



Emergency Budget 2010

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A INCOME TAX RATES

Individuals	2009/10	2010/11
Basic Rate on (£37,400) £37,400	20%	20%
Higher Rate (over £37,400) £37,400	40%	40%
Cumulative tax thereon		£52,520
Additional Rate over £150,000	N/A	50%
On Savings Income, excluding dividends		
Taxable income up to lower rate limit (£2,440)		
£2,440max*	10%	10%
Taxable income between lower and basic rate limit	20%	20%
Taxable income between basic and additional rate	40%	40%
Taxable income over additional rate limit	40%	50%
* the 10% band will not apply to non savings income		
On Dividend Income		
Taxable income up to basic rate limit	10%	10%
Taxable income between basic and additional rate	32.5%	32.5%
Taxable income over additional rate limit	32.5%	42.5%
Trusts		
Interest in Possession	10/20/40%	10/20/50%
Discretionary:		
Income used for expenses & next £1,000	10/20%	10/20%
Dividend Rate	32.5%	42.5%
Other Rate	40%	50%

B INCOME TAX ALLOWANCES

Effective at all rates of income tax	£	£
Personal Allowance	6,475	6,475
Age Allowance (65 - 74)	9,490	9,490
Age Allowance (75 & over)	9,640	9,640
Blind Person's Allowance	1,890	1,890

Effective at only 10%

Age Allowance (Married, elder born before 6/4/35)	6,965	6,965
Age Allowance (Married, elder 75 & over)	6,965	6,965
Minimum Allowance (Married, elder born before 6/4/35)	2,670	2,670

All Age Allowances are reduced by £1 for every £2 of income over (£22,900) **£22,900**

NB From 6/4/10 there will be a gradual loss of personal allowances on income over £100,000, £1 of allowance lost for every £2 until removed completely

From 6 April 2011 the personal allowances will be increased by £1000 and the basic rate limit reduced in the region of £2,500

C SCALE BENEFITS FOR VEHICLES

Company Cars: Employees provided with a company car available for private use are taxable according to a scale based on CO₂ emissions and the list price. There are adjustments for cars that run on diesel, alternative fuels and technologies, and those with exceptionally low emissions.

For the tax year 2010/11

CO ₂ emissions in gms/km	% of car's list price	CO ₂ emissions in gms/km	% of car's list price	CO ₂ emissions in gms/km	% of car's list price
130	15	165	22	200	29
135	16	170	23	205	30
140	17	175	24	210	31
145	18	180	25	215	32
150	19	185	26	220	33
155	20	190	27	225	34
160	21	195	28	230	35

The benefit will be reduced for employee contributions up to £5,000 and/or where the car is unavailable for part of the year.

Fuel Benefit – Income Tax: The annual charge is linked to the car's CO₂ emissions using the same percentage figures as the company car benefit charge and multiplying them by **£18,000**, prior to 6-4-10 £16,900.

Fuel Benefit: VAT – The VAT charge is also based on the level of CO₂ emissions, ranging from a quarterly charge of £141 (VAT inclusive) on a car with a CO₂ emission of 120gms/km or below to £496 (VAT inclusive) for a car with emissions of 230gms/km or above. Scale charge tables are available for 1 month, 3 monthly and 12 monthly periods.

National Insurance Contributions: Employers' NICs (Class 1A) are chargeable on both company cars and fuel by reference to the above Income Tax scales. They are assessed annually together with other taxable benefits in kind and collected in arrears (**12.8% for 2009/10**).

D MILEAGE PAYMENTS

Business Mileage per mile

Motor Cars and Vans

Up to 10,000 miles **40p**

Excess over 10,000 miles **25p**

Motorcycles **24p**

Cycles **20p**

The rates are tax free allowances, which may be used to reimburse employees who use their own vehicle for business purposes.

Employers can use the following fuel only rates to reimburse employees for business travel in their company cars or require staff to repay the cost of fuel used for private travel, on or after 1 June 2010.

Engine size	Petrol Fuel Cost (per mile)	Diesel Fuel Cost (per mile)	LPG Fuel Cost (per mile)
1400cc or less	12p	11p	8p
1401cc – 2000cc	15p	11p	10p
Over 2000cc	21p	16p	14p

E PENSIONS

All individuals up to the age of 75 can invest up to £3,600 regardless of income. The maximum that can be invested is the lower of 100% of net relevant earnings and the annual allowance of **£255,000** for **2010/11** (£245,000 for 2009/10).

Employers may be able to contribute more than employees into a scheme.

Where income (including employer pension contributions) is over £150,000 there will be a gradual withdrawal of higher rate relief from 06/04/11. Relief will be restricted to the basic rate of tax for income above £180,000. This is subject to transitional rules with effect from 22 April 2009. These can apply where people make infrequent contributions and have income in excess of £130,000 in any year for 2008/09 and later. The maximum relief available is £20,000 rising to £30,000 if average contributions in the year 2006/07 to 2008/09 were higher.

Lifetime allowance is £1.8m (£1.75m for 2009/10).

F DOMICILE

Before 5 April 2008, adults resident but not domiciled in the UK only paid UK tax on non-UK source income and gains to the extent they were remitted to the UK. The application of this "remittance basis" was automatic.

Unless the individual is

- under the age of 18 and they make no remittances to the UK during the year, or
- their unremitted foreign income and gains total less than £2,000, the remittance basis is no longer automatic but must be claimed.

An individual who claims the remittance basis for a year is not entitled also to claim the personal income or capital gains tax allowance. Further, if the claimant is over 18 and has been resident for seven or more of the preceding nine tax years, an additional £30,000 tax charge arises for each year in which the remittance basis is claimed.

Whilst the remittance basis need not be claimed for every year that an individual is entitled to claim it, non-UK income and gains that arise in a year in which the remittance basis is claimed but are remitted in a year in which it is not claimed remain taxable when remitted.

Gains realised by non-UK companies controlled by individuals resident but not domiciled in the UK are now assessable in the UK under certain circumstances as also can be gains of non-resident trusts.

Non-UK trusts with UK resident beneficiaries have the opportunity of electing for a rebasing of assets owned at 6 April 2008.

G CAPITAL GAINS TAX

Rates	2009/10	2010/11
Individuals, as top slice of income		
on taxable gains up to basic rate limit	18%	18%
on taxable gains above basic rate limit	18%	28%*
Trusts generally/personal representatives	18%	28%*

* from 23 June 2010

Annual Exemptions	£	£
Individuals & certain trusts	10,100	10,100
Trusts generally	5,050	5,050
Personal representatives for year of death & next two years	10,100	10,100

The 10% limit for Entrepreneurs Relief is increased from 23 June 2010 from the first £2 million to £5 million of lifetime gains. (£1million prior to 6/4/10)

H CORPORATION TAX

YEAR TO 31 MARCH	2010	2011
Taxable Profits		
Small Companies Rate:		
£0 - £300,000	21%	21%
Marginal Rate		
£300,001 - £1,500,000	29.75%	29.75%
Main Rate		
Over £1,500,000	28%	28%

Closely controlled investment-holding companies are always taxed at the Main Rate.

YEAR TO 5 APRIL	2010	2011
Rate of tax credit on dividends	$\frac{1}{9}$	$\frac{1}{9}$

I PERSONAL INVESTMENT INCENTIVES

Individuals may contribute the following maximum amounts to an Individual Savings Account. Income and gains arising within an ISA are free of tax.

Limits for 2009/10 & 2010/11	£	£
Overall Maximum Investment	7,200	10,200
Cash	3,600	5,100

Investments qualifying under the Enterprise Investment Scheme (EIS) and Venture Capital Trust (VCT) rules will attract the benefits detailed below, if certain criteria are satisfied.

Limits for 2009/10 & 2010/11	EIS	VCT
Income Tax Credit (ITC)	20%	30%
Limit for ITC	£500,000	£200,000
Capital Gains Tax Deferral	Yes	No
Capital Gains Tax Exemption on Disposal	Yes	Yes

J INHERITANCE TAX

Rates

From the **6 April 2010** the first **£325,000** of cumulative chargeable transfers are taxed at NIL rate. Those in excess are taxed at 40% on death, 20% for lifetime transfers. Potentially exempt transfers within 7 years before death are taxed at death rate with tapering relief as follows:

Years between gift & death	Percentage of death rate
Up to 3	100%
3 – 4	80%
4 – 5	60%
5 – 6	40%
6 – 7	20%
Over 7	NIL

Exemptions

		£
Annual exemption	Per donor	3,000
Small gifts	Per donee	250
Gifts in consideration of marriage by:	Parent	5,000
	Grandparent/ Remoter ancestor	2,500
	Party to the marriage	2,500
	Other person	1,000

A claim can be made to transfer any unused proportion of the IHT nil-rate band on a person's death to the estate of their surviving spouse or civil partner who dies on or after 9 October 2007.

K VALUE ADDED TAX

	Rate	Fraction
Standard rate until 03/01/11	17.5%	7/47
Standard rate from 04/01/11	20%	1/6
Effective from	1 May 2009	1 May 2010
Registration Limits - Annual		
Future/past turnover	£68,000	£70,000
Deregistration Limit - Annual		
Future turnover	£66,000	£68,000
Cash Accounting Threshold		
Future turnover	£1,350,000	£1,350,000
Annual Accounting Threshold		
Future turnover	£1,350,000	£1,350,000

L STAMP DUTY LAND TAX

Residential Properties

£0 - £125,000 *	0%
£125,001* - £250,000	1%
£250,001 - £500,000	3%
Over £500,000	4%

Non Residential Properties & Residential Properties in Disadvantaged Areas

£0 - £150,000	0%
£150,001 - £250,000	1%
£250,001 - £500,000	3%
Over £500,000	4%

From 1 October 2007 all new zero-carbon rated homes costing up to £500,000 will pay no stamp duty land tax; homes costing in excess of £500,000 will receive a reduction in stamp duty land tax of £15,000.

*From 25/03/10 until 25/03/12 first time buyers can pay 0% on transactions up to £250,000.

**M NATIONAL INSURANCE CONTRIBUTIONS
FROM 6 APRIL 2010**

Class 1 - Individuals in Employment

Lower Earnings Limit

£97 wkly / £421 mthly / £5,044 yrly.

There is no liability for either employees' or employers' contributions if earnings are below these limits.

Earnings Threshold (Employees & Employers)

£110 wkly / £476 mthly / £5,715 yrly.

For earnings between the lower earnings limit and the earnings threshold although no NICs are actually paid they are treated as having been paid for the purposes of claiming benefits.

Upper Accrual Point

£770 wkly / £3,337 mthly / £40,040 yrly.

Upper Earnings Limit

£844 wkly / £3,656 mthly / £43,875 yrly.

Applies to employees only.

Not Contracted-out rates on the following bands of weekly earnings

	Employee	Employer
£0.00 to £97.00	NIL	NIL
£97.01 to £110.00	0%	0%
£110.01 to £844.00	11%	12.8%
Over £844.00	1%	12.8%

Contracted-out rates on the following bands of weekly earnings

	Employee	Employer	
		COSR	COMP
£0.00 to £97.00	NIL	NIL	NIL
£97.01 to £110.00	0%	0%	0%
£110.01 to £770.00	9.4%	9.1%	11.4%
£770.01 to £844	11%	12.8%	12.8%
Over £844.00	1%	12.8%	12.8%

Employer Contributions - COSR above relates to contracted-out salary-related schemes and COMP to contracted-out money purchase schemes.

Class 2 - Self Employed Individuals - £2.40 a week. Earnings under £5,075 per annum are excepted.

Class 3 - Voluntary Contributions - £12.05 a week, for protection of benefits by those not liable under Class 1 or 2

Class 4 - Self Employed Individuals - 8% on assessable profits between £5,715 and £43,875 a year. 1% above £43,875

Disclaimer: These tables are based on the proposals set out by the Chancellor in his Emergency Budget of 22 June 2010 but may be amended in the Finance Bill. They are produced as a general guide and are not a substitute for professional advice specific to your circumstances.

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