

# Tax Facts



ifa  
Est. 1916

Institute of Financial Accountants

Burford House  
44 London Road  
Sevenoaks  
Kent  
TN13 1AS

switchboard: +44 (0)1732 458 080  
fax: +44 (0)1732 455 848  
email: [mail@ifa.org.uk](mailto:mail@ifa.org.uk)  
website: [www.ifa.org.uk](http://www.ifa.org.uk)

## Income Tax Allowances

	2011/12	2010/11
	£	£
<b>Personal allowance</b>		
general	7,475	6,475
income limit	100,000	100,000
aged 65 to 74 in tax year	9,940	9,490
aged 75 or over in tax year	10,090	9,640
age allowance income limit	24,000	22,900
minimum where income exceeds		
age limit (subject to general		
income limit)	7,475	6,475
<b>Married couple's allowance<sup>1</sup></b>		
(relief at 10%)		
either partner aged 75 or over		
in year of assessment	7,295	6,965
age allowance income limit	24,000	22,900
minimum where income exceeds		
limit	2,800	2,670
Blind person's allowance	1,980	1,890

<sup>1</sup>Available for civil partners.

## Income Tax Rates

<b>Taxable Income</b>	<b>Rate</b>
£	%
<b>2011/12</b>	
<b>0 – 35,000</b>	<b>20</b>
<b>35,001 – 150,000</b>	<b>40</b>
<b>Over 150,000</b>	<b>50</b>
<b>2010/11</b>	
0 – 37,400	20
37,401 – 150,000	40
Over 150,000	50

**Savings** income is generally treated as the highest part of total income. A 10% starting rate, for savings income only, applies to the extent that such income falls within the first £2,560 of taxable income (£2,440 for 2010/11). If taxable non-savings income exceeds this limit, the 10% rate does not apply. Income from **dividends** is taxed at 10% within the starting and basic rate bands, at 32.5% in the higher rate band and at 42.5% thereafter (these rates are applied to the dividend grossed-up by a tax credit of 1/9).

## National Insurance Contributions

2011/12

**Class 1** (Earnings related)

	<b>Not contracted out</b>	<b>Contracted out</b>
<b>Employees</b>		
<i>Weekly earnings</i>		
First £139	Nil	Nil
£139.01 £770	12%	10.4%
£770.01 £817	12%	12%
Over £817	2%	2%

<b>Employers</b>	<b>NCO</b>	<b>SRS</b>	<b>MPS</b>
<i>Weekly earnings</i>			
First £136	Nil	Nil	Nil
£136.01 £770	13.8%	10.1%	12.4%
Over £770	13.8%	13.8%	13.8%

Employees rates are reduced to 5.85% for married women with valid certificates of election but the 2% rate above £817 still applies. Rates are nil for employees over state pensionable age. Normal employers contributions are still payable.

Employers also receive a rebate of 3.7% for salary-related schemes and 1.4% for money purchase schemes on earnings from £102 to £136 per week. A rebate of 1.6% on earnings from £102 to £139 per week is given to employees (or employers where insufficient contributions have been paid for offset).

**Class 1A and Class 1B** 13.8%

**Class 2** (Self-employed) Flat rate £2.50 a week.

Small earnings exemption £5,315 a year.

**Class 3** (Voluntary contributions) £12.60 a week.

**Class 4** (Self-employed) 9% of profits between £7,225 and £42,475 a year. 2% of profits above £42,475 a year.

## Inheritance Tax

**Transfers after 5 April 2011 and before 6 April 2012**

**Death Rates**

<b>Gross transfer</b>	<b>Rate %</b>
Up to £325,000*	Nil
Over £325,000	40

\*Unused nil rate band is transferable to spouse or civil partner.

Chargeable lifetime transfers are initially charged at 20%. Annual gifts of up to £3,000 per donor are exempt.

## Capital Gains Tax

<b>Annual exempt amounts 2011/12</b>	<b>£</b>
Individuals, disabled trusts, personal representatives for year of death and two years thereafter	<b>10,600</b>
Trusts generally	<b>5,300</b>

### **Rates 2011/12**

#### *Individuals*

Standard rate	<b>18%</b>
Higher rate	<b>28%</b>
<i>Trustees and personal representatives</i>	<b>28%</b>
<i>Gains to which entrepreneurs' relief applies</i>	<b>10%</b>

## Corporation Tax

<b>Financial Year to</b>	<b>31/3/2012</b>	<b>31/3/2011</b>
Full rate	<b>26%</b>	28%
Small profits rate	<b>20%</b>	21%
20%/21% rate limit	<b>£300,000</b>	£300,000
marginal relief limit	<b>£1,500,000</b>	£1,500,000
marginal relief fraction	<b>3/200</b>	7/400
effective marginal rate	<b>27.5%</b>	29.75%

## Stamp Taxes

**Shares and marketable securities** 0.5%<sup>1</sup>

<sup>1</sup> Rounded up to the nearest multiple of £5. Transactions of value £1,000 or less exempt.

### **Transfers of land and buildings (consideration paid)**

<b>Residential<sup>2</sup></b>	<b>Non-residential</b>	<b>Rate</b>
£125,000 or less	£150,000 or less	Nil
£125,001 £250,000	£150,001 £250,000	1% <sup>3</sup>
£250,001 £500,000	£250,001 £500,000	3%
£500,001 £1,000,000	Over £500,000	4%
Over £1,000,000	N/A	5%

### **Leases**

*Rent (net present value)*

<b>Residential<sup>2</sup></b>	<b>Non-residential</b>	<b>Rate</b>
Up to £125,000	Up to £150,000	Nil
Over £125,000	Over £150,000	1%

<sup>2</sup> Different rates apply in designated disadvantaged areas  
<sup>3</sup> 0% for first-time buyers of residential property before 25 March 2012

### *Premiums*

Duty on premiums is the same as for transfers of land (but special rules apply to non-residential property where rent exceeds £1,000 annually).

## Car Benefit

CO <sub>2</sub> emissions (2011/12) grams per km	% of list price	
	Petrol	Diesel
75	5	8
120	10	13
125	15	18
130	16	19
135	17	20
140	18	21
145	19	22
150	20	23
155	21	24
160	22	25
165	23	26
170	24	27
175	25	28
180	26	29
185	27	30
190	28	31
195	29	32
200	30	33
205	31	34
210	32	35
215	33	35
220	34	35
225	35	35

No charge applies to cars incapable of producing CO<sub>2</sub> engine emissions.

## Car Fuel Benefit

For 2011/12, car fuel benefit is calculated by applying the above car benefit percentage to a figure of £18,800.

## Tax-Free Mileage Allowances

### **Employee's own vehicle**

	<b>2011/12</b>
<i>Motorcars and vans</i>	
Up to 10,000 business miles	45p
Over 10,000 business miles	25p
Each passenger making same trip	5p
<i>Motorcycles</i>	24p
<i>Cycles</i>	20p

### **Advisory fuel rates for company car from 1 March 2011**

<i>Cylinder capacity</i>	<i>Petrol</i>	<i>Diesel</i>	<i>LPG</i>
Up to 1,400 cc	14p	13p	10p
1,401 cc to 2,000 cc	16p	13p	12p
Over 2,000 cc	23p	16p	17p

## Individual Savings Accounts

	<b>Overall limit</b>	<b>Cash limit</b>
<b>2011/12</b>	<b>£10,680</b>	<b>£5,340</b>
<b>2010/11</b>	<b>£10,200</b>	<b>£5,100</b>

## Venture Capital Schemes

	<b>Investment limit</b>	<b>Income tax relief rate</b>
Enterprise investment scheme	£500,000	30%
Venture capital trusts	£200,000	30%

## Value Added Tax

<b>Standard rate</b>	<b>20%</b>
<b>Lower rate</b>	<b>5%</b>

Registration level from 1 April 2011      £73,000 pa

Deregistration limit from 1 April 2011      £71,000 pa

### **VAT car fuel scale charges from 1 May 2011**

<b>CO<sub>2</sub> emissions grams per km</b>	<b>Quarterly returns £</b>	<b>Monthly returns £</b>
120	157	52
125	236	78
130	252	84
135	268	89
140	283	94
145	299	99
150	315	105
155	331	110
160	346	115
165	362	120
170	378	126
175	394	131
180	409	136
185	425	141
190	441	147
195	457	152
200	472	157
205	488	162
210	504	168
215	520	173
220	536	178
225	551	183

## **Capital Allowances**

	<b>Rate %</b>
<b>Dredging</b> (straight-line basis) Writing-down allowance	4
<b>Business premises renovation</b> Initial allowance*	100
<b>Flat conversions</b> Initial allowance*	100
*Writing-down allowance for unrelieved expenditure (straight-line basis)	25
<b>Know-how</b> (reducing balance basis) Writing-down allowance	25
<b>Mineral extraction</b> (reducing balance basis) <i>Writing-down allowances</i> General Acquisition of mineral asset	25 10
<b>Patent rights</b> (reducing balance basis) Writing-down allowance	25
<b>Plant and machinery</b> (reducing balance basis) Annual investment allowance (max £100,000) <i>First-year allowances</i> Energy-saving or environmentally beneficial assets New low-emission cars New zero-emission goods vehicles <i>Writing-down allowances</i> General Cars (expenditure incurred on or after 1/6 April 2009 where CO <sub>2</sub> emissions exceed 160g/km) Special rate expenditure (including integral features and thermal insulation) Long-life assets	100 100 100 20 10 10 10
<b>Research and development</b> Allowance	100

## Registered Pension Schemes

### **Individual contributions 2011/12**

Maximum tax-relievable contributions are the higher of:

- 100% of taxable UK earnings; or
- £3,600 (where the scheme applies tax relief at source).

<b>Annual allowance</b>	<b>£50,000</b>
<b>Lifetime allowance</b>	<b>£1,800,000</b>

Any unused annual allowance can be carried forward for up to three years.

## Tax Credits

<b>Annual amounts 2011/12</b>	<b>£</b>
<b>Child tax credit</b>	
Family element	545
Child element (for each child)	2,555
Addition for disabled child	2,800
Severe disabled child enhancement	1,130
<b>Working tax credit</b>	
Basic element	1,920
Lone parent and couple element	1,950
30-hour element	790
Disability element	2,650
Severe disability element	1,130
50-plus return to work payment	
(16 to 29 hours)	1,365
(30 or more hours)	2,030
Childcare element (up to 70% of costs)	<b>Weekly</b>
maximum eligible cost (1 child)	175
maximum eligible cost (2 or more)	300
<b>Income thresholds</b>	
First income threshold	6,420
eligible for child tax credit only	15,860
First withdrawal rate	41%
Second income threshold	40,000
Second withdrawal rate	41%
Income disregard	10,000