

## Capital Gains Tax

Annual exempt amount 2010/11: individuals £10,100, most trustees £5,050 (unchanged from 2009/10).

Net gains after all reliefs, losses and annual exempt amount are taxed at 18%.

## Entrepreneurs' relief

For disposals of sole trade or interest in a partnership trade, or shares in a trading company by an employee owning at least 5%, the gain (up to £2m lifetime allowance - £1m before 6.4.10) is reduced to ¼, to give an effective rate of CGT of 10%. Gains above the allowance are taxed at 18%.

## Corporation Tax

### Years to 31.3.2010 and 31.3.2011

Main rate	28%
Profits above	£1.5m
Small companies rate	21%
Profits up to	£300K
Small/large marginal band	£300K – £1.5m
Fraction (effective rate)	¼ (29.75%)

## Main capital allowances

	Allowance %
Plant and machinery	
– annual investment allowance: £100,000*	100
– certain energy efficient plant, including low emission cars	100
– writing down allowance: general pool	20
– writing down allowance: special rate pool	10
*£50,000 to 31.3.10 (companies) or 5.4.10 (income tax traders)	

The special rate pool includes long life assets, integral plant in buildings, thermal insulation and cars with CO<sub>2</sub> emissions over 160g/km. The general pool contains other plant and machinery.

The old system of cheap/expensive cars has been abolished, but transitional rules cover existing expenditure before April 2009.

Industrial building allowances are being phased out: 4% in 2007/08; 3% 2008/09; 2% 2009/10; 1% 2010/11; nil thereafter

## Stamp Duty and Stamp Duty Land Tax

Rates on sales	% of Total Consideration
Shares and marketable securities (nil if value up to £1,000)	0.5%
Land 0 - threshold	NIL
Threshold - £250,000	1%
£250,001 - £500,000	3%
£500,001 and over	4%

The threshold is:

£125,000	general residential property
£150,000	residential in "disadvantaged areas"
£150,000	commercial property

For the two years to 24.3.2012, first time buyers can claim relief from SDLT on purchases of up to £250,000 for property they intend to live in.

## Earliest due dates for payment of tax

### Income Tax

Employment	Most tax paid under PAYE
Interest, dividends	Lower/basic rate liability usually settled before receipt
Untaxed sources, plus balance on employment and higher rates on investment income (self assessment)	Payments on account for 2010/11 on 31.1.11 and 31.7.11 based on 2009/10 tax; balance due 31.1.12 with first instalment for 2011/12.

### Capital Gains Tax

31 January following the tax year.

### Inheritance Tax

Normally 6 months after month of death.

### Corporation Tax

Large companies pay by instalments starting 6½ months through the accounting period; small/medium companies pay 9 months and 1 day after end of period.

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**TAX RATES 2010-2011**

## Main Income Tax reliefs

	2010/11	2009/10
<b>Allowed at top rate of tax</b>		
Personal Allowance	£6,475	£6,475
Personal Allowance (65 - 74)*	9,490	9,490
Personal Allowance (75 and over)*	9,640	9,640
Blind Person's Allowance	1,890	1,890
Personal allowances in 2010/11 are withdrawn at £1 for every £2 by which total income exceeds £100,000.		

### Allowed only at 10%

Married Couple's Allowance * (only available if born before 6th April 1935)	6,965	6,965
Income limit for age-related allowances	22,900	22,900

\*Age allowances are reduced £1 for every £2 by which income exceeds the income limit, until the age allowance is reduced to the normal allowance. Personal allowance is reduced before married couple's allowance. MCA is reduced to a minimum of £2,670 (2009/10: £2,670).

## Income Tax rates and bands

	2010/11	2009/10
Starting rate band * (see note)	2,440	2,440
Basic rate band	37,400	37,400
Higher rate band	37,401-150,000	over 37,400
Additional rate	over 150,000	-

\* Starting rate band is within basic rate band & applies to savings income only; if taxable general income exceeds the band, the 10% rate is not available.

### Tax rates Rates differ for General/Savings/Dividends

	2010/11			2009/10		
	G	S	D	G	S	D
Starting rate	N/A	10%	10%	N/A	10%	10%
Basic rate	20%	20%	10%	20%	20%	10%
Higher rate	40%	40%	32.5%	40%	40%	32.5%
Additional rate	50%	50%	42.5%	-	-	-

General income (salary, pension, profit, rent) uses lower rate bands first, then savings (interest), then dividends. Discretionary trusts: basic rate as above applies to first £1,000 of income, then highest rate.

## Car benefit assessment 2010/11

Charge based on a percentage of the initial list price of the car, including accessories, delivery charges and VAT. The percentage depends on the carbon dioxide emissions rating of the car, and whether the engine runs on petrol or diesel. For 2010/11, the taxable benefit on an electric car (no emissions) is nil.

Ratings	Petrol	Diesel
0-75g/km	5%	8%
76-120g/km	10%	13%
121-130g/km	15%	18%
over 130g/km	+ 1% for each extra 5g/km (135,140 etc.)	
Maximum	35%	35%

Special rules apply to older cars which do not have a CO<sub>2</sub> rating. Employee contributions for private use are deducted from the taxable figure. Company vans are charged at £3,000 if private use is more than home-to-work travel. An additional amount of £500 is charged if fuel is provided free for private use. There is no taxable benefit on an electric van.

### Car fuel benefit

The benefit of free fuel for private use in a company car is calculated using the same percentage as that used for the car benefit, applied to a standard figure of £18,000 (2009/10: £16,900). The taxable amount is therefore between £900 (min.) and £6,300 (max.).

## Tax free mileage allowances

	Higher Rate	Lower Rate
	2010/11 & 2009/10	
All cars	40p	25p
Motorcycles	24p	24p
Bicycles	20p	20p
Business passengers	5p	5p
Higher rate allowed up to 10,000 business miles.		

### Fuel-only allowances for company cars

	Petrol	Diesel	LPG
<b>From 1.12.2009</b>			
Up to 1400cc	11p	11p	7p
1401 - 2000cc	14p	11p	8p
Over 2000cc	20p	14p	12p

These figures may change more often than once a year.

## National Insurance Contributions

### Class 1 (employees)

	Contracted In	Contracted Out	
		Salary Related	Money Purchase
Employee contributions			
- on earnings £110.01 - £770pw	11.0%	9.4%	9.4%
- on earnings £770.01 - £844pw	11.0%	11.0%	11.0%
- on earnings above £844pw	1.0%	1.0%	1.0%
Employer contributions			
- on earnings £110.01 - £770pw	12.8%	9.1%	11.4%
- on earnings above £770pw	12.8%	12.8%	12.8%
Employer contributions (at 12.8%) are also due on most benefits in kind and on tax paid on an employee's behalf under a PAYE settlement agreement.			

### Class 2 (Self-employed)

Flat rate per week	£2.40
Small earnings exception: profits per annum	£5,075

### Class 3 (Voluntary)

Flat rate per week	£12.05
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### Class 4 (Self-employed)

On profits £5,715 - £43,875	8.0%
On profits over £43,875	1.0%

## 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.

## Inheritance Tax

Charges on or after	Rates %	
<b>6th April 2009</b>		
0 - £325,000	NIL	Nil band frozen until 2014/15
Above £325,000	40%	

Lifetime chargeable transfers at half the death rate, i.e. 20%. Business property relief of 100% for all shareholdings in qualifying unquoted trading companies and for most unincorporated trading businesses; agricultural property relief at 100% for qualifying holdings of agricultural land. Annual exemption for lifetime gifts £3,000. Small gifts - annual amount per donee £250.

Tapering relief applies to reduce the tax on transfers within 7 years of death. The reduction in tax is 20% for survivorship of 3-4 years, 40% for 4-5 years, 60% for 5-6 years and 80% for 6-7 years.

### Important annual limits

	2010/11	2009/10
Individual Savings Account investment	£10,200	**£7,200
Enterprise Investment Scheme investment*	£500,000	*£500,000
Venture Capital Trust investment	£200,000	£200,000

\*Relief at 20% †Relief at 30%

\*\*From 6.10.09, £10,200 for those aged 50+.

## Value Added Tax

Standard rate (1/4 of VAT-inclusive price)	17.5%
Registration level from 1.4.10	£70,000 per annum
Deregistration level from 1.4.10	£68,000 per annum

### Scale charges

The scale charges for private use of business fuel are based on the CO<sub>2</sub> emissions rating of the car. A different charge will apply for each 5g/km increase between 130g/km and 230 g/km (max). For a 3 month period:

120 or less	£120.00 net	£21.00 VAT
121-134	180.43 net	31.57 VAT
rising by per 5g/km approx*	12.06 net	2.11 VAT
230 or above	422.13 net	73.87 VAT

\*exact figures must be obtained from full table.