



2011/12

TAX DATA GUIDE

Budget 2011



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INCOME TAX

Tax free allowances	10/11	11/12
Personal	£6,475	£7,475
Age: 65 - 74	£9,490	£9,940
75 and over	£9,640	£10,090
Blind person's	£1,890	£1,980

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.

From 6 April 2012 the personal allowance for under 65s will increase by £630 to £8,105. The basic rate limit will remain unchanged.

Rate on taxable income	10/11		11/12	
	band	rate %	band	rate %
Basic rate	≤£37,400	20	≤£35,000	20
Higher rate	£37,401 - £150,000	40	£35,001 - £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 £2,560. If an individual's non-savings taxable income exceeds the maximum, the 10% SR for savings will not be available. From 6 April 2012, the basic rate limit on taxable income will be reduced to £34,370.

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

Income falling in	11/12		
	BR band	HR band	AR band
Dividends (+TC)	10%	32.5%	42.5%
Interest (gross)	20%	40%	50%

Rates applicable to trusts	10/11	11/12
Discretionary and A&M trusts	50%	50%
Dividend trust rate	42.5%	42.5%

The standard rate applies for 2011/12 on the first £1,000 at 10%/20% depending on the source of income.

Allowances available at 10%	10/11	11/12
Married couples allowance (MCA)*		
– age 75 and over	£6,965	£7,295
– minimum amount of MCA	£2,670	£2,800
Income limit for age allowances	£22,900	£24,000

*Available to people born before 6 April 1935. Tax relief for this allowance is restricted to 10%.

Other major reliefs	10/11 £'000	11/12 £'000
At 20%(10/11) 30%(11/12) Enterprise investment scheme (max)	500	500
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 2011/12 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 ≤120g/km
- 15% of the list price if emissions >120g/km but ≤125g/km
- 1% increase per additional emissions of 5g/km
- maximum benefit is 35% of list price where emissions ≥ 225g/km
- for diesel engines add 3% (max benefit is 35%).

Fuel benefit 2011/12

The fuel benefit charge is based on the car's CO₂ emission rate and calculated by reference to a percentage of £18,800.

- £2,820 if emissions <125g/km
- £188 increase per additional emissions of 5g/km
- maximum benefit is £6,580 for ≥ 225g/km
- for diesel engines supplements apply (max benefit is £6,580).

Use of vans 2011/12

£3,000

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%

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	10/11	11/12
First 10,000 miles	40p	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)	10/11	11/12
– individuals	£10,100	£10,600
– trustees	£5,050	£5,300

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

Rates on chargeable gains	23 June 2010 onwards	11/12
Up to basic rate limit*	18%	18%
Higher rate	28%	28%

* From 23 June 2010 the rate of CGT remains at 18% where total taxable gains and income are below the basic rate threshold. The 28% rate applies to gains (or any part of gains) above the threshold.

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.

CAPITAL GAINS ENTREPRENEUR'S RELIEF

	10/11		11/12
	6 April - 22 June	23 June - 5 April	
Entrepreneurs' relief lifetime limit of gains	£2,000,000	£5,000,000	£10,000,000
Chattels exemption			£6,000

Indexation allowance is available for companies only.

NATIONAL INSURANCE CONTRIBUTIONS

Class 1 employment		10/11	11/12
Lower earnings limit	pw	£97	£102
	pa	£5,044	£5,304
Upper earnings limit	pw	£844	£817
	pa	£43,875	£42,475
Primary threshold (employee)	pw	£110	£139
	pa	£5,715	£7,225
Secondary threshold (employer)	pw	£110	£136
	pa	£5,715	£7,072
Employee's contributions		11%	12%
	– on weekly earnings between £110 - £844		£139 - £817
– on weekly earnings above £844/£817		1%	2%
Employee's contracted-out rebate		1.6%	1.6%
Married woman's reduced rate		4.85%	5.85%
	– on weekly earnings between £110 - £844		£139 - £817

– on weekly earnings above £844/£817	1%	2%
Employer's contributions		
– on weekly earnings over £110/£136	12.8%	13.8%
Employer's contracted-out rebate		
– salary related	3.7%	3.7%
– money purchase	1.4%	1.4%

From 1 April 2011 the employee's NI contribution rate will increase to 12% between the primary threshold and upper earnings limit and 2% above the upper earnings limit. Employer's contributions above the secondary threshold will increase to 13.8%.

Classes 1A + 1B employer		
(A) Car, car fuel and other taxable benefits	12.8%	13.8%
(B) PAYE settlement agreement	12.8%	13.8%
Class 2 Self-employed per week	£2.40	£2.50
Annual earnings exception limit	£5,075	£5,315
Class 3 Voluntary per week	£12.05	£12.60
Class 4 Self-employed (rate on profits)		
– on annual profits between £5,715 - £43,875 (10/11) £7,225 - £42,475 (11/12)	8%	9%
– on annual profits over £43,875 (10/11) £42,475 (11/12)	1%	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

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 2011	31 March 2012
	Band*	Rate %	Rate %
Small profits rate** on first	£300,000	21	20
Marginal rate on next	£1.2m	29.75	27.5%
Main rate** on over	£1.5m	28	26
Marginal relief fraction		7/400	3/200

From 1 April 2012, the main rate will then decrease by 1% per annum to reach 23% 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.

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 2010 £'000	1 April 2011 £'000
Registration limit pa	70	73
Deregistration limit pa	68	71
Annual accounting – turnover limit pa	1,350	1,350
Cash accounting – turnover limit pa	1,350	1,350

CAPITAL ALLOWANCES (CA)

Plant and machinery	10/11	11/12
Annual Investment Allowance (AIA) (excluding cars)		
– expenditure limit	£100,000	£100,000
– allowance	100%	100%

From April 2012 the AIA will decrease to £25k per annum.

Writing-down allowance (WDA) on reducing balance

– generally*	20%	20%
– integral features within buildings**	10%	10%
– certain long-life assets	10%	10%

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 10% in the special rate pool. Cars with emissions of less than 160g/km are added to the main pool and qualify for allowances at 20%.

* From April 2012 the general WDA rate will decrease to 18%.

** The integral feature rate and long life asset rate will decrease to 8% from April 2012.

First year allowances are available for expenditure incurred on:

	10/11	11/12
– 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%

Industrial and agricultural buildings; hotels; dredging

	10/11	11/12
Writing-down allowance on cost	1%	0%

IBAs and ABAs have been gradually phased out since 1 April 2008. This phasing out concludes on 1 April 2011.

INHERITANCE TAX

	10/11	11/12
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.

Rate on excess over exempt band

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

From 6 April 2012, the rate on death transfers will be reduced to 36%, 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 2011/12 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 2011/12 is £10,680, up to £5,340 of which can be saved in cash. From 6 April 2012 the annual ISA limits will 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 and stamp duty	Inheritance tax	CT
24.3.09 - 29.9.09	2.5%/0%	0%/0%	2.5%/0%
21.9.09 onwards	3%/0.5%	3%/0.5%	3%/0.5%

NATIONAL MINIMUM WAGE

Workers	From 1.10.10 (per hour)
- 21 years +	£5.93
- 18 - 21 years	£4.92
- 16 - 17 years	£3.64

STAMP DUTY

Shares and securities	11/12
Exempt where consideration is < £1,000.	0.5%

Stamp duty land tax residential (SDLT)

Residential	
- 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%

There is an SDLT exemption for certain residential property purchases in 'disadvantaged' areas for consideration up to £150,000.

* From 25 March 2010, an exemption from SDLT is available to first time buyers of residential property with a value up to £250,000. The relief will be available until 24 March 2012.

Non-residential (or mixed)	11/12
– 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 value that exceeds £125,000

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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For more information about Tax Support for Professionals, please contact:

Jeff Webber

jeff.webber@bdo.co.uk

020 7893 3578

Malcolm Pengelly

malcolm.pengelly@bdo.co.uk

020 7893 2936

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