

Budget 2012

INCOME TAX

Bands

	<u>2012/13</u>		<u>2011/12</u>	
The first:	£0-£34,370	20%	£0-£35,000	20%
	£34,371-£150,000	40%	£35,001-£150,000	40%
Over:	£150,000	50%	£150,000	50%

Dividends are taxed at

	10%	10%
or	32.5%	32.5%
or	42.5%	42.5%

as top slice of income.

Other savings income:

bank and building society interest

	<u>2012/13</u>		<u>2011/12</u>	
is taxed at:	up to £2,710	10%	up to £2,560	10%

This 10% rate is not available if taxable non-savings income exceeds the above amounts.

There are special rules for trusts, and also for individuals with income assessable on the remittance basis.

From 6 April 2013, the **50%** rate of income tax is expected to reduce to **45%**.

From 7 January 2013, an additional tax charge will apply to claw back **child benefit** where one income in a household exceeds **£50,000**.

Personal allowances

	<u>2012/13</u>	<u>2011/12</u>
Personal	£8,105	£7,475
Income limit for personal allowance (a)	£100,000	£100,000
Age allowance (age at end of tax year) (b):		
Personal: age 65-74	£10,500	£9,940
Personal: age 75 or over	£10,660	£10,090
Married couple's ©	£7,705	£7,295
Income limit for age allowances	£25,400	£24,000
Blind person's allowance	£2,100	£1,980

(a) The personal allowance is reduced by £1 for each £2 by which income exceeds £100,000, irrespective of age.

(b) Age-related allowances first reduce by £1 for each £2 by which income exceeds the income limit, reducing to a minimum of the personal allowance. Such allowances can be reduced further under (a).

(c) Relief is limited to 10%, and extends to civil partnerships. At least one spouse/partner must have been born before 6 April 1935. The allowance is reduced where income exceeds the income limit, subject to an absolute minimum of £2,960 (£2,800 in 2011/2012). In certain circumstances couples may determine how the allowance may best be used.

NATIONAL INSURANCE CONTRIBUTIONS (NIC)

Class 1 employees:

Weekly earnings	Contracted in	Contracted out
Up to £107	Nil	Nil
£107.01-£146	Nil	Rebate 1.4%
£146.01-£770	n/a	10.6%
£770.01-£817	n/a	12%
£146.01-£817	12%	n/a
Over £817	2%	2%

Class 1 employers:

Weekly earnings	Contracted in	Contracted out
Up to £107	Nil	Nil
£107.01-£144	Nil	Rebate 3.4%
£144.01-£770	n/a	10.6%
£770.01-£817	n/a	13.8%
£144.01-£817	13.8%	n/a
Over £817	13.8%	13.8%

Other:

Class 1A (employers only): 13.8% based on the amounts of taxable benefits.

Class 1B (employers only): 13.8% in respect of amounts in a PAYE settlement agreement and the income tax thereon.

Class 2 (flat rate for self-employed): £2.65 per week.

Class 3 (voluntary): £13.25 per week.

Class 4 (self-employed): 9% of profits between £7,605 and £42,475 per annum and 2% on profits above £42,475.

PENSIONS

	<u>2012/13</u>	<u>2011/12</u>
Lifetime allowance (a)	£1,500,000	£1,800,000
Equivalent to defined benefit pension	£90,000	£90,000
Maximum contribution annual allowance (	£50,000	£50,000
Tax on excess Marginal rate		
Normal minimum pension age 55	£2,100	£1,980

(a) Special rules can apply to individuals with larger benefits at 5 April 2006, and for those with benefits over £1,500,000 on 5 April 2012. Excess over the lifetime allowance may be subject to a 25% charge plus income tax on balances drawn, or 55% for lump sum benefits.

(b) Unused allowances from the previous three years (by reference to a limit of £50,000 p.a.) may be carried forward, potentially increasing the current year's allowance in 2012/13 and subsequent tax years.

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COMPANY CARS - ANNUAL BENEFITS				
The annual benefit is a percentage of list price, with the percentage dependent on the level of CO2 emissions.				
The minimum benefit is 5% for emissions of 75g/km or less.				
Emissions of over 75 and up to 99g/km, the rate is 10%.				
Emissions of 100-104g/km, the rate is 11% and increases by 1% for each additional full 5g/km up to a maximum charge of 35% for emissions of 220g/km or more.				
Emission levels are rounded down to the nearest multiple of five. List price includes certain accessories, but is reduced for capital contributions of up to £5,000.				
There is a diesel supplement of 3% for all bands, subject to a maximum charge of 35%.				
For vans, the taxable benefit for significant private use is £3,000.				
The benefit charge for electric cars and vans is nil until 5 April 2015.				
If fuel is provided for private use in a company car, the car benefit percentage is applied to £20,200.				
The benefit for fuel provided for a van with significant private use is £550.				
AIR PASSENGER DUTY				
Air passenger duty is a departure tax levied on air travel. Rates per passenger:				
From 1 April 2012 (a)	Reduced Rate		Standard Rate	
Band A (0-2,000 miles from London) (b)	£13		£26	
Band B (2,001-4,000 miles from London)	£65		£130	
Band C (4,001-6,000 miles from London)	£81		£162	
Band D (over 6,000 miles from London)	£92		£184	
(a) Flights from airports in the Scottish Highlands and Islands are exempt.				
(b) Includes all long haul flights from Northern Ireland.				
INHERITANCE TAX				
	2012/13		2011/12	
Nil rate band: up to	£325,000	0%	£325,000	0%
Over	£325,000	40%	£325,000	40%
Reduced charge on lifetime gifts within seven years of death applies.				
A surviving spouse or civil partner may claim the unused proportion of an earlier deceased spouse's or civil partner's nil rate band up to the current nil rate band.				
From 6 April 2012, a reduced rate of 36% applies when 10% or more of a net estate is left to charity.				
CORPORATION TAX				
Financial year from 1 April		2012/13		2011/12
Small profits rate	£0-£300,000	20%	£0-£300,000	20%
Marginal rate	£300,001-£1,500,000	25%	£300,001-£1,500,000	27.5%
Main rate (a) Over	£150,000	24%	£150,000	26%
(a) The main rate will further decrease by 1% in each year until financial year 2014 when the main rate will be 22%.				
VALUE ADDED TAX				
	2012/13		2011/12	
Standard rate	20%		20%	
Lower rate	5%		5%	
Zero rate	0%		0%	
Registration threshold changes from 1 April 2012: taxable supplies at the end of any month exceed £77,000 in the past 12 months, or will at any time exceed £77,000 in the next 30 days. These thresholds also apply for supplies from other EU Member States.				
CAPITAL GAINS TAX				
	2012/13		2011/12	
For standard rate taxpayers	18%		18%	
For trustees and higher/additional rate taxpayers	28%		28%	
Annual exempt amount – individuals	£10,600		£10,600	
Annual exempt amount – trusts	£5,300		£5,300	
Entrepreneurs' relief lifetime limit	£10,000,000		£10,000,000	
Entrepreneurs' rate	10%		10%	
BANK LEVY				
Annual tax on certain short-term chargeable liabilities and long-term chargeable equity and liabilities above an aggregate of £20 billion of most UK based banks.				
Short-term liabilities		0.078%		
Long-term equity and liabilities		0.039%		
Lower rates applied prior to 1 January 2012.				
From 1 January 2013, the rates will increase to 0.105% and 0.0525% for short-term liabilities and long-term equity and liabilities respectively.				

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CAPITAL ALLOWANCES			TAX-EFFICIENT INVESTMENTS		
Expenditure on:	<u>2012/13</u>	<u>2011/12</u>		<u>2012/13</u>	<u>2011/12</u>
Plant and machinery: (a)	18%	20%	ISA investment limit	£11,280	£10,680
Plant and machinery in certain enterprise zones	100%	n/a	Cash ISA maximum investment	£5,640	£5,340
Motor cars on or after April 2009 – CO2 emissions < 110g/km	100%	100%	Junior ISA investment limit cash or shares (a)	£3,600	£3,600
110g/km-160g/km (a)	18%	20%	(a) From 1 November 2011, for children aged under 18 without a Child Trust Fund.		
> 160g/km (a)	8%	10%	Venture capital trusts (VCTs): income tax relief at up to 30% on investment up to £200,000.		
Motor cars pre April 2009 (a) (b)	18%	20%	Enterprise investment scheme (EIS): income tax relief at up to 30% on qualifying share subscription between £500 and £1,000,000.		
New and unused zero emission goods vehicles	100%	100%	Seed enterprise investment scheme (SEIS): income tax relief of 50% on investment up to £100,000, together with rollover of gains made in 2012-13 into the subscription.		
Long life assets/integral features in buildings (a)	8%	10%			
Patent rights and know-how (a) (c)	25%	25%			
Mines, oil wells, mineral rights (a) (d)	25%	25%			
Research and development	100%	100%			
Energy-saving and water efficient plant and machinery	100%	100%			
Renovation of business premises (disadvantaged areas)	100%	100%			
There is a 100% annual investment allowance on the first £25,000 per group of companies or related entities, of capital expenditure on plant and machinery including long life assets and integral features, but excluding cars.			STAMP DUTIES		
(a) These allowances are given on a reducing balance basis.				<u>2012/13</u>	<u>2011/12</u>
(b) Subject to a maximum allowance of £3,000 p.a. per vehicle.			Stamp duty land tax on non-residential land & buildings (a,b):		
(c) For expenditure from April 2002 accounting write downs (and not capital allowances) are allowable deductions for tax.			£0 - £150,000	0%	0%
(d) Acquisition of mineral deposits and rights qualify for 10% p.a.			£150,001-£250,000	1%	1%
			£250,001-£500,000	3%	3%
			Over £500,000	4%	4%
			Stamp duty land tax on residential land & buildings (a,b,c):		
			£0 - £125,000	0%	0%
			£125,001-£250,000	1%	1%
			£250,001-£500,000	3%	3%
			£500,001-£1,000,000	4%	4%
			£1,000,001-£2,000,000	5%	5%
			Over £2,000,000 (f)	7%	5%
INSURANCE PREMIUM TAX			(a) All figures are calculated inclusive of any VAT. Rates apply to the full amount.		
Standard rate	6%		(b) On leases, the rate is (broadly) 1% of the discounted rental values under the lease over the £150,000/£125,000 limit.		
Higher rate	20%		(c) For new zero carbon homes, including flats, the 0% threshold extends to £500,000 until 30 September 2012; for such properties over £500,000 there is a £15,000 reduction.		
			(d) For residential property in disadvantaged areas, the 0% threshold extends to £150,000.		
			(e) The 0% threshold extended to £250,000 for first time buyers only for purchases where the date of completion was between 25 March 2010 and 24 March 2012.		
			(f) Rate applies from 22 March 2012. Where residential property over £2 million is purchased by a company (or similar entity), a 15% rate applies.		
CLIMATE CHANGE LEVY			Stamp duty – shares and securities		0.50%
	<u>2012/13</u>	<u>2011/12</u>	Stamp duty reserve tax		0.5%/1.5%
Electricity per kWh	0.509p	0.485p			
Gas per kWh	0.177p	0.169p			
Coal,lignite,coke & semi-coke per kg	1.387p	1.321p			
Liquid petroleum gas per kg	1.1137p	1.083p			
Climate change levy is a single stage tax on supplies of various fuels to industrial and commercial consumers.					
LANDFILL TAX					
	<u>2012/13</u>	<u>2011/12</u>			
Standard rate	£64/tonne	£56/tonne			
Lower rate	£2.50/tonne	£2.50/tonne			
The lower rate applies to inactive waste.					