

Capital Allowances

	First year/ initial allowance	Writing-down allowance
Plant & machinery - long life	nil	10%
Plant & machinery - 'green technology'	100% [#]	nil
Plant & machinery*	nil	20%
Integral fixtures	nil	10%
Industrial/agricultural buildings	nil	1%
Research & Development	100%	nil

Annual Investment Allowance (AIA) increased to £100,000 max (previously £50,000 max) with effect from 1 April 2010 companies (other businesses from 6 April 2010).**

*as a temporary measure: a 40% first year allowance applied for companies until 31 March 2010 (other businesses until 5 April 2010)
**AIA of £100,000 is available to singleton companies. If a business is 'related' to another business the AIA is shared (e.g. in a group of companies; or where the businesses have similar activities or shared premises and are under the control of the same person or persons)

[#]includes low emission cars ≤ 100g/km and electric vans

VAT

	From 1.1.2010	From 1.12.2008
Standard rate	17.5%	15%
VAT fraction of gross price	7/47	3/23
Reduced rate	5%	5%
Annual turnover limits (based on previous 12 months or expected within next 30 days)	From 1.4.2010	From 1.5.2009
- registration	£70,000	£68,000
- deregistration	£68,000	£66,000

HMRC Interest Rates

Income tax/capital gains tax/corporation tax/inheritance tax	
- late paid tax	3.0%
- overpaid tax	0.5%
Corporation tax quarterly instalment payments	
- underpaid instalments	1.5%
- overpaid instalments	0.5%
VAT	
- on under declaration	3.0%
- on official errors	0.5%

Individual Savings Accounts (ISAs)

2010/11: annual contribution limit is £10,200 (up to £5,100 cash). 2009/2010: annual contribution limit is £7,200 (up to £3,600 cash). However, for savers aged 50 or over during 2009/2010 the limits of £10,200 (£5,100 cash) apply from 6 October 2009.

Stamp Duty Land Tax (SDLT)

Value of property £	Residential %	Non-residential %
1 - 125,000	nil	nil
125,001 - 150,000	1* [#]	nil
150,001 - 250,000	1 [#]	1
250,001 - 500,000	3	3
over 500,000	4	4

*nil in disadvantaged areas.

[#]nil for first time buyers for two years starting from 25 March 2010

Pre 1 January 2010 nil on residential property up to £175,000

Charitable Giving

There is no minimum amount for a Gift Aid donation and all cash donations, of whatever size, made by a UK taxpayer are eligible for Gift Aid relief. Gift Aid declarations by individual taxpayers can be made in writing, on the telephone or over the internet and must contain the name and home address of the donor, the name of the charity and a statement that the donor pays sufficient income or capital gains tax to cover the tax reclaimed by the charity.

Higher rate taxpayers can carry back their portion of Gift Aid relief to the previous year. Taxpayers can nominate a charity to receive all or part of a tax repayment due to them.

Company donations to charity are made gross.

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

Example (2010/2011)	£	£
Tax relief to individual	(40% taxpayer)	(50% taxpayer)
Net donation paid	800.00	800.00
Higher rate tax relief on grossed up donation (20%/30% x £1,000)	200.00	300.00
Net cost to individual	600.00	500.00
Charity's position		
Net donation	800.00	800.00
Grossed up at 22%*	225.64	225.64
Gross receipt	1,025.64	1,025.64

*transitional relief continues the 22% tax recovery until 5 April 2011

N.B. References to 'marriage', 'married' and 'spouse' include 'civil partnerships', 'civil partners' etc.

The details in this leaflet are based on the latest available information. We have made every effort to ensure the accuracy of this publication but you should always obtain professional guidance before acting or refraining from any action as a result of its contents.

Sherwood House
7 Gregory Boulevard
Nottingham
NG7 6LB

Telephone: (0115) 955 5500
Facsimile: (0115) 955 5800
e-mail: enquiries@pagekirk.co.uk
www.pagekirk.co.uk

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Tax facts - 24 March 2010
The Chancellor's Budget



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Income Tax Rates

	2010/2011 %	2009/2010 %	Tax on band £
Bands (£)			
1 - 37,400**	20	20	7,480
37,401 - 150,000	40	40	45,040
over £150,000	50	40	
Dividend rate*			
40% taxpayer	25	25	
50% taxpayer	36.11	-	

*the higher rate for dividends is based on a dividend grossed up by a notional tax credit of 10%. For 50% taxpayers the higher rate is 42.5% and for 40% taxpayers it is 32.5% this means that further tax is payable at 36.11% of the net dividend received for 50% taxpayers and 25% for 40% taxpayers.

**there is a 10% starting rate of up to £2,440 (for 2010/2011 and 2009/2010) only for savings income. Savings income in excess of this band is taxable at the rates above (£2,441 to £37,400 at 20% etc). However non-savings income takes priority over savings income when using the £2,440 band.

Allowances and Reliefs

	2010/2011 £	2009/2010 £
Personal allowance	6,475	6,475
Personal allowance reduction threshold	100,000 ¹	-
Married couple's allowance (basic)	2,670 ²	2,670 ²
Age allowance		
Single person		
- aged 65-74	9,490	9,490
- aged 75 and over	9,640	9,640
Married couple's allowance		
- aged 75 and over	6,965 ²	6,965 ²
Age allowance reduction threshold	22,900 ³	22,900 ³
Blind person's allowance	1,890	1,890
Rent a Room	4,250	4,250

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

² relief 10% only due if one spouse born pre 6 April 1935.

³ reduces by £1 for £2 of income over £22,900 until basic personal allowance is reached.

Enterprise Investment Scheme (EIS)

	£
Maximum qualifying investment	500,000
Income tax relief	20%

Any capital gain may be exempt once shares are held for three years (longer in some cases) and special rules exist whereby capital gains tax on other assets can be deferred. Shares issued in one year may be treated as issued in the previous year for income tax relief purposes.

Venture Capital Trusts (VCTs)

	£
Maximum qualifying investment	200,000
Income tax relief	30%

Relief available if VCT held for five years post 6 April 2006 (previously three years). The income from a VCT, and any capital gain on a disposal, is exempt from tax.

Car Scale Benefit

Car benefit is based on a percentage of the car's list price (subject to a ceiling of £80,000) graduated according to the level of the car's CO₂ emissions. This applies to cars first registered on or after 1 January 1998. There are different rules for older cars and those with no CO₂ figure. Discounts apply for cars which run on alternative fuels such as electric, hybrid, E85 fuel and liquefied petroleum gas. A 3% supplement applies to all diesel cars subject to maximum of 35%.

CO ₂ emissions g/km	% of car price	CO ₂ emissions g/km	% of car price
0	0	175	24
75	5	180	25
120	10	185	26
130	15	190	27
135	16	195	28
140	17	200	29
145	18	205	30
150	19	210	31
155	20	215	32
160	21	220	33
165	22	225	34
170	23	230	35

Car Fuel Benefit

Car fuel benefit is based on a percentage of a set figure, which for 2010/2011 is £18,000. The same percentage figure as for car scale benefit (detailed above) will be used.

Vans

	2010/2011 £	2009/2010 £
Annual benefit*	3,000	3,000
Fuel benefit	550	500

Neither benefit applies if there is 'insignificant private use' (vans can still be used for 'normal commuting').

*there is no annual benefit on vans with no CO₂ emissions from 6 April 2010 for five years.

HMRC Mileage Rates

Approved HMRC tax-free mileage rates for employee's own vehicles Mileage	
Up to 10,000 miles	40p
Over 10,000 miles	25p

Employment Benefits

Applies to most directors and all employees earning at a rate of £8,500 a year or more.

Beneficial loans
Official rate of interest for 2010/2011 is 4.00% (2009/2010 is 4.75%).

Use of assets
Benefit is 20% of market value or cost to employer (if greater) plus relevant expenses. Special rules apply for living accommodation, cars and vans.

Capital Gains Tax (CGT)

	£
Annual exemption	
- individuals	10,100
- settlements	5,050

For assets held prior to 31 March 1982 there is a mandatory rebasing of cost to their March 1982 value. CGT is charged at 18%.

'Entrepreneurs' relief' may apply on the disposal of trading businesses, certain shareholdings in trading companies/groups and the disposal of other capital assets associated with the disposal of the business/shares. This provides a lifetime allowance whereby the first £1 million of qualifying lifetime capital gains arising after 5 April 2008 is reduced by 4/9 i.e. an effective CGT rate of 10% (ignoring losses and the annual exempt amount). From 6 April 2010 the lifetime limit increases to £2 million.

Inheritance Tax (IHT)

Transfers made on or after 6 April 2009	Rate
£1 - £325,000*	nil
Over £325,000	40% on death

*the unused percentage of the nil rate band following the death of the first spouse can be claimed by the executors of the surviving spouse to give them up to a maximum of two nil rate bands to use on the second death.

Lifetime gifts

Most lifetime gifts are exempt from IHT if donor survives seven years. Some gifts including those into and out of most trusts will be taxed at half the death rates.

Tax charge on gifts within seven years of death as set out below:					
Years before death	0-3	3-4	4-5	5-6	6-7
% of death rates	100	80	60	40	20

Other exemptions

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

In consideration of marriage: parent £5,000; grandparent, remoter ancestor or party to marriage £2,500; other £1,000.

Corporation Tax Rates

Taxable profits	
£1 - £300,000	21%**
£300,001 - £1,500,000*	29.75%
over £1,500,000	28%
*marginal relief fraction	7/400

**to increase to 22% from 1 April 2011

National Insurance Contributions (NICs)

From 6 April 2010
Class 1 Employed:

£ pw earnings	Contracted in	Contracted out (salary related)	Contracted out (money purchase)
Employee			
Earnings bracket			
Up to £110.00	nil	nil	nil
£110.01 - £770.00	11%	9.4%	9.4%
£770.01 - £844.00	11%	11%	11%
over £844.00	1%	1%	1%
Rebate £97 - £110	-	1.6%	1.6%
Employer			
Earnings bracket			
Up to £110.00	nil	nil	nil
£110.01 - £770.00	12.8%	9.1%	11.4%
over £770.00	12.8%	12.8%	12.8%
Rebate £97 - £110	-	3.7%	1.4%

Class 2 Self-employed:

Weekly rate £2.40 (small earnings exception: £5,075 a year)

Class 3 Voluntary:

Weekly rate £12.05

Class 4 Self-employed:

8% on annual profits between £5,715 - £43,875
1% on annual profits above £43,875

Contributions to Registered Pension Schemes

	2010/2011 £
Individual - 100% of relevant UK earnings to a maximum	255,000#
Employer - final salary scheme (maximum includes employee contributions)	unlimited**
- 40% charge on excess	
Employer - money purchase scheme	255,000**
- 40% charge on excess	
Individual's lifetime allowance	1.8 million

Unless transitional protection was applied for, an effective tax rate of 55% applies to benefits withdrawn from a fund exceeding the lifetime allowance.

#tax relief in excess of basic rate may be partially withdrawn where the individual's income exceeds £130,000

**subject to special calculation rules

**subject to the wholly and exclusively test

Pensions rules allow individuals to contribute up to £3,600 gross a year irrespective of earnings.