



RSM Tenon

Tax Rates 2010/11

INCOME TAX

2010/11		2009/10	
Band	Rate	Band	Rate
£0 - £2,440	10%*	£0 - £2,440	10%*
£2,441 - £37,400	20%**	£2,441 - £37,400	20%**
£37,401 - £150,000	40%***	Over £37,400	40%***
Over 150,000	50%****		

* Only applicable to dividends and savings income. The 10% rate is not available if taxable non-savings income exceeds £2,440.

** Except dividends (10%)

*** Except dividends (32.5%)

**** Except dividends (42.5%)

Other income taxed first, then savings income and finally dividends.

INCOME TAX RELIEFS

		2010/11 and 2009/10
Personal allowance	- under 65	£6,475
	- 65 - 74*	£9,490
	- 75 and over*	£9,640
(For 2010/11 reduce personal allowance by £1 for every £2 of adjusted net income over £100,000.)		
Married couple's allowance (relief at 10%)	- 75 and over*	£6,965
	- min. amount	£2,670
*Age allowance income limit		£22,900
(Reduce age allowance by £1 for every £2 of adjusted net income over £22,900.)		
Blind person's allowance		£1,890

NON-DOMICILES AND REMITTANCE BASIS

De minimis limit for foreign income before remittance basis election applies: £2,000.

Tax charge on unremitted income for non-domiciles who elect for remittance basis: £30,000. Applies to an individual for a tax year if UK resident in at least 7 of the 9 tax years immediately preceding that year.

Remittance basis taxpayers are not entitled to UK personal or gains allowances unless foreign income falls within de minimis of £2,000.

PENSION PREMIUMS

2009/10 & 2010/11 - Where total income is in excess of £130,000: higher rate tax relief available for all pension contributions up to £20,000. Higher rate tax relief also due for 'protected pension inputs' above £20,000. Total adjusted pension input amount is tested against Special Annual Allowance and the difference will be subject to a new tax charge.

2011/12 - No higher rate tax relief on pension contributions where total income is in excess of £180,000. Higher rate relief will be tapered for income above £150,000.

NB: Rules are complex and will vary on a case by case basis. The position for 2011/12 is currently under review by the coalition government.

NATIONAL INSURANCE

Class 1 (employed) contracted in	2010/11 Rates	
Weekly earnings	Employer	Employee
Up to £110	Nil*	Nil*
£110.01 - £844	12.8%**	11%**
Over £844	12.8%**	£80.74 +1%♦

* Entitlement to contribution-based benefits retained for earnings between £97.01 and £110 per week.

**On earnings above £110. ♦ On earnings above £844.

Class 1A (employers)	12.8% on employee taxable benefits
Class 1B (employers)	12.8% on PAYE Settlement Agreements
Class 2 (self-employed)	flat rate per week £2.40 small earnings exception £5,075 p.a.
Class 3 (voluntary)	flat rate per week £12.05
Class 4 (self-employed)	8% on profits between £5,715 and £43,875 plus 1% on profits over £43,875

From 6 April 2011 all classes of NIC will increase by 1%.

INDIVIDUAL SAVINGS ACCOUNTS (ISAs)

	2010/11
Overall annual investment limit	£10,200
Comprising - cash up to	£5,100 max.
- balance in stocks and shares	£10,200 max.

TRUSTS AND ESTATES

	2010/11	2009/10
Income Tax		
Standard rate band	£1,000	£1,000
Rates of tax*		
Rate applicable to trusts	50%	40%
Dividends	42.5%	32.5%
Capital Gains Tax		
Rates of tax		
(before 23.6.10)	18%	18%
(from 23.6.10)	28%	-
Exemptions		
Most trusts (maximum)**	£5,050	£5,050
Certain trusts and most estates***	£10,100	£10,100

* Trusts for the vulnerable will be taxed on the basis of the individual's circumstances for both income tax and capital gains tax.

** Exemption divided by number of qualifying settlements created after 6 June 1978 by one settlor, subject to a minimum of £1,010.

*** Trustees of settlements for the disabled and personal representatives of the estate of a deceased person.

Exemption is available for personal representatives in year of death and in the following two years.

BENEFITS

Chargeable on employees earning **£8,500** or over (including benefits) and directors.

Company car benefit

The charge is a percentage of the list price. The percentage depends on the level of carbon dioxide emissions. The lower threshold is 15% for cars with CO₂ emissions up to 130g/km (except QUALECS, see below) and increases at 1% per 5g/km to the maximum charge of 35%. An additional 3% diesel charge will generally apply (not to exceed 35% overall). CO₂ emission details are available at www.smmmt.co.uk.

The list price relates to the day before first registration and includes accessories. The price is subject to an upper limit of £80,000. The list price is reduced by the employee's capital contribution when the car is first made available, subject to a maximum deduction of **£5,000**. Payments by employees for private use may reduce the above benefits.

Green cars

Cars which cannot make a CO₂ emission are charged at 0%, cars with CO₂ emissions of 75g/km or less are charged at 5% and cars with CO₂ emissions up to and including 120g/km will be charged at 10% of the list price. These cars will be referred to as Qualifying Low Emission Cars (QUALECS). Cars which run on E85 fuel qualify for a 2% reduction in the appropriate percentage (except QUALECS).

Van benefit

From 6 April the company van benefit for all types of CO₂ emitting vans is £3,000 when used for significant private use. If free or subsidised fuel is provided for private use there is an additional chargeable fuel benefit of £550 (2009/10 £500).

Car fuel benefit

The charge is calculated using the same CO₂ emission basis as used for the car benefit. The appropriate percentage will be multiplied by £18,000 (2009/10 £16,900).

Advisory fuel rates – company cars*

The tax-free limits per mile from 1 June 2010 are as follows:

Engine size	Petrol	Diesel	LPG
1,400cc or less	12p	11p	8p
1,401cc – 2000cc	15p	11p	10p
Over 2,000cc	21p	16p	14p

* These rates generally change bi-annually. New rates are likely to apply from 1 December 2010.

Statutory mileage allowances – own cars

The tax-free limits per mile are as follows:

	First 10,000 miles in tax year	Miles over 10,000
Cars	40p	25p
Motorcycles	24p	24p
Cycles	20p	20p
Passengers	5p	5p

Payments in excess of these limits are taxable. Where payment is less than authorised mileage rate employees can claim tax relief on the shortfall.

Loans to individuals

Overdrawn current or loan accounts of participators – tax based upon 25% of loan balance at accounting period end, unless repaid within 9 months of accounts date.

COMPANY TAXATION

Corporation Tax Rate

Years to 31.3.11 and 31.3.10

	Profits band	Rate
Small companies rate	£0 - £300,000	21%*
Marginal (small companies) rate	£300,001 - £1,500,000	29.75%*
Full rate	Over £1,500,000	28%*
Small companies fraction		7/400*

The profits limits are reduced for accounting periods of less than 12 months and for a company with associated companies.

*Different rates apply for ring-fenced (broadly oil industry) profit.

Losses

For accounting periods ending between 24 November 2008 and 23 November 2010, losses can be carried back three years. There is unlimited carry back to the previous 12 months, any carry back beyond that is subject to a cap of £50,000 for each of the two loss-making years.

Capital Allowances

IBA and ABA	1%	Straight line based upon cost**
Plant & Machinery	20%	Reducing balance on existing plant
Plant & Machinery	40%	On additions made 2009/10
Annual Investment Allowance	100%	On first £100,000 (£50,000 2009/10)***
Long-life assets	10%	
Integral features	10%	
Low emission new cars	100%	New cars with emissions not exceeding 110g/km CO ₂
Lower emission cars	20%	Cars with emissions not exceeding 160g/km CO ₂
Higher emission cars	10%	Cars with emissions more than 160g/km CO ₂
Energy Efficient Plant	100%	Details at www.eca.gov.uk ****
Research & Development	100%	Assets used solely for qualifying R&D

** This will reduce by 1% pa and so will be abolished by 1 April 2011.

*** Special rules apply for accounting periods that straddle the financial year end and for companies under common control.

**** Subject to cap, first year tax credits available at 19% of the loss attributable to ECAs.

Enhanced tax relief

Research & Development: Enhanced deduction of up to 175% for SMEs and 130% for large companies of qualifying costs incurred on qualifying R&D. The definition of an SME is:

Employees	< 500 and either
Turnover	< 100m or
Assets	< 86m

Contaminated Land Relief: 150% deduction for qualifying costs incurred on remediation of land and buildings.

VALUE ADDED TAX

	To 3 January 2011	From 4 January 2011
Standard rate*	17.5%	20%
VAT fraction	7/47	1/6
Taxable turnover limits	2010/11	
Registration**	£70,000	
Deregistration next year under	£68,000	
Cash accounting scheme	£1.35m	
Annual accounting scheme	£1.35m	

* The standard rate of VAT is 17.5% from 1 January 2010 to 3 January 2011 inclusive.

** Registration is required if turnover exceeded the limit in the previous 12 months or is predicted to exceed the limit in the next 30 days.

STAMP DUTY/STAMP DUTY LAND TAX

Stamp duty is payable at 0.5% on transfers of shares and securities. Exemption from stamp duty for transfers where stamp duty is £5 or less or consideration is £1,000 or less.

On the transfer of residential land, SDLT is payable at the following rates:

Value up to £125,000	nil
Value £125,001 – £250,000*	1%
Value £250,001 – £500,000	3%
Value over £500,000	4%
Value over £1m (effective from 6.4.2011)	5%

* Relief available for first time buyers for transactions with an effective date on or after 25 March 2010 and before 25 March 2012.

0% stamp duty for transactions in disadvantaged areas on all residential property unless consideration is greater than £150,000.

Disadvantaged areas are based upon electoral ward and postcode; more details at www.hmrc.gov.uk/so/disadvantaged.htm

On the transfer of non-residential land, SDLT is payable at the following rates:

Value up to £150,000	nil
Value £150,001 – £250,000	1%
Value £250,001 – £500,000	3%
Value over £500,000	4%

No SDLT charged on new 'zero carbon' homes/flats up to £500,000 and a credit of £15,000 for homes/flats over £500,000.

Lease duty is payable on new leases and is calculated by reference to the NPV (Net Present Value) of all rental payments due under the terms of the lease.

Non-residential properties	up to £150,000	0%
	over £150,000	1%
Residential properties	up to £125,000	0%
	over £125,000	1%

CAPITAL GAINS TAX

	6.4.10 - 22.6.10	23.6.10 - 5.4.11
Individuals		
Exemption*	£10,100	£10,100
Standard rate	18%	18%
Higher rate**	-	28%
Trusts		
Exemption*	£5,050	£5,050
Balance of gains	18%	28%

* Only one annual exemption of £10,100/£5,050 is available for use in 2010/11

** For higher and additional rate taxpayers.

Entrepreneur's relief gives a lifetime allowance of £5m (£2m for disposals on/ after 6 April 2010 and before 23 June 2010) on disposals of trading businesses and qualifying shares in trading companies, giving a rate of tax of 10%. Gains in excess of this amount will suffer tax at 18%/28% as detailed above. There is a minimum qualifying period of ownership of 1 year.

INHERITANCE TAX

	2010/11 and 2009/10
Nil rate band*	£325,000
Rate of tax on balance:	
Chargeable lifetime transfers	20%
Transfers on death	40%

* A claim can be made to transfer any unused nil rate band of the deceased to the surviving spouse or civil partner. The amount will be expressed as a percentage and this percentage will be applied to the band in use on the surviving spouse or civil partner's death and added to their own nil rate band.

All lifetime transfers not covered by exemptions and made within seven years of death will become chargeable for the purpose of calculating the tax payable. Any tax due on the lifetime transfer may then be reduced by taper relief.

	2010/11 and 2009/10
Annual exemption	£3,000
Small gifts exemption	£250
Business Property Relief	
Business/interest in unquoted company	100%
Controlling interest in quoted company	50%
Land, buildings, machinery or plant used by the transferor's own company (controlling interest only) or partnership	50%
Agricultural Property Relief	
Tenanted land with vacant possession	100%
Agricultural land let on or after 1/9/95	100%



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