

## THE BUDGET 20 MARCH 2013

| PERSONAL TAX                       | 2013-14 | Value of restricted Allowance | 2012-13 | Value of restricted Allowance |
|------------------------------------|---------|-------------------------------|---------|-------------------------------|
|                                    | £       | £                             | £       | £                             |
| <b>PERSONAL ALLOWANCES</b>         |         |                               |         |                               |
| Personal allowance                 | 9,440   |                               | 8,105   |                               |
| Blind person                       | 2,160   |                               | 2,100   |                               |
| Upper income limit                 | 100,000 |                               | 100,000 |                               |
| <b>AGE ALLOWANCES: 65 to 74</b>    |         |                               |         |                               |
| Personal allowance                 | 10,500  |                               | 10,500  |                               |
| Upper income limit                 | 26,100  |                               | 25,400  |                               |
| <b>AGE ALLOWANCES: 75 and over</b> |         |                               |         |                               |
| Personal allowance                 | 10,660  |                               | 10,660  |                               |
| Married couple                     | 7,915   | 791.50                        | 7,705   | 770.50                        |
| Upper income limit                 | 26,100  |                               | 25,400  |                               |
| <b>INCOME TAX RATES</b>            |         |                               |         |                               |
| 20%                                |         | 0 - 32,010                    |         | 0 - 34,370                    |
| 40%                                |         | 32,011 - 150,000              |         | 34,371 - 150,000              |
| 45% (50%)                          |         | Over 150,000                  |         | Over 150,000                  |

Savings income falling into the first £2,790 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 £2,790 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% of the gross dividend thereafter. Any taxable dividend income above £150,000 will be charged at the 37.5% 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 £118,880. The marginal rate is 60% on this £18,880.

### ISA's

The annual ISA allowance has increased to £11,520 of which a maximum of £5,760 can be held as cash, applicable to all savers. Junior ISA allowance is £3,720. No tax is payable on any interest, dividends or capital gains on ISA investments.

The government intends to consult on options for transferring savings held in child trust funds (CTF) into Junior ISAs

### NATIONAL MINIMUM WAGE

The current rate is £6.19 an hour for workers aged 22 and over, previously £6.08, effective from 1 October 2012.

For 18 to 21 year old workers the rate remains at £4.98 an hour, effective from 1 October 2012.

For 16 to 17 year old workers the rate remains at £3.68 an hour, effective from 1 October 2012.

Apprentices are entitled to minimum wage of £2.65 an hour, previously £2.60, effective from 1 October 2012 for apprentices under 19 or over 19 and in the first year of their apprenticeship.

These rates may be updated on the 1 October 2013.



**SOCIAL SECURITY BENEFITS**

|                      |                            | <b>2013-14</b>    | 2012-13    |
|----------------------|----------------------------|-------------------|------------|
|                      |                            | <b>£ per week</b> | £ per week |
| Pension              | Single ( increase of 2.5%) | <b>110.15</b>     | 107.45     |
|                      | Married                    | <b>176.15</b>     | 171.85     |
| Jobseekers allowance | over 25's                  | <b>71.70</b>      | 71.00      |
| Child benefit        | first child                | <b>20.30</b>      | 20.30      |
|                      | subsequent                 | <b>13.40</b>      | 13.40      |
| Incapacity benefit   | Long-term                  | <b>101.35</b>     | 99.15      |

People eligible to draw their state pension after 5th April 2016 will now receive flat rate of £144 per week (£7,488 pa). The £144 is based on 2013-14 levels and will be indexed.

**NATIONAL INSURANCE****CLASS 1 2013-14****Employee - contracted in**

|                              |     |
|------------------------------|-----|
| Up to £149 p.w. (£7,748 pa)  | Nil |
| £149.01 to £797.00 p.w.      | 12% |
| Above £797 p.w. (£41,444 pa) | 2%  |

**Employer - contracted in**

|                 |       |
|-----------------|-------|
| Up to £148 p.w. | Nil   |
| Above £148 p.w. | 13.8% |

For 2013-14, the monthly earnings limit before national insurance is due is £646 per month. In 2014-15 employment allowances of £2,000 will be offset against any employer's Class 1

**CLASS 2 Self employed****On earnings over £5,725 (£5,595)**

| <b>2013-14</b>    | 2012-13    |
|-------------------|------------|
| <b>£ per week</b> | £ per week |
| <b>2.70</b>       | 2.65       |

**CLASS 3 Voluntary - flat rate****CLASS 4 Self employed**

2013-14

|  |       |
|--|-------|
| <b>13.55</b>                             | 13.25 |
| 9% of profits between £7,755 and £41,450 |       |
| 2% of profits above £41,450              |       |

**STATUTORY SICK PAY (SSP)**

Flat rate

| <b>2013-14</b>    | 2012-13    |
|-------------------|------------|
| <b>£ per week</b> | £ per week |
| <b>86.70</b>      | 85.85      |

**STATUTORY MATERNITY PAY (SMP)**

First 6 weeks (% of average weekly earnings)

Remaining weeks - max 33

Rate is lower of 90% of average weekly earnings or £136.78 (min £98.10)

|               |        |
|---------------|--------|
| <b>90%</b>    | 90%    |
| <b>136.78</b> | 135.45 |

**STATUTORY PATERNITY PAY (SPP)**

Two weeks (as 33 weeks SMP payments)

|               |        |
|---------------|--------|
| <b>136.78</b> | 135.45 |
|---------------|--------|

**STATUTORY REDUNDANCY PAY**

The statutory redundancy pay amount has increased to the lower of either the actual weekly wage or £450 per week previously £430.

**INHERITANCE TAX**

|      | <b>2013-14</b>     | 2012-13     | 2011-12     |
|------|--------------------|-------------|-------------|
| Rate | £                  | £           | £           |
| Nil  | <b>0 – 325,000</b> | 0 – 325,000 | 0 – 325,000 |
| 40%  | <b>325,000 +</b>   | 325,000 +   | 325,000 +   |

Surviving partners or spouses unused nil rate bands can be transferred on death, giving a maximum combined nil rate band for 2013-14 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 2018. The 40% rate reduces to 36% for estates leaving 10% or more to charity.

**CORPORATION TAX**

|                     | <b>2013-14 Profit</b> | <b>2013-14</b> | <b>2012-13 Profit</b> | <b>2012-13</b> |
|---------------------|-----------------------|----------------|-----------------------|----------------|
|                     | <b>£000's</b>         |                | <b>£000's</b>         |                |
| Small profits' rate | <b>0 - 300</b>        | <b>20%</b>     | <b>0 - 300</b>        | <b>20%</b>     |
| Upper marginal rate | <b>300-1,500</b>      | <b>23.75%</b>  | <b>300-1,500</b>      | <b>25%</b>     |
| Standard rate       | <b>over 1,500</b>     | <b>23%</b>     | <b>over 1,500</b>     | <b>24%</b>     |

The standard rate will fall by 2% to 21% in 2014-15 and a further 1% in 2015-16 to unify the main and small company rate at 20%.

**STUDENT LOAN RECOVERY**

The annual earning threshold has increased to £16,365, previously £15,795. Repayments are deducted at a rate of 9% of the amount over the threshold.

## CAPITAL ALLOWANCES

The Annual Investment Allowance (AIA) gives 100% relief for the first £250,000 (previously £25,000) of expenditure on plant and machinery for a period of two years from 1st January 2013. Writing Down Allowances (WDA) will remain at 18% for 2013-14. Capital allowances on cars with CO2 emissions over 130g/km (previously 160g/km) will be eligible for a restricted WDA of 8% with those under 130g/km eligible for the standard 18% WDA. Cars with less than 110g/km of CO2 emissions attract a 100% allowance.

## VALUE ADDED TAX

|   | New               | Previous   |
|---|-------------------|------------|
| Annual net turnover (effective 1 April 2013) registration limit   | <b>£79,000</b>    | £77,000    |
| Annual net turnover (effective 1 April 2012) deregistration limit | <b>£77,000</b>    | £75,000    |
| Flat rate registration limit                                      | <b>£150,000</b>   | £150,000   |
| Flat rate deregistration limit                                    | <b>£230,000</b>   | £230,000   |
| Cash and annual accounting registration limit                     | <b>£1,350,000</b> | £1,350,000 |
| Cash and annual accounting deregistration limit                   | <b>£1,600,000</b> | £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%.

All VAT returns now have to be filed online and payments made electronically.

## CASH ACCOUNTING BASIS

Small unincorporated businesses are now able to prepare accounts on a cash basis. Effective from 6 April 2013 to businesses operating below the VAT threshold.

## PATENT BOX

Patent box will continue to allow companies to elect to apply a 10% rate of corporation tax to profits from qualifying patents.

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

(VAT quarters effective from 1 May 2013)

Please refer to our website [www.cehill.co.uk](http://www.cehill.co.uk) for full details of the VAT fuel scale charges.

## CAPITAL GAINS TAX

|                                      | 2013-14                | 2012-13         |
|--------------------------------------|------------------------|-----------------|
| Personal annual exemption (trustees) | <b>£10,900 (5,450)</b> | £10,600 (5,300) |

Basic rate tax payers pay Capital Gains tax at 18%, and higher rate tax payers 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.

## TAX AVOIDANCE SCHEMES

From 6 April 2013 a General Anti-Abuse Rule (GAAR) will be used to out-law 'artificial and abusive tax avoidance schemes'.

The IR35 rules will be confirmed shortly. HMRC intend to increase the number of companies affected.

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

EIS and VCT investors allowed to invest up to £1 million. VCTs allowed to invest up to £1 million per company. EIS investors can make loans and invest in shares with non-cumulative dividend rights.

## SEED ENTERPRISE INVESTMENT SCHEME (SEIS) AND ENTERPRISE MANAGEMENT INCENTIVES (EMI)

Seed EIS was extended from 6 April 2013 but only 50% of the amount invested in qualifying businesses can be set off gains in 2013-14 and 2014-15.

EMI schemes now employees can hold options worth up to £250,000 (£120,000). From 2013-14 gains will be charged at the 10% entrepreneurial relief rate.

## STAMP DUTY AND LEASES

|          | Residential             | Non Residential   |                                    |
|----------|-------------------------|---|------------------------------------|
| Property | Up to £125,000          | Up to £150,000  | <b>Nil</b>                         |
|          | £125,001 - £250,000     | £150,001 - £250,000   | <b>1%</b>                          |
|          | £250,001 - £500,000     | £250,001 - £500,000   | <b>3%</b>                          |
|          | £500,001 - £1,000,000   | £500,000 +  | <b>4%</b>                          |
|          | £1,000,001 - £2,000,000 | N/A   | <b>5%</b>                          |
|          | £2,000,000+             | N/A   | <b>7% (15% in an off-shore Co)</b> |
| Shares   |                         | <b>0.5%</b> (No duty on amounts <£1,000)                              |                                    |
|          |                         | <b>0.0%</b> (On shares traded on growth markets such as AIM and ISDX) |                                    |

## EXCISE DUTY CHANGES

### Alcohol and tobacco

|                         |              |
|-------------------------|--------------|
| Cigarettes (pack of 20) | 26p increase |
| Beer (per pint)         | 1p decrease  |
| Wine (per 75cl bottle)  | 10p increase |
| Spirits (37.5% abv)     | 38p increase |

### Vehicles and fuel

|                              |           |
|------------------------------|-----------|
| Main fuel                    | no change |
| Road fuel gases              | no change |
| Rebated gas oil (red diesel) | no change |
| Heavy fuel oil               | no change |

### Road Fund Licence

|                            | Standard   | Showroom |                            | Standard   | Showroom |
|----------------------------|------------|----------|----------------------------|------------|----------|
| (VED Band) - Change        | Petrol &   |          | (VED Band) - Change        | Petrol &   |          |
| CO2 Band                   | Diesel (£) |          | CO2 Band                   | Diesel (£) |          |
| (A) - <100g (no change)    | 0          | 0        | (G) - 151-165g +£5         | 175        | 175      |
| (B) - 101-110g (no change) | 20         | 0        | (H) - 166-175g +£5 (+£10)  | 200        | 285      |
| (C) - 111-120g (no change) | 30         | 0        | (I) - 176-185g +£5 (+£10)  | 220        | 335      |
| (D) - 121-130g +£5         | 105        | 0        | (J) - 186-200g +£10 (+£15) | 260        | 475      |
| (E) - 131-140g +£5         | 125        | 125      | (K) - 201-225g +£10 (-£40) | 280        | 620      |
| (F) - 141-150g +£5         | 140        | 140      | (L) - 226-255g +£15 (+25)  | 475        | 840      |
|                            |            |          | (M) - 255g+ +£15 (+35)     | 490        | 1,065    |

## PENSION SCHEME

You can pay the higher of £3,600 p.a. or 100% of your UK earnings to a maximum of £40,000 into a private pension and obtain tax relief. The lifetime pension allowances (max fund value) has now been reduced to £1.25m.

## TAX CREDITS & CHILD BENEFITS

You will not be eligible for tax credit if you have one child and your income is over £26,000 and with 2 children if your income is over £32,2004. These amounts are guidelines and you should check on the HMRC website. Child benefit will be reduced from 2013-14 when one parent earns more than £50,000 and is tapered to nil at £60,000. The benefit will not reduce but will be clawed back via PAYE or on your tax return.

## COMPANY CAR & VAN BENEFITS

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% (below 75g/km) and 35% (over 215g/km) 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). For more information on your specific car benefit visit [www.hmrc.gov.uk/calcs/cars.htm](http://www.hmrc.gov.uk/calcs/cars.htm)

Taxable benefits for a van will remain at £3,000. There will be an additional charge of £564 if fuel is provided for private use by the employer.

## CAR FUEL BENEFIT

The additional scale charge for the provision of private fuel increases to £21,100, previously £20,200, from 6 April 2013. 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 £21,100.

## APPROVED MILEAGE RATES 2013-14

|  | Up to 10,000 miles | Over 10,000 miles |
|--|--------------------|-------------------|
| All cars and vans  | 45p                | 25p               |
| Passenger payment (carrying fellow employees) per employee | 5p                 | 5p                |
| Motorbike / bicycles                                       | 24p / 20p          | 24p / 20p         |

## KEY DATES IN TAX CALENDER

|              |  |
|--------------|--|
| 19 May 2013  | Forms P14 and P35 to be submitted to HM Revenue & Customs by employers   |
| 31 May 2013  | Forms P60 to be given to employees by employers  |
| 6 July 2013  | Forms P9D/P11D to be given to employees and to HM Revenue & Customs. Class 1A NIC payable by 19 July.  |
| 31 July 2013 | Second interim payment of tax due for 2012-13  |
| 31 Oct 2013  | Deadline for paper submission of tax return if self assessed   |
| 30 Dec 2013  | Deadline for submission of tax return if you wish the tax to be collected in your tax code.  |
| 31 Jan 2014  | Final deadline for electronic submission of tax return if self assessed<br>Final payment of tax due for 2012-13. First interim payment of tax due for 2013-14. |