



2012/13

TAX DATA GUIDE

Budget 2012

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INCOME TAX

Tax free allowances	11/12	12/13
Personal	£7,475	£8,105
Age: 65 - 74	£9,940	£10,500
75 and over	£10,090	£10,660
Income limit for age allowances	£24,000	£25,400
Blind person's	£1,980	£2,100

There is a gradual withdrawal of the personal allowance for all individuals (regardless of age) with income above £100,000. The rate of reduction will be £1 for every £2 of income above the £100,000 limit.

Age related allowances are progressively withdrawn if income exceeds the stated limit.

From 6 April 2013 the personal allowance for under 65s will increase by £1,100 to £9,205. Age related allowances will only be available to individuals born on or before 5 April 1948, and the existing allowances will be frozen until they align with the standard personal allowance.

Rate on taxable income	11/12		12/13	
	band	rate %	band	rate %
Basic rate	≤£35,000	20	≤£34,370	20
Higher rate	£35,001 - £150,000	40	£34,371 - £150,000	40
Additional rate (AR)	>£150,000	50	>£150,000	50

There is a 10% starting rate (SR) for savings income only, up to a maximum of £2,710 for 2012/13 (2011/12: £2,560). If an individual's non-savings taxable income exceeds the maximum, the 10% SR for savings will not be available. From 6 April 2013, the basic rate limit on taxable income will be reduced to £32,245. The additional rate will reduce from 50% to 45%

Dividends and interest – treated as top and next-to-top slices of income respectively. Tax credit (TC)=1/9 x net dividend.

	12/13		
Income falling in	BR band	HR band	AR band
Dividends (+TC)	10%	32.5%	42.5%
Interest (gross)	20%	40%	50%

From 6 April 2013 the dividend additional rate will reduce to 37.5%.

Rates applicable to trusts	11/12	12/13
Discretionary and A&M trusts	50%	50%
Dividend trust rate	42.5%	42.5%

From 6 April 2013 the discretionary and A&M trusts rate will reduce to 45%. The dividend trust rate will fall to 37.5%.

The standard rate applies for 2012/13 on the first £1,000 at 10%/20% depending on the source of income.

Allowances available at 10%	11/12	12/13
Married couples allowance (MCA)*		
– age 75 and over	£7,295	£7,705
– minimum amount of MCA	£2,800	£2,960

Income limit for age allowances	£24,000	£25,400
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*Available to people born before 6 April 1935. Tax relief for this allowance is restricted to 10%. Age related allowances are progressively withdrawn if income exceeds the stated limit.

Other major reliefs	11/12 £'000	12/13 £'000
At 30% Enterprise investment scheme (max)	500	1,000
At 30%: Venture capital trust (max)	200	200

TAX CREDITS

The Working Tax Credit (WTC) and Child Tax Credit (CTC) are tax credits available to working families. The amount of tax credit you are entitled to will depend on your income and the number of children you are responsible for. To find out if you qualify visit www.hmrc.gov.uk

COMPANY CAR SCALE CHARGES

For 2012/13 the company car scale charges are:

- 0% of the list price for all cars with no CO₂ engine emissions
- 5% of the list price if emissions ≤75g/km
- 10% of the list price if emissions >75g/km but ≤99g/km
- 11% of the list price if emissions ≥100g/km
- 1% increase per additional emissions of 5g/km
- maximum benefit is 35% of list price where emissions ≥ 220g/km
- for diesel engines add 3% (max benefit is 35%)
- the 15% rate is set at 120g/km.

Fuel benefit 2012/13

The fuel benefit charge is based on the car's CO₂ emission rate and calculated by reference to a percentage of £20,200.

- eg £3,030 if emissions = 120g/km
- £202 increase per additional emissions of 5g/km
- maximum benefit is £7,070 where emissions ≥ 220g/km
- for diesel engines supplements apply (max benefit is £7,070).

Use of vans 2012/13	£3,000
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Limited private use (eg commuting) will not incur the above charge. Also, nil for electric vans (up to April 2015).

CHEAP LOANS

Official rate of interest – from 6 April 2011	4%
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Exemption for total loans not exceeding £5,000 at any time during the year.

Employers are liable for Class 1A National Insurance contributions on the above car fuel scale charges and cheap loans which apply to directors and employees earning £8,500 pa or more.

AUTHORISED MILEAGE ALLOWANCE PAYMENT (AMAP)

Business mileage	11/12	12/13
First 10,000 miles	45p	45p
Excess over 10,000 miles	25p	25p

The above rates also apply to vans. Motorcycles receive a rate of 24p per mile and bicycles a rate of 20p. In addition employees may be paid up to an

additional 5p per mile per passenger for carrying fellow employees on the same business trip.

TAX AND NI FREE BENEFITS PROVIDED TO EMPLOYEES

- Car and motorcycle parking facilities/parking fees at or near place of work
- Cycles used partly for commuting
- Protective clothing and uniforms
- Interest free loans up to £5,000
- Employer supplied mobile telephones (limited to one per employee)
- Relocation costs not exceeding £8,000
- Works bus services
- Support for public transport bus services.

This list is not exhaustive.

CAPITAL GAINS TAX (CGT)

Annual exemption (AE)	11/12	12/13
– individuals	£10,600	£10,600
– trustees	£5,300	£5,300

Gains in excess of AE taxed at either 18% or 28% (subject to entrepreneurs' relief – see below).

Rates on chargeable gains	11/12	12/13
Up to basic rate limit	18%	18%
Higher rate	28%	28%

Entrepreneurs' relief

Entrepreneurs' relief may be available for individuals (and trustees of settlements) on disposals of certain business assets including the sale of a business or the sale of a qualifying (5%) shareholding in a trading company/holding company of a trading group. The relief reduces the rate of CGT on eligible gains to 10%.

CAPITAL GAINS ENTREPRENEUR'S RELIEF

	11/12	12/13
Entrepreneurs' relief lifetime limit of gains	£10,000,000	£10,000,000
Chattels exemption	£6,000	£6,000

NATIONAL INSURANCE CONTRIBUTIONS

Class 1 employment		11/12	12/13
Lower earnings limit	pw	£102	£107
	pa	£5,304	£5,564
Upper earnings limit	pw	£817	£817
	pa	£42,475	£42,475
Primary threshold (employee)	pw	£139	£146
	pa	£7,225	£7,605
Secondary threshold (employer)	pw	£136	£144
	pa	£7,072	£7,488
Employee's contributions		12%	12%
– on weekly earnings between		£139 - £817	£146 - £817
– on weekly earnings above £817		2%	2%

Employee's contracted-out rebate	1.6%	1.4%
– salary related	1.6%	1.4 %
– money purchase*	1.6%	nil
Married woman's reduced rate	5.85%	5.85%
– on weekly earnings between	£139 - £817	£146 - £817
– on weekly earnings above £817	2%	2%

* The employee's contracted-out rebate on money purchases schemes (COMP) is abolished from 6 April 2012.

Employer's contributions		
– on weekly earnings over £136/£144	13.8%	13.8%
Employer's contracted-out rebate		
– salary related	3.7%	3.4%
– money purchase*	1.4%	nil

* The employer's contracted-out rebate on money purchases schemes (COMP) is abolished from 6 April 2012.

Classes 1A + 1B employer		
(A) Car, car fuel and other taxable benefits	13.8%	13.8%
(B) PAYE settlement agreement	13.8%	13.8%
Class 2 Self-employed per week	£2.50	£2.65
Annual earnings exception limit	£5,315	£5,595
Class 3 Voluntary per week	£12.60	£13.25
Class 4 Self-employed (rate on profits)		
– on annual profits between £7,225 - £42,475 (11/12) £7,605 - £42,475 (12/13)	9%	9%
– on annual profits over £42,475	2%	2%

PENSIONS SCHEMES

From 6 April 2006 (A-day) a single universal tax regime for pensions came into effect.

Contribution limits	Tax year	Annual allowance
	2008/09	£235,000
	2009/10	£245,000
	2010/11	£255,000
	2011/12	£50,000
	2012/13	£50,000

Contributions exceeding the annual allowance will be subject to a 40% tax charge on the excess.

Statutory lifetime allowance (SLA)	Tax year	Annual allowance
	2008/09	£1.65m
	2009/10	£1.75m
	2010/11	£1.80m
	2011/12	£1.80m
	2012/13	£1.5m

Pension age

The minimum pension age rose from 50 to 55 from 2010. However, benefits may be taken early on grounds of ill health.

Retirement benefits

A maximum lump sum of 25% of the fund (capped at 25% of the statutory lifetime allowance at A-day may be withdrawn tax free)

CORPORATION TAX (CT)

Rate for financial years ended		31 March 2012	31 March 2013
	Band*	Rate %	Rate %
Small profits rate** on first	£300,000	20	20
Marginal rate on next	£1.2m	27.5%	25%
Main rate** on over	£1.5m	26	24
Marginal relief fraction		3/200	1/100

From 1 April 2013, the main rate will then decrease by 1% per annum to reach 22% by April 2014.

* Limits shared equally between associated companies.

** The small profits rate remains at 19% for companies with 'ring fence profits' and the main rate remains at 30% for these companies. The marginal relief fraction used for calculating 'ring fence profits' remains at 11/400. Ring fence profits are profits from oil extraction and oil rights in the UK.

Corporation tax payments

Companies whose profits for two consecutive accounting periods exceed £1.5m*, must pay quarterly instalments of CT starting six months and 14 days after the start of the second accounting period.

VALUE ADDED TAX

Standard rate	20%
Domestic fuel, power and energy saving measures	5%

Thresholds from	1 April 2011 £'000	1 April 2012 £'000
Registration limit pa	73	77
Deregistration limit pa	71	75
Annual accounting – turnover limit pa	1,350	1,350
Cash accounting – turnover limit pa	1,350	1,350

CAPITAL ALLOWANCES (CA)

Plant and machinery	11/12	12/13
Annual Investment Allowance (AIA) (excluding cars)		
– expenditure limit	£100,000	£25,000
– allowance	100%	100%
Writing-down allowance (WDA) on reducing balance		
– generally	20%	18%

– integral features within buildings	10%	8%
– certain long-life assets	10%	8%

Enhanced CAs for energy efficient and water technology plant and machinery are available. Subject to a cap of £250,000, loss making companies can surrender loss in exchange for tax credit of 19%. Cars with CO₂ emissions exceeding 160g/km qualify for allowances at 8% in the special rate pool. Cars with emissions of less than 160g/km are added to the main pool and qualify for allowances at 18%.*

* From April 2013, the threshold for the main pool will be reduced to 130g/km.

First year allowances are available for expenditure incurred on:

	11/12	12/13
– designated energy efficient or water saving plant	100%	100%
– renovation of business premises in disadvantaged areas for expenditure incurred after 10 April 2007	100%	100%
– low emission cars (<110g/km)*	100%	100%
– zero-emission goods vehicles*	100%	100%

* These allowances will last until 31 March 2015.

INHERITANCE TAX

	11/12	12/13
Exempt band*	£325,000	£325,000

The proportion of an individual's exempt band which has not been utilised on their death can be transferred to the surviving spouse/civil partner.

* The exempt band threshold will remain at £325,000 until the end of tax year 2014/15. It will then be indexed in line with the CPI.

Rate on excess over exempt band

Chargeable lifetime transfers (ie transfers to trusts)	20%
Death transfers	40%

For deaths on or after 6 April 2012, a lower rate of IHT of 36% will apply where 10% or more of the net estate is left to charity.

Transfers made within seven years of death

The 40% rate applies subject to tapering relief as follows:

Years between death and gift	0 - 3	3 - 4	4 - 5	5 - 6	6 - 7
Tapering relief	Nil	20%	40%	60%	80%

Business/agricultural property relief at 100% or 50% may apply.

Exemptions		£
Annual		3,000
Small gifts – to any one person (pa)		250
Gifts in consideration of marriage	– parent	5,000
	– grandparent	2,500
	– other	1,000
Gifts to charity		unlimited

Regular gifts out of surplus income are also exempt.

INDIVIDUAL SAVINGS ACCOUNTS (ISAs)

No tax on interest, dividends or capital gains. In 2012/13 individuals can invest in two separate ISAs each tax year, a cash ISA and a stocks and shares ISA. The annual ISA investment allowance in 2012/13 is £11,280, up to £5,640 of which can be saved in cash. From 6 April 2012 the annual ISA limits increase annually in line with RPI. In the event that RPI is negative, the ISA limits would be unchanged. Persons aged 16 or over may open a cash ISA. Stocks and shares ISAs are available to persons aged 18 or over. All PEP accounts automatically became stocks and shares ISAs from 6 April 2008.

INTEREST ON TAX

Annual rates			paid late/repaid
CT paid under instalment payments			
16.3.09 - 21.9.09			1.5%/0.25%
21.9.09 onwards			1.5%/ 0.5%
	CGT, NIC, income tax and stamp duty	Inheritance tax	CT
24.3.09 - 29.9.09	2.5%/0%	0%/0%	2.5%/0%
29.9.09 onwards	3%/0.5%	3%/0.5%	3%/0.5%

NATIONAL MINIMUM WAGE

Workers	From 1.10.12 (per hour)
- 21 years +	£6.19
- 18 - 21 years	£4.98
- 16 - 17 years	£3.68

STAMP TAXES

Stamp duty (shares and securities)	12/13
Exempt where consideration is < £1,000.	0.5%

Stamp duty land tax (SDLT)

Residential	12/13
- up to £125,000	Nil
- £125,001 to £250,000	1%
- £250,001 to £500,000	3%
- over £500,000	4%
- over £1,000,000	5%
- over £2,000,000*	7%

Until 5 April 2013 there is an SDLT exemption for certain residential property purchases in 'disadvantaged' areas for consideration up to £150,000.

* The 7% rate applies from 22 March 2012. From 21 March 2012, a 15% rate of SDLT to residential properties over £2m purchased by certain non-natural persons will apply. Where the interest/property with a consideration in excess of £2m is purchased in sole or joint names then a 15% SDLT charge will apply to the following:

- All such purposes by bodies corporate
- All collective investment schemes, and
- All partnerships where there are one or more members in one of the above.

Non-residential (or mixed)	12/13
– up to £150,000	Nil
– £150,001 to £250,000	1%
– £250,001 to £500,000	3%
– over £500,000	4%

Stamp duty land tax on new leases

Residential on net	Non-residential or mixed	Rate of charge present value of rent
Up to £125,000	Up to £150,000	0%
Excess over £125,000	Over £150,000	1% of the excess over £125,000/£150,000

Gift Aid

Qualifying cash donations to UK charities and certain organisations equivalent to UK charities and community amateur sports clubs in EU countries, together with Norway and Iceland, may be made by UK taxpayers net of basic rate income tax which the charity can reclaim. Additional relief is available for higher rate and additional rate taxpayers. Charities will be able to claim Gift Aid. Corporate donations are made gross.

Tax relief is also available to individuals and companies for gifts of real property, shares and securities to charities.

Gift Aid payments can be carried back to the prior year provided they are made in advance of the submission of the tax return.

Benefit rules

The rules relating to the benefit that a donor can receive from a charity in the tax year are:

Total donations	Maximum total value of benefits
£0 - 100	25% of total donations
£101 - 1,000	£25
£1,001+	5% of total donations*

*Subject to a limit of £2,500.

Tax relief is restricted in relation to transactions with substantial donors, ie donors who give £25,000 in a 12 month period or £150,000 over six years.

Trading exemptions

If a charity makes profits from trading activities, the profits will be exempt from tax if it falls within certain limits:

Gross income of charity	Maximum sales turnover
Under £20,000	£5,000
£20,000 - £200,000	25% of charity's gross income
Over £200,000	£50,000

There are also 'concessionary' exemptions for one-off fund raising events and ancillary trading.

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If you would like to speak to an adviser for personal advice on how you or your business is affected by this Budget, please contact your local BDO office:

Birmingham

richard.rose@bdo.co.uk
0121 352 6218

Bristol

robert.brown@bdo.co.uk
0117 930 1508

Eastern region:

**Cambridge, Chelmsford
and Hatfield**

tim.ferris@bdo.co.uk
01707 255955

Glasgow

martin.bell@bdo.co.uk
0141 249 8488

Leeds

terry.jones@bdo.co.uk
0113 204 1284

London

tony.spillett@bdo.co.uk
020 7893 3315

Manchester

chris.sparkes@bdo.co.uk
0161 817 7511

Northern Ireland

peter.burnside@bdo.co.uk
028 9043 9009

Reading

malcolm.joy@bdo.co.uk
0118 952 7310

Southampton

stuart.lisle@bdo.co.uk
023 8088 1861

Southern region:

Epsom and Gatwick

bob.miller@bdo.co.uk
01372 754 517

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