

# Tax Rates for 2011/12

Following the Chancellor's announcement on 23rd March 2011

	<b>For 2010/11</b> The following rates etc applied (E & OE)				<b>For 2011/12</b> The following rates etc are expected to apply (E & OE)			
	Band	From	to	Rate	Band	From	to	Rate
<b>Income Tax</b> (On Taxable Income)	Starting rate for savings*	£ 0	£ 2,440	10%	Starting rate for savings*	£ 0	£ 2,560	10%
	Basic Rate	£ 0	£ 37,400	20%	Basic Rate	£ 0	£ 35,000	20%
	Higher Rate	£ 37,401	£ 150,000	40%	Higher Rate	£ 35,001	£ 150,000	40%
	Additional Rate	150,001		50%	Additional Rate	£ 150,001		50%
	*If your non-savings income is above this limit then the 10 per cent starting rate for savings will not apply							
	In addition to the ordinary rate for dividends there is the 32.5 per cent higher rate and 42.5 per cent additional rate.							
<b>Capital Gains Tax</b> (for individuals)	First	£ 10,100	exempt		First	£ 10,600	exempt	
	18% for standard rate tax payers, 28% for higher rate payers after June, (10% if Entrepreneurs' Relief applies)			23	18% for standard rate tax payers, 28% for higher rate payers, (10% if Entrepreneurs' Relief applies)			(10% if)
<b>Corporation Tax</b>	Band	From	to	Rate	Band	From	to	Rate
	Small Companies Rate	£ 1	£ 300,000	21%	Small Companies Rate	£ 1	£ 300,000	20%
	Marginal Relief	£ 300,001	£ 1,500,000	29.75%	Marginal Relief	£ 300,001	£ 1,500,000	27.50%
	Main Rate	£ 1,500,000		28%	Main Rate	£ 1,500,000		26%
<b>Inheritance Tax</b> (on death)	Band	From	to	Rate	Band	From	to	Rate
	Nil rate band	£ 0	£ 325,000	0%	Nil rate band	£ 0	£ 325,000	0%
	Over nil rate band	£ 325,000		40%	Over nil rate band	£ 325,000		40%
<b>Personal Allowances</b>	Personal**		£ 6,475		Personal**		£ 7,475	
	Personal (aged 65 to 74)		£ 9,490		Personal (aged 65 to 74)		£ 9,940	
	Married Couples (aged less than 75)**#		N/A		Married Couples (aged less than 75)**#		N/A	
	Personal over 75		£ 9,640		Personal over 75		£ 10,090	
	Married Couples over 75**#		£ 6,965		Married Couples over 75**#		£ 7,295	
	**From the 2010/11 tax year the Personal Allowance reduces where the income is above £100,000 - by £1 for every £2 of income above the £100,000 limit. This reduction applies irrespective of age.							
	All four higher age allowances are only available for incomes up to £22,900 for 2010/11 and £24,000 for 2011/12							
	* = relief restricted to 10%, # = husband or wife must be born before 6th April 1935							
<b>National Insurance</b>	<b>Employee (not contracted out)</b>				<b>Employee (not contracted out)</b>			
Class 1 (Employment)	Earnings per week:				Earnings per week:			
		Up to £110	Nil			Up to £139	Nil	
		£110- £844	11%			£139-£817	12%	
		Over £844	1%			Over £817	2%	
	Employer (not contracted out):				Employer (not contracted out):			
		Up to £110	Nil			Up to £136	Nil	
		Over £110	12.8%			Over £136	13.8%	
Class 2 (Self Employment)	(The old weekly stamp)		£ 2.40		(The old weekly stamp)		£ 2.50	
	No contributions due if profits below £ 5,075				No contributions due if profits below £5,315			
Class 4 (Self Employment)	8% on profits between	£ 5,715	and	£ 43,875	9% on profits between	£ 7,225	and	£ 42,475
	1% on profits over	£ 43,875			2% on profits over	£ 42,475		
<b>State Pension</b>			per week	per year			per week	per year
	Single		£ 97.65	£ 5,077.80	Single		£ 102.15	£ 5,311.80
	Married		£ 156.15	£ 8,119.80	Married		£ 163.35	£ 8,494.20
	Age Addition (over 80)		£ 0.25	£ 13.00	Age Addition (over 80)		£ 0.25	£ 13.00
<b>VAT</b>	Threshold with effect from 1st April		£ 70,000		Threshold with effect from 1st April		£ 73,000	
	Rate from 01.01.2010		17.5%		Rate		20.0%	
	Rate changes on 04.01. 2011 to		20.0%					
	Annual Accounting Threshold		£ 1,350,000		Annual Accounting Threshold		£ 1,350,000	
	Cash Accounting Threshold		£ 1,350,000		Cash Accounting Threshold		£ 1,350,000	
<b>Stamp Duty</b> On house purchase not in a disadvantaged area	From/to	£ 0	£ 125,000	Nil*	From/to	£ 0	£ 125,000	Nil**
	From/to	£ 125,001	£ 250,000	1%	From/to	£ 125,001	£ 250,000	1%
	From/to	£ 250,001	£ 500,000	3%	From/to	£ 250,001	£ 500,000	3%
	over	£ 500,000		4%	From/to	£ 500,001	£ 1,000,000	4%
					over	£ 1,000,000		5%
	** First time buyers can claim relief from SDLT on residential transactions up to £250,000 between 25 March 2010 and 25 March 2012							
<b>Taxable Car Benefits</b>	<b>Car Benefit</b>				<b>Car Benefit</b>			
	The scale charge is based on CO2 emissions. The Annual Charge ranges from 10% for eco-friendly cars to 35% for Gas Guzzlers. There is no adjustment for age of car, nor for business mileage driven. Alternative rates apply to cars registered before 1.1.1998. Diesels attract a 3% surcharge but not over 35% and not if they are Euro 4 compliant and registered before 6.4.06. Electric cars & vans have 0% benefit charge.				The scale charge is based on CO2 emissions. The Annual Charge ranges from 5% for eco-friendly cars to 35% for Gas Guzzlers. There is no adjustment for age of car, nor for business mileage driven. Alternative rates apply to cars registered before 1.1.1998. Diesels attract a 3% surcharge but not over 35%. Electric cars & vans have 0% benefit charge.			
	<b>Fuel Benefit</b>				<b>Fuel Benefit</b>			
	As with Car Benefit, the taxable charge is based on CO2 emissions. Ask us for the figure applicable to your car. The charge is based on a sum of £18,000 for all cars, not on the price of the car.				As with Car Benefit, the taxable charge is based on CO2 emissions. Ask us for the figure applicable to your car. The charge is based on a sum of £18,800 for all cars, not on the price of the car.			
	<b>Van Benefit</b>				<b>Van Benefit</b>			
	Any age of vehicle				Any age of vehicle			
	Van scale charge		£3,000		Van scale charge		£ 3,000	
	Fuel scale charge for vans		£550		Fuel scale charge for vans		£ 550	
<b>Car Mileage Allowance</b>		All Engine Sizes				All Engine Sizes		
	Up to 10,000 miles pa		40p		Up to 10,000 miles pa		45p	
	Over 10,000 miles pa		25p		Over 10,000 miles pa		25p	

Don't forget to claim Child Tax Credit, Working Tax Credit and Pension Tax Credit as appropriate

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## Extracts from George Osborne's Budget Speech 23 March 2011

Today's Budget is about four main ambitions (with apologies for the small print size):

1. To create the most competitive tax system in the G20.
2. To make the UK the best place in Europe to start, finance and grow a business.
3. To encourage exports and investment.
4. To create a more educated workforce that is the most flexible in Europe.

The Chancellor plans to reform the nation's economy, help families and help with the cost of oil.

We are now en route from "Rescue to Reform" and from "Reform to Recovery."

The government has inherited a record Budget deficit – (as if we don't know) – but with market rates in Greece at about 12% and with our equivalent rate at 3.6%, we have the same rates as Germany and therefore can now benefit from, once again, enjoying economic stability.

He said that his would not be a Budget Speech where the figures are read out so fast that nobody can keep up! (There can be no denying that Gordon Brown was oh-so-guilty of spreading such confusion in his lightening fast and badly delivered Budget Speeches for eleven years!)

Growth for next year is expected to be 1.7%. While down on his earlier forecast, this is better than that of Spain, Italy and France and will be the same as the average for the Eurozone. The inflation target for next year will be between 4% and 5%.

The government deficit will be down to "only" 29 billion by 2015/16. (Well at least it IS set to come down. When can we expect a surplus, please?) And it will be growth in the private sector, as a result of this Budget, that will achieve the improvement.

Manufacturing is, at last, increasing. (Really? That's great!)

Our tax system should be much simpler (hooray!) and fair (exactly!) The Office of Tax Simplification will abolish 43 complex reliefs like the millennium gift aid relief which will not be needed for another 989 years (!) and 100 pages will be cut from our tax code. Income Tax and National Insurance look like being merged (hooray!) (By the way, did we tell you that Tim Smith and I both know the man in charge of this splendid institution (John Whiting) and he has invited us to run a stand at the BBC Money Box Roadshow in Plymouth on March 31<sup>st</sup>. See you there?)

**Business.** There were plenty of ideas to stimulate business and also make credit more readily available.

- Planning permission. The planning system will be revised to give priority to growth and green projects.
- The main rate of Corporation tax to be reduced by 2% this year (not 1% as previously announced) and it will come down to 23% by 2015 but banks will have their levy increased to ensure they don't pay less. Our corporate rate will be the lowest rate in the G7.
- The rate relief holiday for small business will now last one further year until October 2012.
- Real Estate Investment Trusts will be simplified and there will be twenty one new enterprise zones.
- Capital Allowances on short life assets will be extended from four years to eight years
- Vehicle excise duty on lorries will be frozen. The upper (i.e. usual) mileage allowance for employees driving their own cars goes up to 45p per mile.

**Tax avoidance etc.**

- Non Doms will pay more but will also be encouraged to invest here more.
- CGT rules for companies will be tightened and tax free life time loans to employees that are never repaid to be caught.
- Owners of high value property will pay more tax. (This sounds ominous.)

**To educate our workforce better.**

- There will be new university technical colleges.
- In England less than one in ten employers offers apprenticeships and so 40,000 new apprenticeships are being funded today.

**Personal tax etc.**

- SW will have lower water rate bills. (How kind!)
- Changes to car tax will help drivers of low carbon emission cars. The green investment bank will start next year (one year earlier than planned)
- State pension age to be raised to 66 by 2020.
- Public service pensions will be reformed.
- There will be £250 million help for first time house buyers. (This sounds a very good idea.)
- Gift aid to be simplified with a simpler on-line system for claiming.
- IHT – if you leave 10% or more to charity, the government will reduce your IHT rate by 10%. NB This will not help beneficiaries, just charities.
- Council tax to be frozen in the coming year. Child tax credits will be increased.
- Personal tax allowance will increase to £8,105 from April 2012. It will take one million people out of tax. The 50% band is to be reviewed.
- Air passenger duty is being looked at. It will not go up this year, after all, but it will increase next year.
- Tax on the strongest beers to go up but all other alcohol duties will stay where they were when put into place by the previous government.
- Tobacco Duty goes up by 2% above inflation.
- Fuel duty. The fuel duty rise under the Fuel Duty Escalator, which was due to be imposed shortly and planned by the previous government, will be delayed. It seems that the escalator will be cancelled for the rest of this parliament. With oil companies making unexpected profits, now that the oil price is so high, they will pay more tax to compensate – this to be called the Fair Fuel Stabiliser. Fuel duty is being cut by 1p per litre (it's already in place as you read this!) and this measure enabled the Chancellor to end his speech saying he had put fuel into the nation's domestic economy.

**Our view...**

While unable to comment on how well these measures will prove to be, what we can say is that Mr Osborne's ideas seem very commendable. Apart from threatening to tax high value property more (which sounds like we are going to see some nasty IHT measures soon) all of the rest of these ideas seem very sensible AND, after Nigel Lawson and Dennis Healey, we think that he is the third best deliverer of a Budget Speech. Well done, George! HMWca. 23/3/2011.