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Tax Tables 2011/12

Income Tax

Rates

	%	2011/12	%	2010/11
Basic	20	Up to £35,000	20	Up to £37,400
Higher	40	Between £35,001 and £150,000	40	Above £37,400
Additional	50	Above £150,000	-	-

Non-savings income is taxed as the first slice of income followed by savings income and then dividends.

Dividends falling into the basic rate band are taxed at 10%, the higher rate of tax for dividends is 32.5% and the additional rate of tax for dividends is 42.5%. This is reduced by the dividend tax credit.

Allowances

	2011/12	2010/11
Personal Allowance:		
Aged up to 64	£7,475*	£6,475
Aged 65 to 74**	£9,940*	£9,490
Aged 75 and over**	£10,090*	£9,640
Income limit for higher levels of personal allowance	£24,000	£22,900

* The personal allowance is reduced by £1 for every £2 of income above £100,000
 ** Subject to conditions

A £30,000 levy applies to certain non-uk domiciled individuals wishing to use the remittance basis of taxation. To be increased to £50,000 for residents here for 12 years or more, subject to consultation.

National Insurance Contributions

Rates

2011/12	Not contracted out	Contracted out
Class 1 (Earnings related)		
Employees		
Weekly earnings		
First £139	Nil	Nil
£139.01 - £770	12%	9.4%
£770.01 - £817	12%	12%
Over £817	2%	2%
Employers	NCO	SRS MPS
Weekly earnings		
First £136	Nil	Nil
£136.01 - £770	13.8%	9.1% 11.4%
Over £770	13.8%	13.8%
Class 2 (self-employed flat rate)		£2.50 per week
Small earnings exception		£5,315 per year
Class 3 (voluntary)		£12.60 per week
Class 4 (self-employed)		
Lower profits limit (LPL)		£7,225 per year
Upper profits limit (UPL)		£42,475 per year
Rate		
- between LPL - UPL		9%
- above UPL		2%

Individual Savings Accounts (ISA)

Rates

	Overall limit	Cash Limit
2011/12	£10,680	£5,340
2010/11	£10,200	£5,100

Income and gains on ISA investments are tax free.

Inheritance Tax

Rates

	2011/12	2010/11
Nil	Up to £325,000	Up to £325,000
40%	Above £325,000	Above £325,000

Any unused nil-rate band may be transferred to the deceased's spouse or civil partner.

On death, any gifts made within the previous seven years will become taxable, but the tax payable will be reduced by tapering relief if the donor has survived at least three years.

Where tax is payable on a lifetime gift (other than those taxable only because they are made within seven years of death), tax is charged at 20%.

Various reliefs and exemptions, including annual gifts up to £3,000 are available.

Car and Car Fuel Benefits

Cars

The taxable benefit in respect of a car provided by an employer is calculated by reference to the car's carbon dioxide emission rating, with the scale charge varying with a maximum of 35% of the list price. There is a supplementary charge of 3% for diesel cars but not so as to take the total percentage beyond the maximum of 35%.

Car Fuel

The taxable benefit in respect of fuel provided by an employer is the 'appropriate percentage' of £18,800 (2011/12) where the appropriate percentage is the figure (up to 35%) used to determine the taxable benefit in respect of the provision of the car.

Approved Mileage Allowance Payments

	2011/12	2010/11
Own cars and vans		
Up to 10,000 miles (per mile)	45p	40p
Over 10,000 miles (per mile)	25p	25p

Stamp Taxes

	Stamp Duty Land Tax (SDLT)		Stamp Duty / SDRT
Rate payable on chargeable consideration	UK land transactions*		Transfers of shares
	Residential**	Non-residential or mixed use	
Nil	£0 - £125,000	£0 - £150,000	0.5%
1%	£125,001 - £250,000	£150,001 - £250,000	
3%	£250,001 - £500,000	£250,001 - £500,000	
4%	Above £500,000	Above £500,000	
5%	Above £1,000,000***		

* Special rules apply to lease rentals

** Relief from SDLT of up to £150,000 applies for new zero carbon homes and flats

*** With effect from April 2011

First time buyers can claim relief from SDLT on residential transactions up to £250,000 between 28 March 2010 and 25 March 2012.

Capital Gains Tax

Rates

Companies pay corporation tax on capital gains after indexation allowance at their normal rate. Gains and losses on sales of shareholdings of 10% or more in trading companies or trading groups are exempt, subject to certain exclusions.

A rate of 10% applies to assets qualifying for Entrepreneurs' Relief.

A £30,000 levy applies to certain non-UK domiciled individuals wishing to use the remittance basis of taxation.

Reliefs

	2011/12	2010/11
Annual gains exemption for individuals	£10,600	£10,100
Annual gains exemption for Trusts	£5,300	£5,050
Enterprise Investment Scheme*	100%	100%
Venture Capital Trust*	100%	100%
Principal Private Residence*	100%	100%
Entrepreneurs' Relief (cumulative lifetime allowance)*	£10,000,000	£5,000,000

* Subject to conditions

Pensions

	2011/12	2010/11
Annual contribution allowance		
100% of salary up to	£50,000	£255,000
Permitted pension contribution (irrespective of salary)	£3,600	£3,600
Lifetime benefit allowance	£1,800,000	£1,800,000

Value Added Tax

	From 1 April 2011
Standard rate	20%
Lower rate	5%
Registration limit - annual turnover above	£73,000
Simplified arrangements - annual turnover below (from 01.04.06)	£1,350,000

Corporation Tax

	Year to 31 March	
	2012	2011
Main rate*	26%	28%
Small companies rate**	20%	21%
Where profits**	£0 - £300,000	£0 - £300,000
Marginal relief where profits**	£300,000 - £1,500,000	£300,000 - £1,500,000
Marginal relief fraction	7/400	7/400
Profit threshold for quarterly instalment payments**	£1,500,000	£1,500,000

* Ring fenced profits are taxed at 28%. Subsequent annual reductions to 23% by 2014/15

** Reduced by reference to number of associated companies

Capital Allowances

	2011/12
Plant and machinery	
- general writing down allowance rate*	20%
- special rate pool* Long life assets and integral features within a building	10%
- energy saving/environmentally beneficial assets	100%
- 100% Annual Investment Allowance on expenditure up to**	£100,000
Motor cars (CO ²)	
(if not second hand) 110g/km or less	100%
111g/km to 160g/km	20%
161g/km or more	10%
Industrial buildings, hotels, agricultural buildings***	1%
Commercial or industrial building in an enterprise zone	100%
Research and development	100%
Business Premises Renovation Allowance	100%

* Reducing balance. General writing down allowance rate and special pool rate to be reduced from April 2012 to 18% and 8% respectively

** Subject to conditions. Reduced to £25,000 from April 2012

*** Allowances phased out over the period to March 2011

We believe the information in Tax Rates 2011/12 to be correct at the time of going to press, but Harney&Co 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.