

Income tax

Rates

Higher	40	£34,371 to £150,000	40	£35,001 to £150,000
Additional	50	Above £150,000	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% (2011/12 32.5%) and the additional rate is 42.5%. This is reduced by the dividend tax credit.

Savings income falling into the first £2,710 of taxable income (2011/12 £2,560) will be taxed at 10%.

Reliefs

Enterprise Investment Scheme ^(a)	£1,000,000	£500,000
Venture Capital Trust ^(a)	£200,000	£200,000
SEED Enterprise Investment Scheme ^(b)	£100,000	n/a

Note: (a) Relief restricted to 30%.
 (b) Relief available up to 50%.

Allowances

Aged up to 64 ^(a)	£8,105	£7,475
Aged 65 to 74 ^{(a)(b)}	£10,500	£9,940
Aged 75 or over ^{(a)(b)}	£10,660	£10,090

Note: (a) Progressively withdrawn for income over £100,000, leading to a marginal tax rate of 60% on income in the band £100,000 to £116,210 (to £114,950 in 2011/12).
 (b) Age-related element progressively withdrawn for income over £25,400 (2011/12: £24,000).

Non-UK domiciled individuals

A £30,000 or £50,000 levy applies to certain non-UK domiciled individuals wishing to use the remittance basis of taxation.

National Insurance Contributions

Rates

Lower earnings limit (LEL) (per week)	£107	£102
Upper earnings limit (UEL) (per week – employees only)	£817	£817
Upper accruals point (UAP)	£770	£770
Earnings threshold (per week)		
■ Primary threshold	£146	£139
■ Secondary threshold	£144	£136
Employee rate:		
■ Between earnings threshold and UEL	12%	12%
■ Earnings above UEL	2%	2%
Employer rate:		
■ Above earnings threshold	13.8%	13.8%
Class 2 (self-employed flat rate)		
Per week	£2.65	£2.50
Small earnings exception (per year)	£5,595	£5,315
Class 3 (voluntary): per week	£13.25	£12.60
Class 4 (self-employed)		
Lower profits limit LPL (per year)	£7,605	£7,225
Upper profits limit UPL (per year)	£42,475	£42,475
Rate:		
■ Between LPL and UPL	9%	9%
■ Above UPL	2%	2%

Reliefs

Salary related/money purchase scheme	1.4%	1.6%
Employer rate		
Salary related scheme	3.4%	3.7%
Money Purchase scheme ^(a)		1.4%

Note: (a) Contracting out for money purchase schemes will be abolished on 5 April 2012.

Individual Savings Accounts (ISA)

Maximum cash investment	£5,640	£5,340
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Income and gains on ISA investments are tax free.

Inheritance tax

40% ^(a)	Above £325,000	Above £325,000
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Note: (a) Reduced to 36% from 2012/13 where at least 10% of the net estate is left to a charity.

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

Certain lifetime gifts are subject to inheritance tax. In these cases tax is charged at 20%.

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

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 between 10% and 35% of the list price. There is a supplementary charge of 3% for diesel cars until April 2016 but not so as to take the total percentage beyond the maximum of 35% mentioned above. The scale charge for ultra low emission vehicles (under 75g/km) is currently 5% and for electric cars the scale charge is 0%.

Car fuel

The taxable benefit in respect of fuel provided by an employer is the 'appropriate percentage' of £20,200 (2011/12 £18,800) where the appropriate percentage is the figure (from 10% to 35%) used to determine the taxable benefit in respect of the provision of the car.

Approved Mileage Allowance Payments

Up to 10,000 miles (per mile)	45p	45p
Over 10,000 miles (per mile)	25p	25p

Air Passenger Duty Rates

Band A (0-2000 miles ^(a))	£13	£12	£26	£24
Band B (2001-4000 miles ^(a))	£65	£60	£130	£120
Band C (4001-6000 miles ^(a))	£81	£75	£162	£150
Band D (over 6000 miles ^(a))	£92	£85	£184	£170

Note: (a) Distance from London to capital city of destination country.
 (b) The lowest class rate does not apply where there is only one class of travel and the seat pitch exceeds 40".

Insurance Premium Tax Rates

Higher rate (certain policies)	20%	20%
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Stamp Taxes

			Non-residential or mixed use	
			£0-£150k	
1%	£125,001-£250k	£150,001-£250k		0.5%
3%	£250,001-£500k	£250,001-£500k		
4%	£500,001-£1m	£500,001-£1m		
5%	£1,000,001-£2m	n/a		
7%	Above £2m	n/a		
15% ^(a)	Above £2m	Mixed use is apportioned		

Note: (a) Only if purchased by non-developer SPV.

In addition rent is taxed at 1% of its Net Present Value, less £125,000 in the case of residential property and £150,000 in the case of non-residential and mixed-use property.

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.

Gains realised by individuals are taxed at a flat rate of 18% (for basic rate taxpayers) or 28% (for higher or additional rate taxpayers). These rates are reduced to an effective rate of 10% where Entrepreneurs' Relief is available.

Reliefs

Chattels proceeds exemption	£6,000	£6,000
Enterprise Investment Scheme ^(a)	100%	100%
Venture Capital Trust ^(a)	100%	100%
Principal private residence ^(a)	100%	100%
Entrepreneurs' relief (cumulative lifetime allowance ^(a))	£10m	£10m

Note: (a) Subject to conditions.

Pensions

Permitted pension contribution (irrespective of salary)	£3,600	£3,600
Lifetime benefit allowance	£1,500,000	£1,800,000

Value Added Tax

Lower rate	5%	5%
Registration limit – annual turnover above	£77,000	£73,000
Simplified arrangements – annual turnover below	£1,350,000	£1,350,000

Corporation Tax

Small profits rate ^{(b)(c)}	20%	20%
Where profits ^(b)	£0-£300k	£0-£300k
Marginal relief where profits ^(b)	£300k-£1,500k	£300k-£1,500k
Marginal relief fraction ^(c)	1/100	3/200
Profit threshold for quarterly instalment payments ^(b)	£1,500k	£1,500k

Note: (a) Ring fence profits are taxed at 30%.
 (b) Reduced by reference to number of associated companies.
 (c) Ring fence profits from UK oil extraction and rights are taxed at 19% with a marginal relief fraction of 11/400.

Intangible Assets

Companies receive a deduction for expenditure on an accounts basis. Allowances at 4% p.a. are available by election.

Research and Development Relief

Non-SMEs	30%	30%
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SMEs which make losses can surrender the deduction in exchange for a payment of up to 12.5% of the loss. Expected to be 11% from 1 April 2012.

Capital allowances

Main writing down allowance rate ^(a)	18%	20%
Special rate pool (long life assets and integral features within a building) ^(a)	8%	10%
■ Energy saving/environmentally beneficial assets	100%	100%
■ 100% Annual investment allowance on expenditure up to	£25,000	£100,000
Motor cars		
Low emission less than or equal to 110g/km	100%	100%
Emissions less than or equal to 160g/km ^(a)	18%	20%
Emissions greater than 160g/km ^(a)	8%	10%
Commercial or industrial building in an Enterprise Zone ^(b)	100%	100%
Research and development	100%	100%
Business Premises Renovation Allowance	100%	100%

Note: (a) Reducing balance.
 (b) Transitional rules apply from April 2011.

We believe the information in Tax Tables 2012/13 to be correct at the time of going to press, but Harney & Co can not accept responsibility for any loss occasioned to any person as a result of action or refraining from action as a result of any item herein.