

TAX FREE MILEAGE ALLOWANCES

| | Higher rate | Lower rate |
|---------------------|-------------|------------|
| All cars | 40p | 25p |
| Motorcycles | 24p | 24p |
| Bicycles | 20p | 20p |
| Business passengers | 5p | 5p |

The higher rate is applicable for up to 10,000 business miles.

Fuel only allowance for company cars

| From 1 June 2010 | Petrol | Diesel | LPG |
|------------------|--------|--------|-----|
| Up to 1400cc | 12p | 11p | 8p |
| 1401 – 2000cc | 15p | 11p | 10p |
| Over 2000cc | 21p | 16p | 14p |

These rates may change within the tax year.

CAR BENEFITS

The taxable benefit 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.

Chargeable on employees earning £8,500 or over (including benefits) 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. The price is subject to an upper limit of £80,000. Special rules apply to cars at least 15 years old worth £15,000 or more. 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 benefits.

VALUE ADDED TAX

| | | |
|---------------|----------|----------|
| From | 4.1.2011 | 1.4.2010 |
| Standard rate | 20% | 17.5% |
| VAT fraction | 1/6 | 7/47 |

Taxable turnover limits

| | | |
|--|------------|------------|
| Registration – last 12 months or next 30 days over | £70,000 | £70,000 |
| De-registration – next year under | £68,000 | £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 TAXES

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 | 2010/11 | 2009/10 |
|----------------------------|-----------------|---------|
| 1st payment on account | 31 January 2011 | 2010 |
| 2nd payment on account | 31 July 2011 | 2010 |
| Balancing payment | 31 January 2012 | 2011 |
| Capital Gains Tax | 31 January 2012 | 2011 |

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

2010 / 2011

For information only. Always seek professional advice before acting.

| INCOME TAX BANDS AND RATES | 2010/11 | 2009/10 |
|-----------------------------------|------------------|----------------|
| Savings rate band | £2,440 | £2,440 |
| Savings rate | 10% | 10% |
| Basic rate band | £37,400 | £37,400 |
| Basic tax rate | 20% | 20% |
| Dividend ordinary rate | 10% | 10% |
| Higher rate band | £37,401–£150,000 | Over £37,400 |
| Higher tax rate | 40% | 40% |
| Dividend higher tax rate | 32.5% | 32.5% |
| Additional rate band | Over £150,000 | N/A |
| Additional tax rate | 50% | N/A |
| Dividend additional tax rate | 42.5% | N/A |

Allowances that reduce taxable income

| | | | |
|-------------------------|---------------|--------|--------|
| Personal allowances | (under 65) | £6,475 | £6,475 |
| | (65 to 74) | £9,490 | £9,490 |
| | (75 and over) | £9,640 | £9,640 |
| Blind persons allowance | | £1,890 | £1,890 |

Age related allowances are reduced by £1 for each £2 of income above £22,900 (2009/10 £22,900), until the minimum of £6,475 (2009/10 £6,475) is reached. The minimum personal allowance is reduced, by £1 for each £2 of income from £100,000 to £112,950.

Allowances that reduce tax

Married couple's allowance (MCA)

| | | | |
|---------------|---------------|---------|---------|
| Tax reduction | (75 and over) | £696.50 | £696.50 |
|---------------|---------------|---------|---------|

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 £22,900 (2009/10 £22,900) until the minimum of £267 (2009/10 £267) is reached.

All ages as at 5 April 2011.

| INHERITANCE TAX | 2010/11 | 2009/10 |
|---|----------------|----------------|
| 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.

NATIONAL INSURANCE

Class 1 (not contracted out)

| | EMPLOYER | EMPLOYEE |
|---|-----------------|-----------------|
| Lower earnings limit | | £97 |
| Payable on weekly earnings of £110.01 to £844 | 12.8% | 11% |
| Over £844 | 12.8% | 1% |
| Over state retirement age | 12.8% | nil |

| Class 1A | | |
|----------------------|-------|-----|
| On relevant benefits | 12.8% | nil |

Class 2

| | |
|-------------------------------------|------------------|
| Self employed | £2.40 per week |
| Limit of net earnings for exception | £5,075 per annum |

Class 3

| | |
|-----------|-----------------|
| Voluntary | £12.05 per week |
|-----------|-----------------|

Class 4*

| | |
|---|----|
| Self employed on profits £5,715 – £43,875 | 8% |
| Excess over £43,875 | 1% |

*Exemption applies if state retirement age reached by 6 April 2010

CAPITAL GAINS TAX

| | 2010/11 | 2009/10 |
|------------------------|--|-------------------|
| Tax rate | 18% | 18% |
| Annual exemption | Individual £10,100 Settlement(s) £5,050 | £10,100 £5,050 |
| Entrepreneurs' relief: | Effective rate 10% Lifetime limit £5,000,000* | 10% £1,000,000 |

* This increased from £2 million from 23 June 2010

PENSION CONTRIBUTIONS

Maximum annual tax-efficient gross contributions to age 75

| | |
|---------------|--|
| - individuals | £3,600 or 100% of earnings to £255,000 |
| - employers | £255,000 less employee contributions |

Maximum tax efficient fund on taking benefits in 2010/11: £1.8m (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 | | 31.3.2011 | 31.3.2010 |
| Taxable profits | First £300,000 | 21% | 21% |
| | Next £1,200,000 | 29.75% | 29.75% |
| | Over £1,500,000 | 28% | 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 100%

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

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 10%
Other plant and machinery 20%

Buildings

Industrial and agricultural buildings and hotels
WDA (on building cost) 1%

Enterprise Zone Allowance, conversion of parts of business premises into flats, business premises renovation: max. initial allowance 100%