

Pension Contributions

The maximum contributions available for tax relief are the greater of:

£3,600; and

100% of the net relevant earnings for the year (This is subject to a maximum of £255,000 (£245,000 in 2009/10). Advice should be taken before making high pension contributions in the 2010/11 tax year, due to anti-avoidance rules which have been introduced).

Contributions are paid net of basic rate tax.

Relief has to be claimed for the tax year of payment.

A tax charge may arise if the value of the pension at retirement exceeds the lifetime limit. The lifetime limit is £1,800,000 in 2010/11 (£1,750,000 in 2009/10).

HM Revenue & Customs Authorised Mileage Rates

Rates for 2010/11

Tax free rate per mile

All cars – first 10,000 miles
All cars – all additional miles
Motorcycles
Pedal cycles

40p per mile
25p per mile
24p per mile
20p per mile

Fuel Rates For Company Cars

These rates per mile apply where employers require employees to repay fuel costs for private travel or when employees are reimbursed for business travel in company cars.

The rates below apply from 1 December 2009.

Hybrid cars are treated as petrol cars for this purpose.

Size of engine	Petrol	Diesel	LPG
0 – 1400cc	11p	11p	7p
1401 – 2000cc	14p	11p	8p
2001cc and over	20p	14p	12p

Inheritance Tax

	2010/11	2009/10			
Nil rate band (see also below)	£325,000	£325,000			
Rate of tax on excess	40%	40%			
Annual exemption per donor	£3,000	£3,000			
Annual gifts per donee	£250	£250			
Reduced tax charge on gifts within 7 years of death					
Years before death	0-3	3-4	4-5	5-6	6-7
% of death charge	100%	80%	60%	40%	20%

If an individual's nil rate band is not fully utilised on death, the nil rate band available on the death of his or her spouse, at a later date, is increased. The maximum joint nil rate band for married couples and civil partners is therefore £650,000 in 2010/11 (£650,000 in 2009/10).

Capital Gains Tax

Tax rate	2010/11	2009/10	
Annual exemption	18%	18%	
	- individuals	£10,100	£10,100
	- settlements	£5,050	£5,050
Chattels exemption (proceeds)	£6,000	£6,000	

Entrepreneur's Relief

Entrepreneur's relief applies to qualifying disposals of businesses, shares in personal companies and assets used in a personal partnership or company. Qualifying conditions exist. The effect of the relief is to reduce the tax rate on gains to 10%. A lifetime total of £2million (£1million for gains before 6 April 2010) of gains can qualify for relief.

Main Capital Allowances

	2010/11	2009/10
Plant & Machinery		
Writing down allowance rate	20%	*20%
Annual investment allowance: 100% rate **	£100,000	£50,000
First year allowances ***	N/A	40%
Fixtures Integral To A Building	10%	10%
Long Life Assets	10%	10%
Industrial/Agricultural buildings	*1%	*2%
Enterprise zone buildings	100%	100%
Energy efficient equipment	100%	100%
Motor cars acquired before April 2009 ****	20%	20%
Low emission cars		
- limit for 100% allowance	110g/km	110g/km

* A hybrid rate applies where the accounting period straddles 6 April (1 April for companies).

** Annual Investment Allowance excludes expenditure on motor cars. Where an accounting period is less than 12 months in length, the £50,000 maximum is restricted proportionately. For accounting periods straddling 6 April 2010 (1 April for companies), the 100% rate maximum is proportionately reduced and the amount of qualifying expenditure incurred before 6 April (1 April for companies) is limited to £50,000.

*** The 40% first year allowance in 2009/10 applies to new expenditure above the Annual Investment Allowance amount. Certain assets such as motor cars are excluded. The allowance applies to expenditure incurred in the year to 5 April 2010 only (31 March 2010 for companies).

**** There is a £3,000 cap on allowances for motor cars acquired before April 2009.

Motor cars acquired from April 2009 (1 April for companies, 6 April in other cases)

The rate of allowances depends on the car's CO2 emissions:

Emission band	Rate
160g/km or over	10%
110g to 159g/km	20%
Under 110g/km	100%

Cars acquired from April 2009 are "pooled" with other cars in the same CO2 emissions band.

Balancing allowances are not available on disposal, unless there is private use of the vehicle.

Where there is no approved CO2 figure, the car goes into the 20% pool.



2010/
2011



Know how
the 2010
Budget
affects
you!

Income Tax

	2010/11 £	2009/10 £
Allowances that reduce Taxable Income		
Personal allowance - under 65	6,475	6,475
- 65 to 74	9,490	9,490
- 75 and over	9,640	9,640
Allowances that reduce Tax		
Married couples - 75 and over	696.50	696.50

Notes

- Married couples allowance is only available where one of the spouses was 65 or over on 5 April 2000.
- Ages are as at the end of the tax year. Ages for higher rates of married couples allowance relate to elder of husband and wife.
- The higher rates of personal allowances for older people are reduced by £1 for each £2 of income exceeding £22,900 (2009/10 £22,900) until the basic allowance of £6,475 is reached. Similar limits apply to the married couples allowance (basic allowance is £267.00), but only the husband's income is taken into account.
- From April 2010, the personal allowance will be restricted for individuals whose income exceeds £100,000, by £1 for each £2 of income exceeding £100,000, until it is reduced to nil.
- Child Tax Credit and Working Tax Credit are available in certain circumstances, depending on income.

	2010/11 £	2009/10 £
Income Tax Bands		
Basic rate band – up to	37,400	37,400
Additional higher rate – income above	150,000	N/A
Earned income rates		
Basic rate	20%	20%
Higher rate	40%	40%
Additional Higher rate	50%	N/A
Dividends		
Basic rate	10%	10%
Higher rate	32.5%	32.5%
Additional Higher rate	42.5%	N/A
Interest	*20%	20%
* A 10% rate of up to £2,440 (£2,440 in 2009/10) applies to certain individuals with low income.		
Rate applicable to trusts	50%	40%
Starting rate band for trusts	1,000	1,000

Corporation Tax

Year commencing	1 April 2010	1 April 2009
First £300,000	21%	21%
Next £1,200,000	29.75%	29.75%
Balance over £1,500,000	28%	28%

It is proposed to increase the lower rate of corporation tax to 22% from 1 April 2011.

This card is issued as a guide to current legislation. No decision based on its contents should be taken without consulting a specialist adviser.

Car & Fuel Benefits

Car Benefit (For tax & employer's NIC)

Car benefit is based on the defined list price of the car, less a maximum of £5,000 capital contributions by employee (max price £80,000 until April 2011 when this cap will no longer apply). There are special rules for classic cars.

CO2 Emissions (g/km) Rate of list price

0	0%
< 75	5%
< 130 *	15%
130 +	15% - 35% **

* The charge is 15% of a car's list price for emissions of up to 130g/km (125g/km from 6 April 2011).

** The benefit increases by a sliding scale of 1% of list price for every 5g/km of additional emissions, subject to maximum charge of 35%.

A supplement of 3% of list price is added for diesel cars (the maximum charge is 35%).

Discounts are available until April 2011 for cars which run on alternative fuels such as bi-fuel gas and E85, and for electric-only and hybrid electric-petrol cars.

A reduction is made if a car is unavailable for use or if employee contributions are made.

Car Fuel Benefits

Based on CO2 emissions in same way as company car benefit. The CO2 percentage figure is multiplied by a "set figure" for cost. The set figure for 2010/11 is £18,000 (2009/10 = £16,900).

Vans Under 3.5 Tonnes

The charge is £3,000 (+ £550 for private fuel) regardless of the age of the van. There are certain exceptions to this charge, depending on the use to which the van is put. Vans with zero carbon dioxide emissions have a nil benefit charge.

Value Added Tax

	From 1 Apr 2010	To 31 Mar 2010
Standard rate	17.5%*	17.5%
VAT Fraction	7/47	7/47
Taxable Turnover Limits		
Registration		
last 12 months or coming 30 days over	£70,000	£68,000
Deregistration - coming year under	£68,000	£66,000
Cash and Annual accounting schemes - coming year up to	£1,350,000	£1,350,000
Flat rate scheme for small businesses - entering scheme: coming year up to	£150,000	£150,000
- within scheme: last 12 months or coming 30 days over	£225,000	£225,000

* Up to 31 December 2009 the standard rate was 15% and the VAT fraction was 3/23.

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National Insurance

2010/11 National Insurance Contributions

Class 1 – Employment Income

Weekly Earnings	Employer	Employee
Up to £96.99 (Lower Earnings Limit)	Nil	Nil
£97.00 to £109.99 (Secondary Limit)	Nil	*Nil
£110.00 to £844.00 (Upper Limit)	12.8%	11%
£844.01 and above	12.8%	1%
Men 65 & over and women 60 & over	As above	Nil
Class 1A NIC – On benefits in kind	12.8%	Nil
Class 2 – Self Employed Small earnings exception limit	£2.40 per week £5,075 per annum	
Class 3 – Voluntary	£12.05 per week	

Class 4 – Self Employed on profits £5,715 - £43,875 on profits above £43,875	8% 1%
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* Employees in this wage band are entitled to contributory benefit entitlements.

All rates of class 1, class 1A and class 4 NIC are due to increase by 1% on 6 April 2011. The lower limits, under which no contributions are payable, will also increase from this date (by £570 for annual earnings).

National Minimum Wage

Hourly Rates

Age 16 and 17	£3.57 between 1 Oct 09 and 30 Sept 10
Age 18 to 21 inclusive	£4.83 between 1 Oct 09 and 30 Sept 10
Age 22 or over	£5.80 between 1 Oct 09 and 30 Sept 10

Stamp Duty & Stamp Duty Land Tax

Zero rate threshold: residential property

From 1 January 2010	- £125,000
From 1 January 2010 (disadvantaged areas)	- £150,000
Zero rate threshold: leases of less than 21 years From 25 March 2010 (first-time buyers only)	- £125,000 - £250,000

Zero rate threshold: non-residential property

Rent of less than £1,000 per annum	- £150,000
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Higher rate thresholds

Above zero rate threshold to £250,000	- 1% of total
£250,001 to £500,000	- 3% of total
Over £500,000	- 4% of total*

* A new 5% rate will apply from 6 April 2011 for properties worth over £1,000,000.

Stamp Duty on share transactions

- 0.5% of total

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