

## CAPITAL GAINS TAX

	2010/11	2009/10
<b>Annual exemption</b>		
- individual	£10,100	£10,100
- settlement	£5,050	£5,050
<b>Chattels exemption (proceeds)</b>	£6,000	£6,000
<b>Flat rate</b>		18%
6 April 2010 – 22 June 2010	18%	
23 June 2010 – 5 April 2011	18%/28%*	

\*on the amount of the gain which when added to the individual's taxable income, exceeds the basic rate band of £37,400. Gains within the basic rate band are taxed at 18%.

Individuals, trustees and personal representatives may qualify for Entrepreneurs' relief on certain business related disposals up to a maximum lifetime allowance\* of gains. Those gains will be taxed at an effective rate of 10%. Eligibility is complex, please refer to Chavereys.

\*maximum lifetime allowance for disposals:

Up to and including 5 April 2010	£1 million
6 April 2010 – 22 June 2010	£2 million
23 June 2010 onwards	£5 million

## IMPORTANT DATES

19/07/10	2009/10	Class 1A NIC payable (extended to 22/07/10 if paid electronically)
31/07/10	2009/10	2nd payment on account under self assessment
31/10/10	2009/10	Submit paper Tax Return if balance of tax due is to be collected under PAYE (up to £2,000) in 2011/12 or Revenue to calculate liability
31/10/10	2009/10	Deadline for filing paper Tax Return
30/12/10	2009/10	Submit Tax Return online if balance of tax due is to be collected under PAYE (up to £2,000) in 2011/12
31/01/11	2009/10	Deadline for filing online Tax Return
	2009/10	Balance of Income Tax and NIC due
	2009/10	Capital Gains Tax due
	2010/11	1st payment on account due

### Chavereys has offices in:

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These tables are intended as a general guide and although Chavereys has made every effort to ensure accuracy the firm cannot accept liability for any errors.

## INHERITANCE TAX

Transfers on or within 7 years of death		2010/11	2009/10		
Exempt band to		£325,000	£325,000		
Rate of tax on balance		40%	40%		
Up to 100% of the unused proportion of a deceased spouse's nil rate band can be claimed on the surviving spouse's death after 8 October 2007.					
<b>Years between transfer and death</b>					
Taper relief	0-3	3-4	4-5	5-6	6-7
% of death charge	100	80	60	40	20

### Lifetime transfers

Chargeable lifetime transfers which are not potentially exempt transfers are charged at half the full rate, but additional tax may become payable, by the donee, by reference to the full rate if the transferor dies within 7 years of the transfer.

### Main Exemptions/Reliefs

- Most transfers between husband and wife (non-UK domiciled spouse exemption limited to £55,000).
- The first £3,000 of lifetime transfers in any tax year (husband and wife each have own exemption).
- Regular gifts made out of income which form part of normal expenditure and which do not reduce the standard of living.
- Gifts in consideration of marriage may be made to bride or groom as follows: up to £5,000 by a parent, £2,500 by a grandparent or £1,000 by any other person.
- Gifts to charities, whether made during lifetime or on death.
- Relief of up to 100% is available on disposal of qualifying agricultural and business property.

## STAMP DUTY LAND TAX

Residential	Applied to consideration	%
<b>Relevant consideration</b>		
Not more than £125,000		0
More than £125,000 but not more than £250,000*		1
More than £250,000 but not more than £500,000		3
More than £500,000		4

**From 6 April 2011** a new rate of 5% will be introduced for transactions in residential property where the consideration exceeds £1 million.

\*SDLT will not be charged for first time buyers where the effective date of completion is between 25 March 2010 and 25 March 2012 and the consideration is not more than £250,000.

### Non-residential or mixed

Relevant consideration	%
Not more than £150,000	0
More than £150,000 but not more than £250,000	1
More than £250,000 but not more than £500,000	3
More than £500,000	4

For leases, 1% is charged where capitalized rental value is more than £125,000 for residential, or £150,000 for non-residential.

## NATIONAL INSURANCE CONTRIBUTIONS

	2010/11	
	Employer	Employee
<b>Class 1</b> - not contracted out		
<b>Percentage of earnings in band</b>		
Weekly earnings bands		
Up to £97 (lower earnings limit)	nil	nil
£97.01 - £110	nil	nil
£110.01 - £844	12.8%	11%
Above £844	12.8%	1%
Men 65 and over and women 60 and over	as above	nil
<b>Class 1A</b> - On taxable benefits	12.8%	nil
<b>Class 2</b> - Self employed		£2.40 per week
- Limit of net earnings for exception		£5,075 p.a.
<b>Class 3</b> - Voluntary		£12.05 per week
<b>Class 4</b> - Self employed on profits		
£5,715 to £43,875		8% (max £3,052.80)
Above £43,875		1%

**From 6 April 2011**, the main rate of Class 1 and Class 4 NICs will increase by 1% to 12% and 9% respectively. Earnings above the upper limits will be increased by 1% to 2%.

Class 1 Employers' NIC will increase by 1% to 13.8%.

## VALUE ADDED TAX

Standard rate		VAT fraction
01/01/10 - 03/01/11	17.5%	7/47
04/01/11 -	20%	1/6
<b>Reduced rate</b>	5%	1/21
<b>Turnover for registration (from 1 April 2010)</b>		
Previous 12 months, or next 30 days alone		£70,000
Deregistration		£68,000

### Monthly return scale charge (from 1 May 2010)

CO <sub>2</sub> band	120 or less	125-130	130	140	145	150	155	160	165
Charge (£)	47	70	75	80	85	89	94	99	104
VAT (£) 17.5%	7.00	10.43	11.17	11.91	12.66	13.26	14.00	14.74	15.49
VAT (£) 20%	7.83	11.67	12.50	13.33	14.17	14.83	15.67	16.50	17.33
CO <sub>2</sub> band	170	175	180	185	190	195	200	205	210
Charge (£)	108	113	118	122	127	132	137	141	146
VAT (£) 17.5%	16.09	16.83	17.57	18.17	18.91	19.66	20.40	21.00	21.74
VAT (£) 20%	18.00	18.83	19.67	20.33	21.17	22.00	22.83	23.50	24.33
CO <sub>2</sub> band	215	220	225	230 or above					
Charge (£)	151	156	160	165					
VAT (£) 17.5%	22.49	23.23	23.83	24.57					
VAT (£) 20%	25.17	26.00	26.67	27.50					

For cars too old to have CO<sub>2</sub> emissions figures, HMRC has prescribed a level of emissions by reference to the vehicle's engine capacity.

### Partial Exemption

Where there are mixed supplies, all input tax can be recovered if one of the following two tests are met: Test one: total input tax incurred is no more than £625 per month on average and the value of exempt supplies is no more than 50% of the value of all supplies.

Test two: total input tax incurred less input tax directly attributable to taxable supplies is no more than £625 per month on average and the value of exempt supplies is no more than 50% of the value of all supplies.

**Chavereys**  
CHARTERED  
ACCOUNTANTS

*Experts in rural business*

2010/2011  
Tax Tables

## INCOME TAX

	2010/11	2009/10	
Lower rate	10%	10%	
Income to which lower rate applies	Savings	Savings	
Lower rate band	£2,440*	£2,440*	
*Only applicable where taxable non-savings income is within the lower rate band.			
Basic rate			
All income excluding dividends	20%	20%	
Dividends	10%	10%	
Higher rate from	£37,400	£37,400	
Higher rate on dividends	32.5%	32.5%	
Higher rate on all other income	40%	40%	
Additional rate from	£150,000	n/a	
Additional rate on dividends	42.5%	n/a	
Additional rate on all other income	50%	n/a	
<b>Allowances that reduce taxable income</b>	£	£	
Personal allowance	- Under 65 - 65 to 74 - 75 and over	6,475* 9,490** 9,640**	6,475* 9,490** 9,640**
Blind person allowance	1,890	1,890	

<b>Allowances that reduce tax</b>		
Married couple's allowance		
Tax reduction - 75 and over	696.50**	696.50**
- minimum amount	267.00**	267.00**

\*The personal allowance is progressively withdrawn if income exceeds £100,000.  
\*\*The age related allowances are progressively withdrawn, if income exceeds £22,900 until minimum amount (£6,475) is reached.

<b>Other</b>		
Gift Aid	No limit	No limit
'Rent a room' exemption	4,250	4,250

**From 6 April 2011**, The personal allowance for those under 65 will increase by £1,000 to £7,475 and the Basic rate limit will be reduced.

## TAX CREDITS

<b>Annual Child Tax Credit (CTC)</b>	£	£
Family element	545	545
Family element, baby addition	545	545
Child element	2,300	2,235
Disabled child element	2,715	2,670
Severely disabled child element	1,095	1,075

<b>Annual Working Tax Credit (WTC)</b>		
Basic element	1,920	1,890
Couple & lone parent element	1,890	1,860
30 hour element	790	775
Disabled worker element	2,570	2,530
Severe disability element	1,095	1,075

<b>Tax credits joint income thresholds and reductions</b>		
1st income threshold	6,420	6,420
1st income threshold (if in receipt of CTC only)	16,190	16,040
1st reduction rate (% of credit)	39%	39%
2nd income threshold	50,000	50,000
2nd reduction rate (% of credit)	6.67%	6.67%
Income disregard	25,000	25,000

**From 6 April 2011**, the 'income disregard' will reduce from £25,000 to £10,000. The withdrawal rates will increase from 39% and 6.67% to 41%.

## CAPITAL ALLOWANCES

	2010/11	2009/10
<b>Plant &amp; machinery</b>		
First Year Allowance* – all businesses	Nil	40%
* Not available on integral features, motor cars and assets for leasing.		
Annual Investment Allowance		
- up to first £100,000 (£50,000 in 2009/10)	100%	100%
*Excluding long life and integral features		
General	20%**	20%**
Long life assets (including integral features)	10%**	10%**
Approved energy-saving items	100%	100%

Where the unrelieved expenditure in the main or new special rate pool is £1,000 or less, a claim can be made for WDA of up to £1,000.

<b>Motor cars</b>		
Low emission cars (CO <sub>2</sub> emissions ≤110g/km)	100%	100%
- CO <sub>2</sub> emissions 111-160g/km	20%	20%
- CO <sub>2</sub> emissions ≥161g/km	10%	10%
Electrically propelled cars (registered after 16 April 2002)	20%**	20%**

Cars purchased before April 2009 will be subject to the old rules, ie a writing down allowance of 20% (max relief £3,000 per annum per car).

<b>Other items</b>		
Agricultural buildings, industrial buildings and hotels	1%§	2%§
Enterprise Zone buildings	100%	100%
Research & Development	100%	100%

\*\* of reducing balance per annum § Percentage of cost

**From 6 April 2012**, the rate of writing down allowances for expenditure on plant and machinery will reduce from 20% to 18%; the special rate pool from 10% to 8%; and the AIA limit from £100,000 to £25,000.

## CORPORATION TAX

The marginal rates applying to company profits are as follows:-

	2010/11	2009/10
Small profits rate	Up to £300,000	21.00%
Marginal rate	£300,001 to £1,500,000	29.75%
Standard rate	Above £1,500,000	28.00%

The bands are affected by the number of associated companies.

**From 1 April 2011**, the Small Profits rate will reduce from 21% to 20%. The standard rate will reduce from 28% to 27%.

## MAXIMUM PENSION CONTRIBUTIONS

2010/11  
Individuals can pay contributions of up to £2,880 net (£3,600 gross), irrespective of earnings. Higher contributions can be paid based on earnings.

Higher rate tax relief (40%) available on pension contributions up to 100% of earnings, subject to a maximum annual allowance of £255,000, (2009/10 £245,000)

**From 22 April 2009** tax relief could be restricted to the basic rate (20%) if annual income exceeds £130,000 in the current or either of the two previous tax years. The rules are complex, please refer to Chavereys.

## INVESTMENTS

<b>Investment limits</b>	2010/11	2009/10
Venture Capital Trusts (VCTs)	£200,000	£200,000
Income Tax relief	30%	30%
Capital Gains Tax deferral relief	None	None
Enterprise Investment Scheme (EIS)	£500,000	£500,000
Income Tax relief	20%	20%
Capital Gains Tax deferral relief	Unlimited	Unlimited
Individual Savings Accounts (ISAs)		
- Over 50 (from 06/10/09)	£10,200	£10,200
- Under 50	£10,200	£7,200
Maximum cash		
- Over 50 (from 6/10/09)	£5,100	£5,100
- Under 50	£5,100	£3,600

## SOCIAL SECURITY BENEFITS

<b>Retirement pension</b>	2010/11	2009/10
Single person per week	£97.65	£95.25
Dependants addition per week	£58.50	£57.05
Single person per year	£5,077.80	£4,953.00
Dependants addition per year	£3,042.00	£2,966.60

From April 2010 the Pension Credit will guarantee an income of at least £132.60 per week for a single pensioner and £202.40 for pensioner couples.

<b>Statutory Sick Pay (SSP)</b>		
Earnings threshold per week	£97.00	£95.00
Standard rate per week	£79.15	£79.15

<b>Statutory Maternity Pay (SMP), Paternity Pay (SPP) and Adoption Pay (SAP)</b>		
Standard rate per week	£124.88	£123.06

## CAR BENEFIT

2010/11 Car benefit  
Where a car is made available for an employee's private use, a taxable benefit arises. It is calculated by applying a percentage to the list price (limited to £80,000) of the car. The percentage is related to the CO<sub>2</sub> emissions of the car and ranges from 10% to 35%.

There are some supplements and reductions to take account of different fuels.

- The lower threshold, the CO<sub>2</sub> emissions figure which determines the appropriate percentage for all cars is reduced to 130 from 135.
- From 6 April 2010 the appropriate percentage for zero emissions cars is 0%.
- From 6 April 2010 a 5% band has been introduced for cars with CO<sub>2</sub> emissions of 75g/km or lower.
- The supplement for diesel cars remains at 3%.
- Hybrid cars are entitled to a reduction of 3%.

**From 6 April 2011**, the lower threshold for CO<sub>2</sub> emissions will reduce from 130 to 125g/km. The £80,000 list price limit will no longer apply.

### 2010/11 Fuel benefit

If the employee receives free fuel for private use, a taxable benefit is calculated by applying the company car tax benefit percentage to £18,000.

### Advisory fuel rates

These rates apply to all journeys on or after 1 June 2010:

<b>Engine Size</b>	<b>Petrol</b>	<b>Diesel</b>	<b>LPG</b>
1400cc or less	12p	11p	8p
1401cc to 2000cc	15p	11p	10p
Over 2000cc	21p	16p	14p

## VAN BENEFIT

	2010/11	2009/10
Vans (used for significant private use in addition to commuting)	£3,000	£3,000
Private fuel scale charge	£550	£500

## APPROVED MILEAGE RATES

Employees who use their own vehicle and are paid mileage allowances by their employers may be taxable on part of these sums. Employees are only taxable on the amounts paid in excess of the following rates in 2010/11 (and 2009/10):

	<b>Business mileage</b>	
	<b>Up to 10,000</b>	<b>Over 10,000</b>
Cars and vans	40p	25p
Motor cycles	24p	24p
Bicycles	20p	20p
Additional per passenger	5p	5p

Employees can claim tax relief on any shortfall.