HARNEY&CO

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Tax Rates 2010-11

Income tax: Bands of taxable income, £ per year

	2009-10	2010-11
Starting rate for savings	0 – 2,440	0 –2,440
Basic rate	0 – 37,400	0 – 37,400
Higher Rate	Over 37,400	37,401 - 150,000
Additional rate	N/A	Over 150,000

Income tax rates	**2009-10**	**2010-11**
Starting rate for savings	10%	10%
Basic rate	20%	20%
Higher rate	40%	40%
Additional rate	N/A	50%
Basic rate on dividends		
(effective rate with tax credit)	10% (0%)	10% (0%)
Higher rate on dividends		
(effective rate with tax credit)	32.5% (25%)	32.5% (25%)
Additional rate on dividends		
(effective rate with tax credit)	N/A	42.5% (36.1%)

Income tax: Income tax allowances

£ per year (unless stated)	2009-10	2010-11*
Personal allowance:		
Age under 65	6,475	6,475
Age-related allowance (65-74)	9,490	9,490
Age-related allowance (75+)	9,640	9,640
Income limit for age-related allowances	22,900	22,900
Married couples allowance **		
Age over 75	6,965	6,965
Minimum amount	2,670	2,670
Blind Persons Allowance	1,890	1,890

*From April 2010, the personal allowance will be gradually withdrawn for income over £100,000 at a rate of £1 of allowance lost for every £2 over £100,000 until it is
** Available to people born before April 6 1935. Tax relief for this allowance is restricted

National Insurance Contributions

Employee and employer rates and thresholds

	Employee (Class 1 primary)		Employer (Class 1 secondary)	
Earnings per week (£)	**2009-10**	**2010-11**	**2009-10**	**2010-11**
Below 97* (Lower Earnings Limit)	Nil	Nil	Nil	Nil
97 to 110 (Primary Threshold/ Secondary Threshold)	Nil	Nil	Nil	Nil
110 to 844 (Upper Earnings Limit)	11%	11%	12.80%	12.80%
Above 844	1%	1%	12.80%	12.80%

*£95 in 2009-10

Self-employed rates and thresholds

	Class 2 (per week)*		Class 4	
Profits per year (£)	**2009-10**	**2010-11**	**2009-10**	**2010-11**
Below 5,075 (Small Earnings Exception)	Nil	Nil	Nil	Nil
5,075 to 5,715 (Lower Profits Limit)	£2.40	£2.40	Nil	Nil
5,715 to 43,875 (Upper Profits Limit)	£2.40	£2.40	8%	8%
Above 43,875	£2.40	£2.40	1%	1%

*Class 2 NICs are paid at a weekly flat rate of £2.40 by all self-employed persons. Those with profits less than, or expected to be less than, the level of the Small Earnings Exception may apply for exemption from paying Class 2 contributions.

Other Class 1 rates and contracted-out rebates

	Employee rate		Employer rate (Class 1 only)	
	2009-10	**2010-11**	**2009-10**	**2010-11**
Contracted out rebate - salary related schemes	1.60%	1.60%	3.70%	3.70%
Contracted out rebate - money purchase schemes	1.60%	1.60%	1.40%	1.40%
Reduced rate for married women between Primary Threshold and Upper Earnings Limit	4.85%	4.85%	N/a	N/a

Special Class 2 rates

	Self-employed rate	
	2009-10	**2010-11**
Share fishermen	£3.05	£3.05
Volunteer development workers	£4.75	4.85
Class 3 rate		
Voluntary contributions	£12.05	£12.05

Capital Gains Tax

Capital Gains Tax	2009-10	2010-11
Standard rate	18%	18%
Entrepreneurs' Relief effective rate	10%	10%
Annual Exempt Amount	£10,100	£10,100
Entrepreneurs' Relief lifetime limit of gains	£1,000,000	£2,000,000

Stamp Duty Land Tax

Rate	Residential 2009-10	Residential 2010-11	Non-residential 2009-10	Non-residential 2010-11
	Total value of consideration			
Zero	£0 - £125,000*	£0 - £125,000*	£0 - £150,000	£0 - £150,000
1%	Over £125,000-£250,000**	Over £125,000-£250,000†	Over £150,000-250000	Over £150,000-250000
3%	Over £250,000-500000	Over £250,000-500000	Over £250,000-500000	Over £250,000-500000
4%	Over £500,000	Over £500,000	Over £500,000	Over £500,000

*Starting residential threshold in 2,000 disadvantaged areas is £150,000
**SDLT holiday for residential transactions up to £175,000 applied until 31 December 2009
†First time buyers can claim relief from SDLT on residential transactions up to £250,000 between 25 March 2010 and 25 March 2012

Inheritance tax

	2009-10	2010-11
Rate	40%	40%
Individual nil-rate band	£325,000	£325,000

Corporation tax on profits

	2009-10	2010-2011
£0 - £300,000	21%	21%*
£300,001 - £1,500,000	Marginal rate	Marginal rate
£1,500,001 or more	28%	28%

* The 2009 Pre-Budget Report announced that a rise in the small companies' rate to 22 per cent would be deferred until 2011-12

Capital Allowances

	2009-10	2010-11
Main writing down allowance	20%	20%
Special rate writing down allowance	10%	10%
Temporary first year-allowance	40%	0
Annual Investment Allowance	£50,000	£100,000

Research and Development Tax Credits

	2009-10	2010-11
SME Rate	175%	175%
Large Company Rate	130%	130%

Stamp taxes on shares

	2009-10	2010-11
Rate for stamp taxes on shares	0.50%	0.50%

Value Added Tax

	Up to 31 December 2009	From January 2010
Standard rate	15%	17.50%
Reduced rate	5%	5%

We believe the information in Tax Rates 2010/11 to be correct at the time of going to press, but HarneyCo cannot accept any responsibility for any loss occasioned to any person as a result of action or refraining from action as a result of any item herein. The passage of the Finance Bill 2010 through Parliament may amend provisions announced in the Budget.