

Employee benefits in kind

Car scale benefit

This benefit is assessed on a percentage of a car's price according to level of carbon dioxide emissions.

2010/11		2010/11	
CO ₂ emissions in grams per kilometre	Percentage of car's price taxed	CO ₂ emissions in grams per kilometre	Percentage of car's price taxed
75	5	180	25
120	10	185	26
130	15	190	27
135	16	195	28
140	17	200	29
145	18	205	30
150	19	210	31
155	20	215	32
160	21	220	33
165	22	225	34
170	23	230	35
175	24		

Further reductions may apply for LPG, bi-fuel, E85 and hybrid cars. Supplement if car runs on diesel (unless Euro Standard IV and registered by 1.1.06) add 3% subject to a maximum charge of 35%.

Car fuel benefit 2010/11

This calculation is based on the percentage in the above table according to the car's CO₂ emissions applied to a standard figure of £18,000 pa. Zero emission cars, incl electricity only: no taxable benefit from 6 April 2010.

Vans: £3,000 plus £500 if fuel provided.

Mileage allowances

No taxable benefit arises, irrespective of engine size, on the following reimbursement rates:

Cars	first 10,000 business miles	40p
	excess business miles	25p
	each passenger making same business trip	5p
Motorcycles		24p
Bicycles		20p
Advisory fuel scale	Petrol	Diesel
1,400 cc or less	11p	11p
1,401 cc to 2,000 cc	14p	11p
Over 2,000 cc	20p	14p

Petrol hybrid cars are treated as petrol cars for this purpose.

Tax free benefits

Employers can provide the following to employees as tax free benefits:

- mobile phone – one per employee
- work-place nurseries
- childcare vouchers up to £55 a week
- works buses
- bicycles for commuting to work
- luncheon vouchers up to 15p a day

Inheritance Tax

Rates of tax	Death rate	Lower (lifetime) rate
For 2010/11		
Up to £325,000	NIL	NIL
Thereafter	40%	20%

Major exemptions	2010/11 and 2009/10
Gifts to UK domiciled spouse	Unlimited
Gifts to non-UK domiciled spouse	£55,000
Gifts to charities	Unlimited
Annual gifts per donor	£3,000
Small gifts to different individuals	£250 each
Recurring gifts out of income	depends on income
Agricultural property relief	
Vacant possession obtainable within 24 months	100%
Landlord's interest in let farmland – for new tenancies let after 31.8.95	50%
100%	100%
Business property relief	
Unincorporated businesses	100%
Unquoted shares in a company	100%
Personal assets used in your own business	50%
Gifts on marriage	
By parent	£5,000
By remote ancestor or party to marriage	£2,500
By other person	£1,000

National Insurance contributions

Class 1 Employees'

No contributions are due on first £110 weekly, £476 monthly or £5,715 yearly of earnings.

Weekly earnings	Contracted in	Contracted out
On first £110	NIL	NIL
£110 - £770	11%	9.4%
£770 - £844	11%	11%
Above £844	1%	1%

Married women's reduced rate = 4.85% of £110 to £844 per week + 1% over £844 per week.

Class 1 Employers'

Weekly earnings	Contracted out	Contracted out rate	Contracted out rate
On first £97	NIL	NIL	NIL
£97 - £110	NIL	Rebate 3.7%	Rebate 1.4%
£110 - £770	12.8%	9.1%	11.4%
Above £770	12.8%	12.8%	12.8%

* Contracted Out Salary Related Scheme
+ Contracted Out Money Purchase Scheme

Class 1A NIC 12.8% on all taxable benefits in kind payable 19 July after end of tax year.

Class 1B payable on PAYE Settlement Agreement benefits and tax due 19 October after end of tax year.

Class 2 self employed flat rate £2.40 per week. Small earnings exception £5,075 per annum.

Class 3 voluntary rate £12.05 per week.

Class 4 self employed earnings related rate 8% of profits between £5,715 and £43,875 (max = £3,052.80) plus 1% of excess over £43,875 (2009/10 8% of profits between £5,715 and £43,875 pa (max £3,052.80) + 1% above £43,875).

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Tax rates 2010/11



www.critchleys.co.uk

Oxford t: 01865 261100
Abingdon t: 01235 553333

Income Tax rates

	Taxable income	Rate	Tax on band
2010/11	£0 - £37,400 **	20%*	£7,480
	£37,400 - £150,000	40%	
	£150,000+	50%	
2009/10	£0 - £37,400 **	20%*	£7,480
	£37,400 and above	40%	

* Dividends 10%/32½% for higher rate and 42.5% for additional rate.
 ** 10% starting rate of £2,440 applies to savings income only.
 40% tax rate reached if total income exceeds £43,875

Annual charge for non-domiciliaries claiming remittance basis: £30,000 (de minimis income: £2,000)

Personal allowances & tax credits

	2010/11	2009/10
a) Given at marginal rate of Income Tax:		
Personal allowance up to 65 years	£6,475 ⁺	£6,475
Personal allowance 65 to 74 years	£9,490*	£9,490*
Personal allowance over 75 years	£9,640*	£9,640*
Blind person's allowance	£1,890	£1,890
Rent-a-room tax free home income	£4,250	£4,250

b) Relief restricted to 10%:

Married couple's allowance		
Aged 75 and over	£6,965*	£6,965*
Minimum amount	£2,320	£2,320

+ Allowance abated by £1 for every £2 income over £100,000 p.a.

* Age reliefs abated by £1 for every £2 income over

	£22,900	£22,900
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c) Child Tax Credit (CTC):

Family element	£545	£545
Family element baby addition	£545	£545
Child element	£2,210	£2,210
Disabled child element	£2,670	£2,670
Severely disabled child element	£1,075	£1,075

Personal allowances & tax credits continued

	2010/11	2009/10
d) Working Tax Credit (WTC):		
Basic element	£1,920	£1,890
Couples & lone parent element	£1,890	£1,860
30 hour element	£775	£775
Disabled worker element	£2,570	£2,530
Severe disability element	£1,075	£1,075
Childcare element		
Max eligible cost for 1 child	£175pw	£175pw
Max eligible cost for 2+ children	£300pw	£300pw
Proportion of eligible costs paid	80%	80%

e) Common elements to CTC & WTC:

First income threshold	£6,420	£6,420
First income threshold CTC only	£16,040	£16,040
First withdrawal rate	39%	39%
Second income threshold	£50,000	£50,000
Second withdrawal rate	6.67%	6.67%
Income disregard	£25,000	£25,000

Savings products

	2010/11	2009/10
Enterprise Investment Scheme		
Income Tax relief @20%	£500,000	£500,000
Capital Gains Tax deferral	Unlimited	Unlimited
Venture Capital Trusts	£200,000	£200,000
Income Tax relief	30%	30%
CGT relief rollover	No	No
Individual Savings Account (ISA) Maxi	£10,200	£7,200
Stocks and Shares Mini	£5,100	£3,600
Cash limit - Mini ISA	£5,100	£3,600

Stamp Duty Land Tax

a) on land transactions	
£0 - £125,000 (residential)	nil
£0 - £150,000 (disadvantaged areas)	nil
£0 - £250,000 (first time buyer)	nil
£125,001 - £250,000	1%
£250,001 - £500,000	3%
over £500,000	4%

Stamp duty land tax continued

b) on granting of lease, % of NPV*
 residential: 1% of excess over £175,000
 other: 1% of excess over £150,000

*on net present value of rents over term of lease (applying 3.5% discount rate)

Note: the £175,000 threshold for residential properties applies until 31 December 2009, when it reverts to £125,000. Also it does not apply to leases under 21 years

Stamp Duty (including SDRT)

Transfer of stock and marketable securities	0.5%
Intellectual property,	
No charge unless duty exceeds £5	

Capital Gains Tax

	2010/11	2009/10
Rates of tax		
Individuals to 22/06/10	18%	18%
From 23/06/10 taxable income and 22/06/10 gains	18%	28%
Trusts to 22/06/10	18%	
Trusts from 23/06/10	28%	
Exemptions		
Individuals and most estates	£10,100	£10,100
Most trusts	£5,050	£5,050
Chattels (½ taxable on excess)	£6,000	£6,000

Companies' indexation allowance continues to be calculated to month of disposal.

Entrepreneurs' Relief

Entrepreneurs' relief is available on disposals of certain business assets if held for at least one year. Effective tax rate of 10% on gains up to lifetime allowance of £2 million up to 22/6/10 and £5m from 23/06/10.

Corporation Tax

Financial year 2010 ie 1.4.10 to 31.3.11

First	£300,000	at 21%	=	£63,000
Next	£1,200,000	at 29.75%	=	£357,000
Above	£1,500,000	at 28%		

Corporation Tax continued

Tax payment dates

a) Large companies pay CT by four equal instalments which are due 6½, 9½, 12½ and 15½ months after the start of each accounting period. Large companies are defined as those with profits greater than £1.5 million. This figure is divided by 1 + the number of associated companies, and reduced proportionally if the accounting period is less than 12 months.

b) Other companies pay the whole CT liability nine months after the end of the accounting period.

VAT

	2010/11	2009/10
Standard rate to 3/1/11	17.5%	15%
Standard rate from 4/1/11	20%	15%
Reduced rate	5%	5%
Annual registration limit	£70,000+	£68,000+
Deregistration limit	£68,000+	£66,000+
Cash accounting entry limit	£1,350,000	£1,350,000
Cash accounting exit limit	£1,600,000	£1,600,000
Annual VAT returns entry limit	£1,350,000	£1,350,000
Annual VAT returns exit limit	£1,600,000	£1,600,000
Flat rate scheme, max VATable turnover	£150,000	£150,000

VAT Fuel Scale Charge

The fuel scale charges are based on CO₂ emissions rather than engine size (there are 24 bands).

The new scale charges will be effective from the first accounting period beginning on or after 1 May 2010.