

Tax

Facts spring edition 2012



Income Tax Allowances

| | 2012/13 | 2011/12 |
|--|----------|----------|
| Personal allowance | £ | £ |
| general | 8,105 | 7,475 |
| income limit | 100,000 | 100,000 |
| aged 65 to 74 in tax year | 10,500 | 9,940 |
| aged 75 or over in tax year | 10,660 | 10,090 |
| age allowance income limit | 25,400 | 24,000 |
| minimum where income exceeds age limit (subject to general income limit) | 8,105 | 7,475 |
| Married couple's allowance¹ (relief at 10%) | | |
| either partner born before 6.4.1935 | 7,705 | 7,295 |
| age allowance income limit | 25,400 | 24,000 |
| minimum where income exceeds limit | 2,960 | 2,800 |
| Blind person's allowance | 2,100 | 1,980 |

¹ Available for civil partners.

Income Tax Rates

| Taxable Income £ | Rate % |
|---------------------------------------|-------------------------|
| 2012/13 | |
| 0 – 34,370 | 20 |
| 34,371 – 150,000 | 40 |
| Over 150,000 | 50 |
| 2011/12 | |
| 0 – 35,000 | 20 |
| 35,001 – 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 £2,710 of taxable income (£2,560 for 2011/12). 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

2012/13

Class 1 (Earnings related)

| | Not contracted out | Contracted out |
|------------------------|--------------------|----------------|
| Employees | | |
| <i>Weekly earnings</i> | | |
| First £146 | Nil | Nil |
| £146.01– £770 | 12% | 10.6% |
| £770.01– £817 | 12% | 12% |
| Over £817 | 2% | 2% |
| Employers | | |
| <i>Weekly earnings</i> | | |
| First £144 | Nil | Nil |
| £144.01– £770 | 13.8% | 10.4% |
| Over £770 | 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 3.4% for salary-related schemes on earnings from £107 to £144 per week. A rebate of 1.4% on earnings from £107 to £146 per week is given to employees (or employers where insufficient contributions have been paid for offset). Contracting out is abolished for money purchase schemes from 6 April 2012.

Class 1A and Class 1B – 13.8%

Class 2 (Self-employed) – Flat rate £2.65 a week.

Small earnings exemption £5,595 a year.

Class 3 (Voluntary contributions) – £13.25 a week.

Class 4 (Self-employed) – 9% of profits between £7,605 and £42,475 a year. 2% of profits above £42,475 a year.

Inheritance Tax

Transfers after 5 April 2012 and before 6 April 2013

Death Rates

| Gross transfer | Rate % |
|-----------------------------|-----------------|
| Up to £325,000 ¹ | Nil |
| Over £325,000 | 40 ² |

¹ Unused nil rate band is transferable to spouse or civil partner.

² 36% where 10% or more of the net estate is left to charity.

Chargeable lifetime transfers are initially charged at 20%.

Annual gifts of up to £3,000 per donor are exempt.

Capital Gains Tax

| Annual exempt amounts 2012/13 | £ |
|---|---------------|
| Individuals, disabled trusts, personal representatives for year of death and two years thereafter | 10,600 |
| Trusts generally | 5,300 |

Rates 2012/13

Individuals

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

Corporation Tax

| Financial Year to | 31/3/2012 | 31/3/2013 |
|--------------------------|------------------|------------------|
| Full rate | 26% | 24% |
| Small profits rate | 20% | 20% |
| 20% rate limit | £300,000 | £300,000 |
| marginal relief limit | £1,500,000 | £1,500,000 |
| marginal relief fraction | 3/200 | 1/100 |
| effective marginal rate | 27.5% | 25% |

Stamp Taxes

Shares and marketable securities 0.5%¹

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

Transfers of land and buildings (consideration paid)

| Residential² | Non-residential | Rate |
|--------------------------------|------------------------|-----------------|
| £125,000 or less | £150,000 or less | Nil |
| £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% |
| £1,000,001–£2,000,000 | N/A | 5% |
| Over £2,000,000 | N/A | 7% ³ |

Leases

Rent (net present value)

| Residential² | Non-residential | Rate |
|--------------------------------|------------------------|-------------|
| Up to £125,000 | Up to £150,000 | Nil |
| Over £125,000 | Over £150,000 | 1% |

² Different rates apply in designated disadvantaged areas.

³ 15% if purchase by, or by a partnership including, a company or collective investment scheme enveloping the property.

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 ₂ emissions (2012/13) grams per km | % of list price | |
|---|-----------------|--------|
| | Petrol | Diesel |
| 75 | 5 | 8 |
| 76–99 | 10 | 13 |
| 100 | 11 | 14 |
| 105 | 12 | 15 |
| 110 | 13 | 16 |
| 115 | 14 | 17 |
| 120 | 15 | 18 |
| 125 | 16 | 19 |
| 130 | 17 | 20 |
| 135 | 18 | 21 |
| 140 | 19 | 22 |
| 145 | 20 | 23 |
| 150 | 21 | 24 |
| 155 | 22 | 25 |
| 160 | 23 | 26 |
| 165 | 24 | 27 |
| 170 | 25 | 28 |
| 175 | 26 | 29 |
| 180 | 27 | 30 |
| 185 | 28 | 31 |
| 190 | 29 | 32 |
| 195 | 30 | 33 |
| 200 | 31 | 34 |
| 205 | 32 | 35 |
| 210 | 33 | 35 |
| 215 | 34 | 35 |
| 220 | 35 | 35 |

No charge applies to cars incapable of producing CO₂.

Car Fuel Benefit

For 2012/13, car fuel benefit is calculated by applying the above car benefit percentage to a figure of £20,200.

Tax-Free Mileage Allowances

Employee's own vehicle

| | 2012/13 |
|---------------------------------|---------|
| <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 2012

| Cylinder capacity | Petrol | Diesel | LPG |
|----------------------|--------|--------|-----|
| Up to 1,400 cc | 15p | – | 10p |
| Up to 1,600 cc | – | 13p | – |
| 1,401 cc to 2,000 cc | 18p | – | 12p |
| 1,601 cc to 2,000 cc | – | 15p | – |
| Over 2,000 cc | 26p | 19p | 18p |

Individual Savings Accounts

| | Overall limit | Cash limit | Junior ISA limit |
|----------------|----------------------|-------------------|-------------------------|
| 2012/13 | £11,280 | £5,640 | £3,600 |
| 2011/12 | £10,680 | £5,340 | £3,600 |

Venture Capital Schemes

| | Investment limit | Income tax relief rate |
|------------------------------|-------------------------|-------------------------------|
| Enterprise investment scheme | £1,000,000 | 30% |
| Venture capital trusts | £200,000 | 30% |
| Seed investment scheme | £100,000 | 50% |

Value Added Tax

| | |
|----------------------|------------|
| Standard rate | 20% |
| Lower rate | 5% |

| | |
|--|------------|
| Registration level from 1 April 2012 | £77,000 pa |
| Deregistration limit from 1 April 2012 | £75,000 pa |

VAT car fuel scale charges from 1 May 2012

| CO₂ emissions grams per km | Quarterly returns £ | Monthly returns £ |
|--|----------------------------|--------------------------|
| 120 | 166 | 55 |
| 125 | 250 | 83 |
| 130 | 266 | 88 |
| 135 | 283 | 94 |
| 140 | 300 | 100 |
| 145 | 316 | 105 |
| 150 | 333 | 111 |
| 155 | 350 | 116 |
| 160 | 366 | 122 |
| 165 | 383 | 127 |
| 170 | 400 | 133 |
| 175 | 416 | 138 |
| 180 | 433 | 144 |
| 185 | 450 | 150 |
| 190 | 467 | 155 |
| 195 | 483 | 161 |
| 200 | 500 | 166 |
| 205 | 517 | 172 |
| 210 | 533 | 177 |
| 215 | 550 | 183 |
| 220 | 567 | 189 |
| 225 | 583 | 194 |

Capital Allowances

| | Rate % |
|--|--|
| Dredging (straight-line basis) Writing-down allowance | 4 |
| Business premises renovation Initial allowance* | 100 |
| Flat conversions Initial allowance* | 100 |
| *Writing-down allowance for unrelieved expenditure (straight-line basis) | 25 |
| Know-how (reducing balance basis) Writing-down allowance | 25 |
| Mineral extraction (reducing balance basis) <i>Writing-down allowances</i> General Acquisition of mineral asset | 25 10 |
| Patent rights (reducing balance basis) Writing-down allowance | 25 |
| Plant and machinery (reducing balance basis) Annual investment allowance (max £25,000) <i>First-year allowances</i> Energy-saving or environmentally beneficial assets New low-emission cars New zero-emission goods vehicles New assets for use in designated areas of enterprise zones <i>Writing-down allowances</i> General Cars (expenditure incurred on or after 1/6 April 2009 where CO ₂ emissions exceed 160g/km) Special rate expenditure (including integral features and thermal insulation) Long-life assets | 100 100 100 100 100 18 8 8 8 |
| Research and development Allowance | 100 |

Registered Pension Schemes

Individual contributions

Maximum tax-relievable contributions are the higher of:

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

2012/13

| | |
|---------------------------|-------------------|
| Annual allowance | £50,000 |
| Lifetime allowance | £1,500,000 |

2011/12

| | |
|--------------------|------------|
| Annual allowance | £50,000 |
| Lifetime allowance | £1,800,000 |

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

Tax Credits

| Annual amounts 2012/13 | £ |
|--|---------------|
| Child tax credit | |
| Family element | 545 |
| Child element (for each child) | 2,690 |
| Addition for disabled child | 2,950 |
| Severe disabled child enhancement | 1,190 |
| Working tax credit | |
| Basic element | 1,920 |
| Lone parent and couple element | 1,950 |
| 30-hour element | 790 |
| Disability element | 2,790 |
| Severe disability element | 1,190 |
| Childcare element (up to 70% of costs) | Weekly |
| maximum eligible cost (1 child) | 175 |
| maximum eligible cost (2 or more) | 300 |
| Income thresholds | |
| First income threshold | 6,420 |
| eligible for child tax credit only | 15,860 |
| Withdrawal rate | 41% |
| Income rise disregard | 10,000 |
| Income fall disregard | 2,500 |