

## VAT

	From 4.1.2011	From 1.1.2010
Standard rate	20%	17.5%
VAT fraction of gross price	1/6	7/47
Reduced rate	5%	5%
Annual turnover limits <sup>1</sup>	From 1.4.2010	From 1.5.2009
- registration	£70,000	£68,000
- deregistration	£68,000	£66,000

<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
over 500,000	4	4

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

<sup>2</sup>nil for first time buyers for two years starting from 25 March 2010.

## CHARITABLE GIVING

Gift Aid donations qualify for tax relief. Donations must be in cash. An individual must make a written Gift Aid declaration. Charities may reclaim tax on the donation.

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

Example (2010/2011)	£ (40% taxpayer)	£ (50% taxpayer)
<b>Tax relief to individual</b>		
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
Grossed up at 22% <sup>1</sup>	225.64	225.64
<b>Gross receipt</b>	<b>1,025.64</b>	<b>1,025.64</b>

<sup>1</sup>transitional relief continues the 22% tax recovery until 5 April 2011.

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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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.

## Tax facts - 22 June 2010

### The Chancellor's Budget



## PERSONAL TAXES

### Income Tax Rates

	2010/2011	2009/2010	Tax on band
	%	%	£
£1 - £37,400 <sup>1</sup>	20	20	7,480
£37,401 - £150,000	40	40	45,040
over £150,000	50	40	-
Dividend rate <sup>2</sup>			
40% taxpayer	32.5	32.5	-
50% taxpayer	42.5	-	-

<sup>1</sup>there is a 10% starting rate of up to £2,440 applicable to savings income. Where taxable non-savings income exceeds £2,440, the 10% starting rate for savings will not apply.

<sup>2</sup>the rate for dividends applies to the dividend plus the 10% tax credit. The rates after the 10% credit are therefore 22.5% and 32.5% (where other income is charged at 40% and 50% respectively).

### 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. Some gifts including those to and from trusts are taxed at 20%. Where death occurs within seven years, a reduced rate of tax applies between years four and seven following the gift.

### Other exemptions

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

### Capital Gains Tax (CGT)

Annual exemption	£	
Individuals	10,100	
Trustees	5,050	
	Before	From
Rates	23.6.2010	23.6.2010
Basic rate taxpayer	18%	18% <sup>1</sup>
Higher rate taxpayer	18%	28% <sup>1</sup>
Trustees and personal representatives	18%	28%
Entrepreneurs' relief	10%	10%
- Lifetime gains limit	£2 million	£5 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

	2010/2011 £	2009/2010 £
Personal allowance	6,475	6,475
Personal allowance reduction threshold	100,000 <sup>1</sup>	-
Married couple's allowance (basic)	2,670 <sup>2</sup>	2,670 <sup>2</sup>
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 <sup>2</sup>	6,965 <sup>2</sup>
Age allowance reduction threshold	22,900 <sup>3</sup>	22,900 <sup>3</sup>
Blind person's allowance	1,890	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 £22,900 until basic personal allowance is reached.

## BUSINESS TAXES

### Corporation Tax Rates

Taxable profits	
£1 - £300,000	21%
£300,001 - £1,500,000	29.75% <sup>1</sup>
over £1,500,000	28%
	<sup>1</sup> marginal tax fraction. 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 2010

#### Class 1 Employed:

£ pw earnings	Contracted in	Contracted out (salary related)	Contracted out (money purchase)
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#### 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

### Pension Contributions

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

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 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.

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 a maximum of 35%.