

THE BUDGET 23 MARCH 2011

PERSONAL TAX

	2011-12	Value of restricted Allowance	2010-11	Value of restricted Allowance
	£	£	£	£
PERSONAL ALLOWANCES				
Personal allowance	7,475		6,475	
Blind person	1,980		1,890	
Upper income limit	100,000		100,000	
AGE ALLOWANCES: 65 to 74				
Personal allowance	9,940		9,490	
Upper income limit	24,000		22,900	
AGE ALLOWANCES: 75 and over				
Personal allowance	10,090		9,640	
Married couple	7,295	729.50	6,965	696.50
Upper income limit	24,000		22,900	
INCOME TAX RATES				
20%		0 - 35,000		0 - 37,400
40%		35,001 - 150,000		37,401 - 150,000
50%		Over 150,000		Over 150,000

Savings income falling into the first £2,560 of taxable income will be taxed at 10%. This is only available if your only source of taxable income is from savings income. Any non savings income above the £2,560 will mean that all income will be taxed at 20%. Dividends will continue to be taxed at 10% up to the basic rate tax band and 32.5% thereafter of the gross dividend. Any taxable dividend income above £150,000 will be charged at the 42.5% tax rate.

The personal allowance will be reduced £1 for every £2 of income over £100,000 up to a maximum of the full personal allowance. This means that no personal allowance will be given to those earning over £114,950.

From April 2012 the personal allowance will increase by £630 to £8,105, with the basic rate limit reduced equally by £630 to £34,370. This means that you will pay higher rate tax when your income exceeds £42,475.

ISA's

The annual ISA allowance has increased to £10,680 of which a maximum of £5,340 can be held as cash, applicable to all savers. No tax is payable on any interest, dividends or capital gains on ISA investments. A new Junior ISA will be introduced for children from autumn 2011.

NATIONAL MINIMUM WAGE

The current rate is £5.93 an hour for workers aged 22 and over, previously £5.80, effective from 1 October 2010.

This is reduced to £4.92 an hour for workers aged 18 to 21, previously £4.83, effective from 1 October 2010.

16 to 17 year old workers are entitled to minimum wage of £3.64 an hour, previously £3.57, effective from 1 October 2010.



SOCIAL SECURITY BENEFITS

		2011-12	2010-11
		£ per week	£ per week
Pension	Single (increase of 4.61%)	102.15	97.65
	Married	163.35	156.15
Jobseekers allowance	over 25's	67.50	65.45
Child benefit	first child	20.30	20.30
	subsequent	13.40	13.40
Incapacity benefit	Long-term	94.25	91.40

NATIONAL INSURANCE**CLASS 1 2011-12****Employee - contracted in**

		Employer - contracted in	
Up to £139 p.w. (£7,228 pa)	Nil	Up to £136 p.w.	Nil
£139.01 to £817.00 p.w.	12%		
Above £817 p.w. (£42,484 pa)	2%	Above £136 p.w.	13.8%

For 2011-12, the monthly earnings limit before national insurance is due is £589 per month.

CLASS 2 Self employed

		2011-12	2010-11
		£ per week	£ per week
On earnings over £5,315 (£5,075)		2.50	2.40

CLASS 3 Voluntary - flat rate

2011-12	2010-11
12.60	12.05

CLASS 4 Self employed

2011-12

9% of profits between £7,225 and £42,475

2% of profits above £42,475

STATUTORY SICK PAY (SSP)

		2011-12	2010-11
		£ per week	£ per week
Flat rate		81.60	79.15

STATUTORY MATERNITY PAY (SMP)

First 6 weeks	90%	90%
Remaining weeks - max 33	128.73	124.88

STATUTORY PATERNITY PAY (SPP)

Two weeks	128.73	124.88
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STATUTORY REDUNDANCY PAY

The statutory redundancy pay amount has increased to £400 per week, previously £380.

SMALL BUSINESS RATES RELIEF

The small business rates relief holiday will be extended by one year from 1 October 2011. Relief will be given at 100% on rateable values up to £6,000 and on a sliding scale thereafter up to £12,000.

INHERITANCE TAX

	2011-12	2010-11	2009-10
Rate	£	£	£
Nil	0 – 325,000	0 – 325,000	0 - 325,000
40%	325,000 +	325,000 +	325,000 +

The nil rate bands are transferred on death, giving a combined nil rate band for 2011-12 of £650,000.

You can make gifts amounting to £3,000 in any tax year, which can be carried forward to the following tax year if previously unused, giving a maximum allowance of £6,000. The £325,000 band will remain at this level until 5th April 2015.

From April 2012, the Inheritance tax rate will be reduced to 36% for estates leaving 10% or more to charity.

CORPORATION TAX

	2011-12 Profit	2011-12	2010-11	2010-11
	£000's		Profit £000's	
Small profits' rate	0 - 300	20%	0 - 300	21%
Upper marginal rate	300-1,500	27.50%	300-1,500	29.75%
Standard rate	over 1,500	26%	over 1,500	28%

The standard rate will fall by a further 1% each year until 23% from 1 April 2014.

CAPITAL ALLOWANCES

The Annual Investment Allowance (AIA) will still apply giving 100% relief for the first £100,000 of expenditure on plant and machinery in the general pool. The limit for AIA will be reduced from £100,000 to £25,000 from April 2012. Writing Down Allowances (WDA) will remain at 20% for 2011-12 before being reduced to 18% from April 2012. Capital allowances on cars with CO2 emissions over 160g/km will be eligible for a restricted WDA of 10% with those under 160g/km eligible for the standard 20% WDA. Cars with less than 110g/km of CO2 emissions attract a 100% allowance. Industrial Buildings Allowance (IBA) and Agricultural Buildings Allowance (ABA) will be abolished from 6 April 2011.

NON-DOMICILES

The £30,000 annual charge for non-domiciles, who have been UK resident for 7 or more years and have taken advantage of the remittance basis by bringing foreign income into the UK, will remain. The charge will, however, be increased to £50,000 for those who have been UK resident for 12 years or more. The charge will be removed where the remitted income is for the purpose of commercial investment in UK businesses.

VALUE ADDED TAX

	New	Previous
REGISTRATION LIMIT		
Annual net turnover (effective 1 April 2011)	£73,000	£70,000
DEREGISTRATION LIMIT		
Annual net turnover (effective 1 April 2011)	£71,000	£68,000
Cash and annual accounting registration limit	£1,350,000	£1,350,000
Cash and annual accounting deregistration limit	£1,600,000	£1,600,000
Prior period VAT errors can be adjusted for on the next VAT return up to a limit of £10,000 but must be disclosed to HM Revenue & Customs (HMRC) in writing. Any errors above this limit will need to be separately notified to HMRC. The standard rate of VAT will remain at 20%.		

ONLINE FILING

All businesses with annual turnover over £100,000 must file their VAT returns online and pay their VAT electronically. From 1 April 2012 all VAT returns will have to be filed and payments made electronically. From 1 April 2011 all Corporation tax returns and accounts must be filed online, using iXBRL format, for accounting periods ended after 31 March 2010.

VAT FUEL SCALE RATES FOR PRIVATE MOTORING ON PETROL AND DIESEL VEHICLES

(VAT quarters effective from 1 May 2011)

Please refer to our website www.cehill.co.uk for full details of the VAT fuel scale charges.

CAPITAL GAINS TAX

	2010-11	2009-10
Personal annual exemption (trustees)	£10,600 (5,300)	£10,100 (5,050)

The single 18% Capital Gains Tax rate is still applied for basic rate taxpayers. Higher rate taxpayers will pay capital gains tax at 28%.

Entrepreneurs relief is available for the disposal of a trading business or shares in a trading company, providing the seller is an officer or employee of the company and has a minimum of 5% stake in the business. The entrepreneurs relief will reduce the effective rate to 10% on the first £10 million gains made over a lifetime (previously £5 million).

BUSINESS PAYMENT SUPPORT SERVICE

The Business Payment Support Service which gives people streamlined access to request Time to Pay their tax will continue. This will help support viable businesses experiencing temporary financial difficulty. The service is available for all HMRC taxes, including VAT, Corporation Tax, Income Tax and NICs and PAYE. To request setting up an arrangement with HM Revenue & Customs, call them on 0845 302 1435. HMRC will be using debt collection agencies to collect outstanding taxes so it is important to get a payment support system in place if required.

ENTERPRISE INVESTMENT SCHEME (EIS) AND VENTURE CAPITAL TRUSTS (VCT)

The annual investment limit for income tax relief for EIS will increase from the current £500,000 to £1 million effective from 6 April 2012. The tax relief rate under EIS will increase from 20% to 30% effective from 6 April 2011. The rate of income tax relief for investors in VCTs will remain at 30% for up to £200,000 investment.

STAMP DUTY AND LEASES

	Residential	Non Residential	
Property	Up to £125,000	Up to £150,000	Nil
	£125,001 - £250,000	£150,001 - £250,000	1% (nil for first time buyers)
	£250,001 - £500,000	£250,001 - £500,000	3%
	£500,000 - £1,000,000	£500,000 +	4%
	£1,000,000+	N/A	5%
Shares		0.5% (No duty on amounts <£1,000)	

From 25 March 2010 stamp duty for first time buyers will be nil up to £250,000 until 25 March 2012.

EXCISE DUTY CHANGES

Alcohol and tobacco

Cigarettes	50p on packet
Beer (per pint)	4p increase
Wine (per 75cl bottle)	15p increase

Vehicles and fuel

Main fuel	-1p per litre
Road fuel gases	-1.45p per kg
Rebated gas oil (red diesel)	-0.19p per litre
Heavy fuel oil	-0.18p per litre

Road Fund Licence

CO2 Band	Change	Petrol & Diesel (£)	CO2 Band	Change	Petrol & Diesel (£)
<100g	(no change)	0	151-165g	+\$10	165
101-110g	(no change)	20	166-175g	+\$10	190
111-120g	(no change)	30	176-185g	+\$10	210
121-130g	+\$5	95	186-200g	+\$10	245
131-140g	+\$5	115	201-225g	+\$15	260
141-150g	+\$5	130	226-255g	+\$25	460

PENSION SCHEME

You can pay the higher of £3,600 p.a. or 100% of your UK earnings into a private pension.

PENSIONS RESTRICT TAX RELIEF

From 6 April 2011, those with income above £150,000, including employer pension contributions, will see higher rate relief on their pension payments made each year restricted to the minimum basic rate of 20% once income reaches £180,000 a year. The annual allowance for tax relief will be reduced from £255,000 to £50,000 from 2011-12.

BUSINESS START-UPS

HM Revenue & Customs and businesslink.gov.uk will provide a range of service for start-ups including online tools, video guides and fact sheets. By autumn 2011, a new personalised area for start-ups will be up and running on businesslink.gov.uk. This will include a tax registration wizard that enables registration for multiple taxes, online services and payment plans.

TAX CREDITS

Tax credits are for lower paid workers and families with children. Claims can only be back dated for 3 months so it is important to claim early. From April 2012 any backdating of claims will only be available for 1 month. From April 2011 the amount claimable will be reduced for those families earning more than £40,000 and from April 2012 families with one child will receive no tax credits once they earn above £23,275.

COMPANY CAR BENEFIT

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 a scale charge varying between 5% and 35% of the list price. There will be a supplementary charge for diesel cars of 3% (except those which meet the EU standard for cleaner cars registered before 1 January 2006). From 2011-12, the cap on the maximum list price of £80,000 will be abolished. For more information on your specific car benefit visit www.hmrc.gov.uk/calcs/cars.htm

CAR FUEL BENEFIT

The additional scale charge for the provision of private fuel will increase to £18,800, previously £18,000, from 6 April 2011. The figure is multiplied by the appropriate car tax percentage to determine the taxable benefit. This is calculated by reference to the car's carbon dioxide emission rating and varies between 5% and 35% of £18,800.

COMPANY VAN BENEFIT

Taxable benefits will remain at £3,000. There will be an additional charge of £550 if fuel is provided for private use by the employer.

APPROVED MILEAGE RATES (from 6 April 2011)

All cars	Up to 10,000 miles	Over 10,000 miles
	45p	25p

The approved mileage rate has increased from 40p to 45p for the first 10,000 miles from 6 April 2011. Employees may be paid an additional 5p per mile per passenger for carrying fellow employees on the same business trip.

KEY DATES IN TAX CALENDER

19 May 2011	Forms P14 and P35 to be submitted to HM Revenue & Customs by employers
31 May 2011	Forms P60 to be given to employees by employers
6 July 2011	Forms P9D/P11D to be given to employees and to HM Revenue & Customs. Pay by 19 July.
31 July 2011	Second interim payment of tax due for 2010-11
31 Oct 2011	Deadline for paper submission of tax return if self assessed
31 Dec 2011	Deadline for submission of tax return if you wish the tax to be collected in your tax code.
31 Jan 2012	Final deadline for electronic submission of tax return if self assessed Final payment of tax due for 2010-11. First interim payment of tax due for 2011-12.