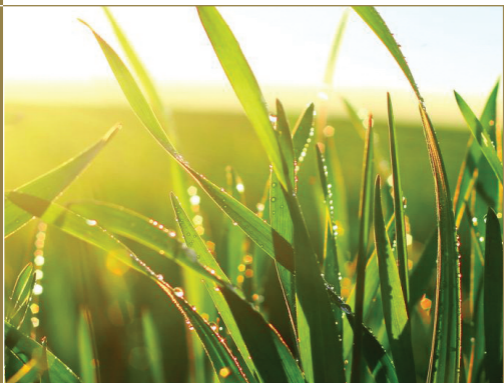


ChantreyVellacottDFK



The Budget 2011

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www.cvdfk.com/budget

A INCOME TAX RATES

Individuals	2010/11	2011/12
Basic Rate on (£37,400) £35,000	20%	20%
Higher Rate over (£37,400) £35,001 - £149,999	40%	40%
Cumulative tax thereon		£53,000
Additional Rate over £150,000	50%	50%

On Savings Income, excluding dividends

Taxable income up to lower rate limit (£2,440)		
£2,560max*	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	50%	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	42.5%	42.5%

Trusts

Interest in Possession	10/20/50%	10/20/50%
Discretionary:		
Income used for expenses & next £1,000	10/20%	10/20%
Dividend Rate	42.5%	42.5%
Other Rate	50%	50%

B INCOME TAX ALLOWANCES

Effective at all rates of income tax	£	£
Personal Allowance	6,475	7,475
Age Allowance (65 - 74)	9,490	9,940
Age Allowance (75 & over)	9,640	10,090
Blind Person's Allowance	1,890	1,980

Effective at only 10%

Age Allowance (Married, elder born before 6/4/35)	6,965	7,295
Minimum Allowance (Married, elder born before 6/4/35)	2,670	2,800

All Age Allowances are reduced by £1 for every £2 of income over (£22,900) **£24,000**

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.

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 2011/12

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
121	15	160	22	195	29
130	16	165	23	200	30
135	17	170	24	205	31
140	18	175	25	210	32
145	19	180	26	215	33
150	20	185	27	220	34
155	21	190	28	225	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: 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**.

Fuel Benefit: VAT Scales (Accounting Periods beginning on or after **1 May 2011**)

The VAT on private use is charged like company cars on the level of CO₂ emissions, ranging from a quarterly charge of **£157** (VAT inclusive) on a car with a CO₂ emission of 120gms/km or below to **£551** (VAT inclusive) for a car with emissions of 225gms/km or above.

Scale charge tables are available for 1, 3 or 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 2010/11**).

D MILEAGE PAYMENTS

	per mile
Business Mileage	
Motor Cars and Vans	
Up to 10,000 miles	45p
Excess over 10,000 miles	25p
Motorcycles	24p
Cycles	20p

The rates are tax free allowances, which may be used from **6/4/2011** 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 March 2011**.

Engine size	Petrol Fuel Cost (per mile)	Diesel Fuel Cost (per mile)	LPG Fuel Cost (per mile)
1400cc or less	14p	13p	10p
1401cc – 2000cc	16p	13p	12p
Over 2000cc	23p	16p	17p

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 **£50,000** for **2011/12** (£255,000 for 2010/11).

Employers may be able to contribute more than employees into a scheme but the total limit is £50,000.

Up to 5 April 2011 certain transitional rules could apply to people who made infrequent contributions and had income in excess of £130,000, these do not apply from 6 April 2011.

From 6 April 2011 it may be possible to carry forward unused relief from previous years, based on a maximum level of £50,000.

Lifetime allowance is **£1.8m** reducing to £1.5m for 2012-13. (£1.8m for 2010/11).

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, 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 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.

It is proposed that from April 2012 that the existing £30,000 tax charge will increase to £50,000 for claimants who have been UK resident for 12 or more years.

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.

G CAPITAL GAINS TAX

Rates	2010/11	2011/12
Individuals, as top slice of income		
on taxable gains up to basic rate limit	18%	18%
on taxable gains above basic rate limit	28%*	28%
Trusts generally/personal representatives	28%*	28%

* from 23 June 2010

Annual Exemptions	£	£
Individuals & certain trusts	10,100	10,600
Trusts generally	5,050	5,300
Personal representatives for year of death & next two years	10,100	10,600

The 10% limit for Entrepreneurs' Relief is increased from 6 April 2011 from the first £5 million to £10 million of lifetime gains. (£1m prior to 6/4/10 and £2m between 6/4/10 and 22/6/10).

H CORPORATION TAX

YEAR TO 31 MARCH	2011	2012
Taxable Profits		
Small Companies Rate: £0 - £300,000	21%	20%
Marginal Rate £300,001 - £1,500,000	29.75%	27.5%
Main Rate Over £1,500,000	28%	26%

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

YEAR TO 5 APRIL	2011	2012
Rate of tax credit on dividends	1/9	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 2010/11 & 2011/12	£	£
Overall Maximum Investment	10,200	10,680
Cash	5,100	5,340

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 2011/12	EIS	VCT
Income Tax Credit (ITC)	30%	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 2011** 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 April 2010	1 April 2011
Registration Limits - Annual		
Future/past turnover	£70,000	£73,000
Deregistration Limit - Annual		
Future turnover	£68,000	£71,000
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 FROM 6 APRIL 2011

Residential Properties

£0 - £125,000*	0%
£125,001* - £250,000	1%
£250,001 - £500,000	3%
£500,001 - £1,000,000	4%
Over £1,000,000	5%

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 2011

Class 1 - Individuals in Employment

Lower Earnings Limit

£102 weekly / £442 monthly / £5,304 yearly.

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

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

Secondary Threshold (Employees & Employers)

£136 weekly / £589 monthly / £7,072 yearly.

For earnings between the secondary threshold and the primary threshold National Insurance becomes payable by the employer but not the employee.

Primary Threshold (Employees & Employers)

£139 weekly / £602 monthly / £7,225 yearly.

Upper Accrual Point

£770 weekly / £3,337 monthly / £40,040 yearly.

Upper Earnings Limit

£817 weekly / £3,540 monthly / £42,475 yearly.

Applies to employees only.

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

	Employee	Employer
£0.00 to £102.00	NIL	NIL
£102.01 to £136.00	0%	0%
£136.01 to £139.00	0%	13.8%
£139.01 to £817.00	12%	13.8%
Over £817.00	2%	13.8%

Contracted-out rates on the following bands of weekly earnings

	Employee	Employer	
		COSR	COMP
£0.00 to £102.00	NIL	NIL	NIL
£102.01 to £136.00	0%	0%	0%
£136.01 to £139.00	0%	10.1%	12.4%
£139.01 to £770.00	10.4%	10.1%	12.4%
£770.01 to £817	12%	13.8%	13.8%
Over £817.00	2%	13.8%	13.8%

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

Class 2 - Self Employed Individuals £2.50 a week. Earnings under £5,315 per annum are excepted.

Class 3 - Voluntary Contributions - £12.60 a week, for protection of benefits by those not liable under Class 1 or 2

Class 4 - Self Employed Individuals - 9% on assessable profits between £7,225 and £42,475 a year. 2% above £42,475

Disclaimer: These tables are based on the proposals set out by the Chancellor in his Budget of 23 March 2011 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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