

TAX FREE MILEAGE ALLOWANCES

Cars & vans	First 10,000 business miles pa	40p
	Thereafter	25p
Motorcycles		24p
Bicycles		20p
Business passengers		5p

Fuel only allowance for company cars

From 1 December 2010	Petrol	Diesel	LPG
Up to 1400cc	13p	12p	9p
1401 – 2000cc	15p	12p	10p
Over 2000cc	21p	15p	15p

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 CO₂ emissions in grams per kilometre.

Rating	Petrol	Diesel
1 – 75g/km	5%	8%
76 – 120g/km	10%	13%
121 – 134 g/km	15%	18%
Over 134g/km	add 1% for every 5g/km	
Maximum 230g/km and over	35%	35%

Lower rates may apply to alternative fuel cars. 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 £18,800)

The BIK is, therefore, between £940 and £6,580.

Chargeable on employees earning £8,500 or over (including BIK) and directors. The list price is on the day before first registration, including 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.

VALUE ADDED TAX

From	4.1.2011	1.1.2010
Standard rate	20%	17.5%
VAT fraction	1/6	7/47

Taxable turnover limits

Registration – last 12 months or next 30 days over	T.B.C.	£70,000
De-registration – next year under	T.B.C.	£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 and over	4%

*£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
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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



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TAX RATES

2011 / 2012

For information only. Always seek professional advice before acting.

INCOME TAX BANDS AND RATES	2011/12	2010/11
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	Over £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 persons 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 (75 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.

INHERITANCE TAX	2011/12	2010/11
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.

CAPITAL GAINS TAX	2011/12	2010/11
Income less than £35,001 (2010/11 £37,401)	18%	18%
Income greater than £35,000 (2010/11 £37,400)	28%	28%
Annual exemption	Individual £10,100	£10,100
	Settlement(s) £5,050	£5,050
Entrepreneurs' relief:	Effective rate 10%	10%
	Lifetime limit £5,000,000	£5,000,000*

*This increased from £2 million from 23 June 2010

NATIONAL INSURANCE

Class 1 (not contracted out)

	EMPLOYER	EMPLOYEE
Lower earnings limit		£102
Payable on weekly earnings of £136–£139	13.8%	nil
Payable on weekly earnings of £139–£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 75	
- individuals	£3,600 or 100% of earnings to £50,000
- employers	£50,000 less employee contributions

Maximum tax efficient fund on taking benefits in 2011/12: £1.6m (staying the same until 2015/16)

Only current earnings count for the 100% limit. Most personal pension contributions are paid net of basic rate tax.

Extra contributions over £20,000 by those with income over £130,000 may suffer a clawback of relief.

CORPORATION TAX

Financial Year to	31.3.2012	31.3.2011
Taxable profits		
First £300,000	20%	21%
Next £1,200,000	28.75%	28.75%
Over £1,500,000	27%	28%

MAIN CAPITAL ALLOWANCES

Plant and machinery

Energy saving and environmentally beneficial equipment, electric and low CO₂ emission (up to 110 g/km) cars, natural gas/hydrogen refuelling equipment: first year allowance

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

Writing down allowance – cars

111g/km – 160g/km 20%
Over 160g/km 10%

Writing down allowance (WDA) on expenditure not qualifying for AIA: Long-life assets, integral features of buildings

Other plant and machinery 20%

January 2011 version – rates subject to change. Please ask for advice based on the rates and allowances for 2010/11.