, the lower of the two figures is used for VAT purposes

## TAX CALENDAR 2010/11

<b>2010</b>		
April	1	Start of Corporation Tax financial year
	5	Last day of Tax Year
	6	New Tax Year begins
	19	Deadline for the payment of any outstanding 2009/10 PAYE and Class 1 NIC via post or interest will be charged
	22	Deadline for payment of any outstanding 2009/10 PAYE and Class 1 NIC electronically or interest will be charged (electronic payments must have reached HMRC bank account)
May	1	Change in VAT Scale Charges for private motoring
	19	Last day for filing 2009/10 PAYE Returns P14, P35, P38 and P38A Last date for filing 2009/10 Contractors Return including CIS36
	31	Last day for the issue of Forms P60 to employees
July	5	Last date for the Revenue to receive the Tax Credit claim to enable a full years credit to be given for 2009/10 (The Inland Revenue will only backdate a claim by three months)
	6	Last day for Employers to send Forms P9D and P11D to Revenue and issue copies to employees
	19	Payment of Class 1A NIC due on relevant benefits provided to employees for the year 2009/10
	31	Income Tax - Second payment on account due for 2009/10 Tax and Class 4 NIC liability
October	5	Individuals/Trustees to notify HMRC of new sources of income in 2009/10 tax year if no Tax Return has been issued.
	19	Payment of any tax due on PAYE Settlement Agreements due for 2009/10 tax year.
	31	Deadline for manual submission of 2009/10 Tax Return using the HMRC's preprinted form.
December	31	Deadline for electronic submission of 2009/10 Tax Return if the Revenue are to calculate the tax due, or if an employee wishes their balancing payment to be collected by next years tax code.
<b>2011</b>		
January	31	Deadline for electronic submission of 2009/10 Tax Return
		Income Tax - Balancing payment due for 2009-10 Tax and Class 4 NIC liability
		Income Tax - First Payment on account due for 2010-11 Tax and Class 4 NIC liability
		Capital Gains Tax Payable for Gains in 2009-10.
February	1	Penalty of £100 levied if 2009-10 Tax Return not filed
	28	Deadline for payment of Balancing Payment of 2009-10 Income Tax to avoid 5% Surcharge.
March	31	End of Corporation Tax financial year