

Value Added Tax

Standard rate (1/7 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
 Standard rate rises to 20% on 4.1.2011 (% of VAT-inclusive price)

Scale charges (will change from 4.1.2011)

The scale charges for private use of business fuel are based on the CO₂ emissions rating of the car. A different charge will apply for each 5g/km increase between 130g/km and 230g/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 per 5g/km by approx*	12.06 net	2.11 VAT
230 or above	422.13 net	73.87 VAT

*exact figures must be obtained from full table.

Due dates for payment of tax

Income Tax and Class 4 NIC 2010/11

1st payment on account 31 January 2011
 2nd payment on account 31 July 2011
 Balancing payment 31 January 2012

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 6 1/2 months through the accounting period; small/medium companies pay 9 months and 1 day after end of period.

Useful Rates

2010/11

Basic Retirement Pension

Single person	£97.65
Married couple	156.15

Child Benefit

First eligible child	20.30
Each subsequent child	13.40

Example rates:

Child Tax Credits
 Family element 545
 Threshold for withdrawal 50,000

National Minimum Wage

From 1 October 2009	5.80
From 1 October 2010	5.93

You are advised to consult us before acting on any information contained herein.

2010/2011 Calendar

April 2010

M	T	W	T	F	S	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

June 2010

M	T	W	T	F	S	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

August 2010

M	T	W	T	F	S	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

October 2010

M	T	W	T	F	S	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

December 2010

M	T	W	T	F	S	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

February 2011

M	T	W	T	F	S	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28						

May 2010

M	T	W	T	F	S	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

July 2010

M	T	W	T	F	S	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

September 2010

M	T	W	T	F	S	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

November 2010

M	T	W	T	F	S	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

January 2011

M	T	W	T	F	S	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

March 2011

M	T	W	T	F	S	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

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TAX RATES 2010-11

Income Tax

Tax rates	2010/11	2009/10
Starting rate band (see note)	£2,440	£2,440
Basic rate band	37,400	37,400
Higher rate on taxable income	37,401-150,000	over 37,400
Additional rate on taxable income	over 150,000	-

There is a 10% starting rate for savings income only. If general taxable income exceeds the starting rate band the 10% rate is not available.

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 income (interest), then dividends. Discretionary trusts: basic rate as above applies to first £1,000 of income, then highest rate.

Allowed at top rate of tax	2010/11	2009/10
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, to nil for income £112,950+.

Allowed only at 10%	2010/11	2009/10
Married Couple's Allowance*	6,965	6,965
(only available if born before 6th April 1935)		
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).

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.
 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.

National Insurance Contributions

Class 1 (Employees)	Contracted In	Contracted Out Salary Related	Contracted Out 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

Class 4 (Self-employed)	
On profits £5,715 - £43,875	8.0%
On profits over £43,875	1.0%

From September 2010, there will be a "holiday" from employer's NIC for new businesses employing up to 10 new employees in their first year. The maximum benefit is £5,000 per employee. Businesses in certain areas, such as London and the SE, are excluded.

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 CO₂ 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 £550 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

	2010/11 & 2009/10	
	Higher Rate	Lower Rate
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 From 1.6.2010 (From 1.12.2009)

	Petrol	Diesel	LPG
Up to 1400cc	12p (11p)	11p (11p)	8p (7p)
1401 - 2000cc	15p (14p)	11p (11p)	10p (8p)
Over 2000cc	21p (20p)	16p (14p)	14p (12p)

These rates may change more frequently than once a year.

Inheritance Tax

Charges on or after	Rates %	Charges between 6th April 2009 and 5th April 2010
0 - £325,000	NIL	0 - £325,000
Above £325,000	40%	Above £325,000
Lifetime chargeable transfers at half the death rate, ie 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.

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 £150,000 for commercial property. The residential threshold is £125,000 (general) or £150,000 ("disadvantaged areas"), but has been increased to £250,000 for the two years from 25 March 2010 for first time homebuyers.

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% **£10,200 from 6.10.2009 for those aged 50+		

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% (disposals pre 23.6.10). For disposals after 22.6.10, an individual's net gains are added to income and taxed at 18% (basic rate band) and 28% (higher rate band). For trusts, the CGT rate is 18% (pre 23.6.10 disposals) and 28% (post 22.6.10 disposals).

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 the lifetime allowance) is taxed at an effective or actual rate of CGT of 10%. The lifetime limit is increased to £5m for disposals after 22.6.2010 (previously £2m from 6.4.10 - 22.6.10, £1m pre 6.4.10).

Corporation Tax

	Years to 31.3.2010 and 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)	1/100 (29.75%)

Main capital allowances

Plant and machinery	Allowance %
- 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 CO₂ 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