



Grant Thornton

Tax Facts

Annual tax rates and allowances

2011/2012



Income Tax Rates

Rate (%)	2011/2012 (£)	2010/2011 (£)
10	1–2,560*†	1–2,440*†
20	1–35,000‡	1–37,400‡
40	35,001–150,000§	37,401–150,000§
50Δ	over 150,000	over 150,000

- Savings income (excluding dividends) is taxed at 10% within the savings rate band.
- Rate applicable to discretionary and accumulation and maintenance trusts is 50% above standard rate band of £1,000; within this band tax rate is 10% or 20% depending on nature of income.
- See Taxation of Dividends.

* Savings rate band.

† Only available to extent taxable non-savings income is less than savings rate band.

‡ Basic rate band.

§ Higher rate band.

Δ Additional rate.

Personal Allowances

	2011/2012 (£)	2010/2011 (£)
Personal*		
– age under 65	7,475	6,475
– age 65–74	9,940	9,490
– age 75 and over	10,090	9,640
Married couple's†‡		
– age 75 and over§	7,295	6,965
Age allowance income limit for full reliefΔ	24,000	22,900
Blind person's¥	1,980	1,890

* Personal allowance reduced by £1 for every £2 of income over £100,000 until completely removed.

† Relief is restricted to 10%.

‡ Part or the full amount of the allowance may be transferred to the spouse (wife for marriages pre 5 December 2005) or civil partner.

§ Available where at least one of the parties was born pre 6 April 1935.

Δ Personal allowance for age 65 and over reduced by £1 for every £2 income in excess of limit until basic personal allowance of £7,475 (£6,475 2010/2011) is reached.

Married couple's allowance reduced by £1 for every £2 income in excess of limit until minimum allowance of £2,800 (£2,670 2010/2011) is reached.

¥ Any surplus can be transferred to the spouse or civil partner.

Pension Schemes

Tax Year	Annual allowance* (£)	Lifetime allowance (£)
2010/2011	255,000	1,800,000
2011/2012	50,000†	1,800,000‡

• Income tax relief is given on the lower of 100% of annual earnings§ or the annual allowance. Anti-forestalling provisions apply up to 5 April 2011.

* Total of personal and employer contributions.

† Carry forward facility available where annual contributions in previous three tax years were less than £50,000.

‡ The lifetime limit will be reduced from £1.8 million to £1.5 million from 6 April 2012.

§ If no earnings, £3,600 a year and for relief at source arrangements only.

Taxation of Dividends

	Actual rate on gross amount*	Effective rate on dividend received
Savings rate taxpayers	10%	nil
Basic rate taxpayers	10%	nil
Higher rate taxpayers	32.5%	25%
Additional rate taxpayers	42.5%	36.1%
Discretionary trusts	42.5%†	36.1%†

- Shareholders are not entitled to repayment of tax credits.
- Availability of 10% tax credit on dividends from overseas companies depends on certain conditions.
- Certain distributions from real estate investment trusts are treated as UK property income rather than dividend income (unless recipient resident in a country with a tax treaty with the UK).

* Dividend received plus tax credit.

† Unless income does not exceed £1,000.

Capital Gains Tax

A flat rate of 18% applies to gains up to the unused basic rate band and a flat rate of 28% applies thereafter.*

A flat rate of 18% applies to gains realised before 23 June 2010.

Annual exemptions	2011/2012 (£)	2010/2011 (£)
Individuals and personal representatives	10,600	10,100
Certain trusts for disabled persons	10,600	10,100
Other trusts†	5,300	5,050

* Losses and annual exemption to be offset to benefit the taxpayer.

† Reduced pro-rata if more than one trust per settlor subject to minimum of 10% of full amount.

Entrepreneurs' relief

- Effective 10% rate on first £10 million of gains in a lifetime (£5 million for gains realised after 22 June 2010 and before 6 April 2011, £2 million for gains realised before 23 June 2010).
- Applies in specified circumstances to disposals of business assets and of shares in trading companies.
- Qualifying conditions must normally be met for 12 months immediately prior to disposal.

Inheritance Tax

Cumulative transfers on death

From 6 April 2010	Rate
£1-£325,000*	nil
over £325,000	40%

* On death of surviving spouse or civil partner, may be increased by the additional percentage of nil-rate band unused by the pre-deceased spouse or civil partner. Special rules apply where the deceased has more than one former spouse or civil partner.

The figures contained in the booklet are subject to amendment as the Finance Bills pass through Parliament. This booklet is a guide only and advice should be taken before acting on its contents.

Corporation Tax

Year to	31 March 2012	31 March 2011
Small profits rate*	20%	21%
– Upper limit†	£300,000	£300,000
Marginal relief band		
– Lower limit†	£300,001	£300,001
– Upper limit†	£1,500,000	£1,500,000
– Marginal rate	27.5%	29.75%
– Marginal relief fraction	3/200	7/400
Full Rate	26%	28%

* Not available to close investment holding companies.

† Profit limits reduced for a company in a group or with associated companies.

National Insurance Contributions (NIC)

Class 1 employed

Employee contributions

From 6 April 2011 Earnings per week (£)	Not contracted out	Contracted out
0–139.00	nil	nil
139.01–770.00	12%	10.4%
770.01–817.00	12%	12%
over 817.00	2%	2%

Employer contributions

From 6 April 2011 Earnings per week (£)	Not contracted out	Contracted out
0–136.00	nil	nil
136.01–770.00	13.8%	10.1%*
over 770.00	13.8%	13.8%

• Employer's NIC of 13.8% applies to most income tax benefits.

• Employee's rate for a married woman with a valid election 5.85% on earnings of £139.01–£817 and 2% on earnings above £817.

* Employer's contribution rate of 12.4% in respect of money purchase schemes.

From 6 April 2010 to 5 April 2011 Earnings per week (£)	Not contracted out*		Contracted out*	
	employer	employee	employer	employee
0–110.00	nil	nil	nil	nil
110.01–770.00	12.8%	11%	9.1%*	9.4%
770.01–844.00	12.8%	11%	12.8%	11%
over 844.00	12.8%	1%	12.8%	1%

• Employer's NIC of 12.8% applies to most income tax benefits.

• Employee's rate for a married woman with a valid election 4.85% on earnings of £110.01–£844 and 1% on earnings above £844.

* Employer's contribution rate of 11.4% in respect of money purchase schemes.

	2011/2012	2010/2011
Class 2 self-employed		
Flat rate	£2.50 pw	£2.40 pw
Share fishermen	£3.15 pw	£3.05 pw
Volunteer development workers	£5.10 pw	£4.85 pw
Small earnings exception	£5,315 pa	£5,075 pa
Class 3 voluntary		
Flat rate	£12.60 pw	£12.05 pw
Class 4 self-employed		
Main rate on profit	9%	8%
Annual lower limit	£7,225	£5,715
Annual upper limit	£42,475	£43,875
Rate above upper limit	2%	1%

Value Added Tax

Rates		
For transactions after 3 January 2011		
Standard 20%	Reduced 5%	Zero 0%
For transactions between 1 January 2010 and 3 January 2011		
Standard 17.5%	Reduced 5%	Zero 0%
Annual thresholds	From 1 April 2011	From 1 April 2010
Registration	£73,000	£70,000
De-registration	£71,000	£68,000
Cash accounting scheme	£1,350,000	£1,350,000
Annual accounting scheme	£1,350,000	£1,350,000
Flat rate schemes*	£150,000	£150,000

* Separate scheme available for farmers (no turnover limit).

Stamp Duty

Transfers of shares/marketable securities	
Consideration	Rate
£0–£1,000	exempt
over £1,000	0.5%*

* Rounded up to nearest £5.

Stamp Duty Reserve Tax	
Agreements for sale of chargeable securities	Rate
– in most cases involving private company shares the tax is franked by the payment of stamp duty	0.5%

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This guide summarises some of the tax rates and allowances available for 2011/2012.

In-depth analysis of the Budget can be found on our website

www.grant-thornton.co.uk/budget

Stamp Duty Land Tax

Chargeable consideration other than rent

Residential	Non-residential/mixed	Rate
£1-£125,000	£1-£150,000	exempt*
£125,001-£250,000†	£150,001-£250,000	1%
£250,001-£500,000	£250,001-£500,000	3%
£500,001-£1,000,000	Over £500,000	4%
Over £1,000,000‡		5%
- Residential property in disadvantaged areas up to £150,000		exempt
- New zero carbon homes up to £500,000		exempt§

Net present value of rent

Residential	Non-residential/mixed	Rate
Up to £125,000	Up to £150,000	0%
On excess over £125,000	On excess over £150,000	1%
Disadvantaged areas		
- residential property with net present value up to £150,000		exempt

* If chargeable consideration relates to a lease that includes non-residential property and rent attributable to that part is £1,000 or more, exemption not available on attributable lease premium and 1% rate applies.

† Exemption for first time buyers between 25 March 2010 and 24 March 2012.

‡ Residential purchases where the effective date is on or after 6 April 2011 subject to exclusions for some contracts entered into or substantially performed before 25 March 2010.

§ From 1 October 2007 until 30 September 2012. For purchase prices in excess of £500,000 the liability is reduced by £15,000.

Capital Allowances and Reliefs

Plant and machinery

Annual investment allowance	
- restricted to first £100,000 of most qualifying expenditure	100%
Writing down allowance*	20%
Features integral to a building, thermal insulation and long life assets	
Writing down allowance	10%
First year allowances	
- designated energy saving plant and machinery†	100%
- expenditure on new electric cars and low carbon dioxide emission cars	100%
- expenditure on refuelling for vehicles using natural gas or hydrogen fuel	100%
- environmentally beneficial plant and machinery‡	100%
Business premises renovation allowances	
- initial allowance	100%
- writing down allowance	25%

* Special rules apply to cars acquired pre 1 April 2009 costing over £12,000 and from 1 April 2009 with high emissions (>160g/km).

† Loss making companies can surrender deduction for a payment of 19% of the amount surrendered. Maximum refund greater of £250,000 or total PAYE & NI liability.