

# INCOME TAX

| RATES OF TAX  | 2010/2011 | 2011/2012 |
|---|-----------|-----------|
| Starting rate for savings*                                      | 10%       | 10%       |
| Basic rate  | 20%       | 20%       |
| Higher rate   | 40%       | 40%       |
| Additional rate   | 50%       | 50%       |
| Starting-rate limit   | £2,440*   | £2,560*   |
| Threshold of taxable income above which higher rate applies     | £37,400   | £35,000   |
| Threshold of taxable income above which additional rate applies | £150,000  | £150,000  |

\*restricted to savings income only and not available if taxable non-savings income exceeds starting rate band.

| MAIN PERSONAL ALLOWANCES AND RELIEFS                      |          |          |
|---|----------|----------|
| Income limit for Personal Allowance §                     | £100,000 | £100,000 |
| Personal Allowance (basic) §                              | £6,475   | £7,475   |
| Personal Allowance (age 65-74) §                          | £9,490   | £9,940   |
| Personal Allowance (aged 75 and over) §                   | £9,640   | £10,090  |
| Married/civil partners (minimum) at 10% †                 | £2,670   | £2,800   |
| Married/civil partners (age 75 and over) at 10%           | £6,965   | £7,295   |
| Income limit for age-related allowances                   | £22,900  | £24,000  |
| Blind Person's Allowance                                  | £1,890   | £1,980   |
| Enterprise Investment Scheme relief limit on £500,000 max | 20%      | 30%      |
| Venture Capital Trust relief limit on £200,000 max        | 30%      | 30%      |

§ the Personal Allowance reduces by £1 for every £2 of income above the income limit irrespective of age.

† where at least one spouse/civil partner was born before 6 April 1935.

|   |         |           |
|---|---------|-----------|
| Child Tax Credit (CTC)  |         |           |
| - family element  | £545    | £545      |
| - family element baby addition  | £545    | Withdrawn |
| CTC usually reduced by 41% of joint income (6.67% for 2010/2011) over | £50,000 | £40,000   |

## NATIONAL INSURANCE CONTRIBUTIONS

| Class 1 Employee           | Weekly | Monthly | Yearly  |
|----------------------------|--------|---------|---------|
| Lower Earnings Limit (LEL) | £102   | £442    | £5,304  |
| Primary threshold          | £139   | £602    | £7,225  |
| Upper Accrual Point        | £770   | £3,337  | £40,040 |
| Upper Earnings Limit (UEL) | £817   | £3,540  | £42,475 |

| Total earnings £ per week | CLASS 1 EMPLOYEE CONTRIBUTIONS |                     |
|---------------------------|--------------------------------|---------------------|
|                           | Contracted-in rate             | Contracted-out rate |
| Up to 139.00*             | Nil                            | Nil                 |
| 139.01 – 770.00           | 12%                            | 10.4%               |
| 770.01 – 817.00           | 12%                            | 12%                 |
| Above 817.00              | 2%                             | 2%                  |

\* This is the primary threshold below which no NI contributions are payable. However, the lower earnings limit is £102 per week. This £102 to £139 band is a zero rate band introduced in order to protect lower earners' rights to contributory State benefits e.g. Basic State Pension.

| Total earnings £ per week | CLASS 1 EMPLOYER CONTRIBUTIONS |                     |                |
|---------------------------|--------------------------------|---------------------|----------------|
|                           | Contracted-in rate             | Contracted-out rate |                |
|                           |                                | Final salary        | Money purchase |
| Below 136.00**            | Nil                            | Nil                 | Nil            |
| 136.01 – 770.00           | 13.8%                          | 10.1%               | 12.4%          |
| 770.01 – 817.00           | 13.8%                          | 13.8%               | 13.8%          |
| Excess over 817.00        | 13.8%                          | 13.8%               | 13.8%          |

\*\* Secondary earnings threshold.

|                                |  |
|--------------------------------|--|
| <b>Class 2 (self-employed)</b> | Flat rate per week £2.50 where earnings exceed £5,315 per annum.         |
| <b>Class 3 (voluntary)</b>     | Flat rate per week £12.60.   |
| <b>Class 4 (self-employed)</b> | 9% on profits between £7,225 - £42,475 plus 2% on profits above £42,475. |

## PENSIONS

| TAX YEAR  | LIFETIME ALLOWANCE | ANNUAL ALLOWANCE |
|-----------|--------------------|------------------|
| 2006/2007 | £1,500,000         | £215,000         |
| 2007/2008 | £1,600,000         | £225,000         |
| 2008/2009 | £1,650,000         | £235,000         |
| 2009/2010 | £1,750,000         | £245,000         |
| 2010/2011 | £1,800,000         | £255,000         |
| 2011/2012 | £1,800,000         | £50,000          |

### ANNUAL ALLOWANCE CHARGE

20% - 50% member's tax charge on the amount of total pension input in excess of the annual allowance.

### LIFETIME ALLOWANCE CHARGE

55% of excess over lifetime allowance if taken as a lump sum.

25% of excess over lifetime allowance if taken in the form of income, which is subsequently taxed under PAYE.

# INHERITANCE TAX

## RATES OF TAX ON DEATH TRANSFERS 2010/2011    2011/2012

Transfers made after 5 April 2011

|   |     |     |
|---|-----|-----|
| - Up to £325,000                                | Nil | Nil |
| - Excess over £325,000                          | 40% | 40% |
| - Lifetime transfers to and from certain trusts | 20% | 20% |

## MAIN EXEMPTIONS

Transfers to

|  |          |          |
|--|----------|----------|
| - UK-domiciled spouse/civil partner                                | No limit | No limit |
| - non-UK-domiciled spouse/civil partner (from UK-domiciled spouse) | £55,000  | £55,000  |
| - UK-registered charities  | No limit | No limit |

Lifetime transfers

|                              |        |        |
|------------------------------|--------|--------|
| - Annual exemption per donor | £3,000 | £3,000 |
| - Small gifts exemption      | £250   | £250   |

Wedding/civil partnership gifts by

|                |        |        |
|----------------|--------|--------|
| - parent       | £5,000 | £5,000 |
| - grandparent  | £2,500 | £2,500 |
| - other person | £1,000 | £1,000 |

100% relief: businesses, unlisted/AIM companies, certain farmland/building

50% relief: certain other business assets

Reduced tax charge on gifts within 7 years of death:

|                           |      |     |     |     |     |
|---------------------------|------|-----|-----|-----|-----|
| - Years before death      | 0-3  | 3-4 | 4-5 | 5-6 | 6-7 |
| - Inheritance Tax payable | 100% | 80% | 60% | 40% | 20% |

## MAIN SOCIAL SECURITY BENEFITS

|                                  |   | 2010/2011 | 2011/2012   |
|----------------------------------|---|-----------|-------------|
|                                  |   | £         | £           |
| Child Benefit                    | first child                                   | 20.30     | 20.30       |
|                                  | subsequent children                           | 13.40     | 13.40       |
| Employment and Support Allowance | Assessment Phase                              |           |             |
|                                  | Age 16 – 24                                   | N/A       | Up to 53.45 |
|                                  | Aged 25 or over                               | N/A       | Up to 67.50 |
|                                  | Main Phase                                    |           |             |
|                                  | Work Related Activity Group                   | N/A       | Up to 94.25 |
|                                  | Support Group                                 | N/A       | Up to 99.85 |
| Attendance Allowance             | lower rate                                    | 47.80     | 49.30       |
|                                  | higher rate                                   | 71.40     | 73.60       |
| Retirement Pension               | single  | 97.65     | 102.15      |
|                                  | married                                       | 156.15    | 163.35      |
| Pension Credit                   | single person standard minimum guarantee      | 132.60    | 137.35      |
|                                  | married couple standard minimum guarantee     | 202.40    | 209.70      |
|                                  | maximum savings ignored in calculating income | 10,000.00 | 10,000.00   |
|                                  |   |           |             |
| Bereavement Payment (lump sum)   |   | 2,000.00  | 2,000.00    |
| Widowed Parent's allowance       |   | 97.65     | 100.70      |
| Jobseekers Allowance             | Age 16 - 24                                   |           | 53.45       |
|                                  | Age 25 or over                                | 65.45     | 67.50       |

## CAPITAL GAINS TAX

| EXEMPTIONS  | 2010/2011 | 2011/2012 |
|---|-----------|-----------|
| Individuals, estates etc  | £10,100   | £10,600   |
| Trusts generally  | £5,050    | £5,300    |
| Chattels proceeds (restricted to five thirds of proceeds exceeding limit) | £6,000    | £6,000    |

| TAX RATES                               |                              |             |
|---|------------------------------|-------------|
| Individuals:                            |                              |             |
| Up to basic rate limit                  | 18%                          | 18%         |
| Above basic rate limit                  | 18%/28%*                     | 28%         |
| Trustees and Personal Representatives   | 18%/28%*                     | 28%         |
| Entrepreneurs' Relief – Gains taxed at: | 10%                          | 10%         |
| Lifetime limit                          | £5,000,000 /<br>£2,000,000** | £10,000,000 |

For trading businesses and companies (minimum 5% employee or director shareholding) held for at least one year.

\* 18% rate applies to disposals on or before 22/06/10. 28% thereafter.

\*\* For disposals 06/04/10 to 22/06/10: £2,000,000. £5,000,000 until 05/04/11

## CORPORATION TAX

|                         | 2010/2011  | 2011/2012  |
|-------------------------|------------|------------|
| Full rate               | 28%        | 26%        |
| Small companies rate    | 21%        | 20%        |
| Small companies limit   | £300,000   | £300,000   |
| Effective marginal rate | 29.75%     | 27.5%      |
| Upper marginal limit    | £1,500,000 | £1,500,000 |