

Tolley® Briefings

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Tax Facts spring edition 2013



Income Tax Allowances

	2013/14	2012/13
Personal allowance	£	£
general	9,440	8,105
income limit	100,000	100,000
born after 5.4.1938 but before 6.4.1948	10,500	–
born before 6.4.1938	10,660	–
aged 65-74	–	10,500
aged 75 or over	–	10,660
age allowance income limit	26,100	25,400
minimum where income exceeds age limit (subject to general income limit)	9,440	8,105
Married couple's allowance¹ (relief at 10%)		
either partner born before 6.4.1935	7,915	7,705
age allowance income limit	26,100	25,400
minimum where income exceeds limit	3,040	2,960
Blind person's allowance	2,160	2,100

¹ Available for civil partners.

Income Tax Rates

Taxable Income £	Rate %
2013/14	
0 – 32,010	20
32,011 – 150,000	40
Over 150,000	45
2012/13	
0 – 34,370	20
34,371 – 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 £2,790 of taxable income (£2,710 for 2012/13). 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 37.5% thereafter (these rates are applied to the dividend grossed-up by a tax credit of 1/9).

National Insurance Contributions

2013/14

Class 1 (Earnings related)

	Not contracted out	Contracted out
Employees		
<i>Weekly earnings</i>		
First £149	Nil	Nil
£149.01– £770	12%	10.6%
£770.01– £797	12%	12%
Over £797	2%	2%

Employers

<i>Weekly earnings</i>		
First £148	Nil	Nil
£148.01– £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 £797 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 £109 to £148 per week. A rebate of 1.4% on earnings from £109 to £149 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 £2.70 a week.

Small earnings exemption £5,725 a year.

Class 3 (Voluntary contributions) – £13.55 a week.

Class 4 (Self-employed) – 9% of profits between £7,755 and £41,450 a year. 2% of profits above £41,450 a year.

Inheritance Tax

Transfers after 5 April 2013 and before 6 April 2014

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 2013/14	£
Individuals, disabled trusts, personal representatives for year of death and two years thereafter	10,900
Trusts generally	5,450

Rates 2013/14

Individuals

Standard rate	18%
Higher rate	28%
Trustees and personal representatives	28%
Gains to which entrepreneurs' relief applies	10%

Corporation Tax

Financial Year to	31/3/2013	31/3/2014
Full rate	24%	23%
Small profits rate	20%	20%
20% rate limit	£300,000	£300,000
marginal relief limit	£1,500,000	£1,500,000
marginal relief fraction	1/100	3/400
effective marginal rate	25%	23.75%

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)

Residential ²	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)

Residential ²	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 for transactions effected before 6 April 2013.

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 (2013/14) grams per km	% of list price	
	Petrol	Diesel
75	5	8
76–94	10	13
95	11	14
100	12	15
105	13	16
110	14	17
115	15	18
120	16	19
125	17	20
130	18	21
135	19	22
140	20	23
145	21	24
150	22	25
155	23	26
160	24	27
165	25	28
170	26	29
175	27	30
180	28	31
185	29	32
190	30	33
195	31	34
200	32	35
205	33	35
210	34	35
215	35	35

No charge applies to cars incapable of producing CO₂.

Car Fuel Benefit

For 2013/14, car fuel benefit is calculated by applying the above car benefit percentage to a figure of £21,100.

Tax-Free Mileage Allowances

Employee's own vehicle

	2013/14
<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 2013

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	18p	18p

Individual Savings Accounts

	Overall limit	Cash limit	Junior ISA limit
2013/14	£11,520	£5,760	£3,720
2012/13	£11,280	£5,640	£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 2013	£79,000 pa
Deregistration limit from 1 April 2013	£77,000 pa

VAT car fuel scale charges from 1 May 2013

CO₂ emissions grams per km	Quarterly returns £	Monthly returns £
120	168	56
125	253	84
130	269	89
135	286	95
140	303	101
145	320	106
150	337	112
155	354	118
160	371	123
165	388	129
170	404	134
175	421	140
180	438	146
185	455	151
190	472	157
195	489	163
200	506	168
205	523	174
210	539	179
215	556	185
220	573	191
225	590	196

Capital Allowances

	Rate %
Dredging (straight-line basis)	
Writing-down allowance	4
Business premises renovation	
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	25
Acquisition of mineral asset	10
Patent rights (reducing balance basis)	
Writing-down allowance	25
Plant and machinery (reducing balance basis)	
Annual investment allowance (max £250,000)	100
<i>First-year allowances</i>	
Energy-saving or environmentally beneficial assets	100
New low-emission cars	100
New zero-emission goods vehicles	100
New assets for use in designated areas of enterprise zones	100
<i>Writing-down allowances</i>	
General	18
Cars (expenditure incurred on or after 1/6 April 2013 where CO ₂ emissions exceed 130g/km (previously 160g/km))	8
Special rate expenditure (including integral features and thermal insulation)	8
Long-life assets	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).

2013/14

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

2012/13

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

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

Tax Credits

Annual amounts 2013/14	£
Child tax credit	
Family element	545
Child element (for each child)	2,720
Addition for disabled child	3,015
Severe disabled child enhancement	1,220
Working tax credit	
Basic element	1,920
Lone parent and couple element	1,970
30-hour element	790
Disability element	2,855
Severe disability element	1,220
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	15,910
Withdrawal rate	41%
Income rise disregard	5,000
Income fall disregard	2,500