



A4G Solutions

Helping to improve and grow your business
personal finances

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➤Tax Strategies ➤Accountancy Services ➤Profit Improvement ➤Strategic Planning

2010/2011 Tax Rates and Allowances

Income tax		Capital Gains Tax		Vehicle Benefits												
2010/11	2009/10	2010/11	2009/10													
Starting rate 10% (for savings income only)	£2,440	£2,440	Individual Exemption	Chargeable on employees and directors earning £8,500 or over (including benefits)												
Basic rate 20%	£37,400	£37,400	Chattels Exemption	£10,100												
Higher rate 40%	£37,400-£150,000	£37,400+	Trusts exemption	£6,000												
Additional Higher rate 50%	£150,001+	N/A	Rate of charge	18%												
Savings income rate		20%														
Personal Allowances			Entrepreneurs relief - 10% effective tax rate on the first £1,000,000 of relevant business assets gain	The percentage used for both the car benefit and car fuel benefit will be dependent on the level of CO2 vehicle emissions												
	2010/11	2009/10	Transfers between husband and wife living together are exempt.													
Under 65 Tax	£6,475	£6,475	Corporation Tax													
65 -74	£9,490	£9,490	Years commencing	1st April 2009 & 2010												
75 & over	£9,640	£9,640	Profits													
			Small Co. rate	£0- £300,000 21%												
			Marginal rate	£300,001- £1,500,000 29.75%												
			Main rate	£1,501,000+ 28%												
			Mileage Allowances													
			The maximum tax-free mileage allowances for employees using their own cars for business are as follows:													
			<table border="1"> <thead> <tr> <th>2008/09 & 2009/10</th> <th>First 10,000 Miles</th> <th>10,000+ miles</th> </tr> </thead> <tbody> <tr> <td>Car & Van</td> <td>40p</td> <td>25p</td> </tr> <tr> <td>Motorcycle</td> <td>24p</td> <td>24p</td> </tr> <tr> <td>Bicycle</td> <td>20p</td> <td>20p</td> </tr> </tbody> </table>		2008/09 & 2009/10	First 10,000 Miles	10,000+ miles	Car & Van	40p	25p	Motorcycle	24p	24p	Bicycle	20p	20p
2008/09 & 2009/10	First 10,000 Miles	10,000+ miles														
Car & Van	40p	25p														
Motorcycle	24p	24p														
Bicycle	20p	20p														
			Pensions													
Annual allowance capped at:	£245,000		NB: Associated companies reduce band levels													
Amounts exceeding annual allowance taxed at 40% (May be amended to incorporate 50% rate)			Main Capital Allowances													
Tax relief given on:			Annual Investment Allowance(AIA) - 100% on the first £50,000 of expenditure (excluding cars)													
-100% of net relevant earnings or £3,600 if higher			Existing Motor Cars - 25% of reducing balance. Max of £3,000 per car													
-Relief restricted to basic rate on a tapered basis when earnings are between £150,000 and £180,000			New Cars - 10% reducing balance if CO2 exceeds 160g/km, 20% if below this													
- Basic rate relief only given if earnings exceed £180,000			Plant & Machinery* -20% of reducing balance													
Lifetime limit	£1,750,000		Industrial Buildings - Effective rate 2% of cost													
Amounts exceeding lifetime limit taxed at 55% is extracted as a lump sum or 25% if not			Computer Equipment* - 20% of reducing balance													
			Goodwill - 4% amortisation													
			Integral features - 10%													
			Enhanced first year allowances - 40% on expenditure exceeding the AIA limit													
			* There will no longer be separate pools - all assets will go into the 'General' or the 'Integral Features' Pool													
			Value Added Tax													
			Standard Rate													
			From 1st Jan 10													
			From 1st January 2010 17.50%													
			Up to 31st December 2009 15%													
			VAT fraction (From 1/1/10) 7/47													
			(To 31/12/09) 3/23													
			Registration - Turnover greater than £68,000													
			De-Registration - Turnover less than £66,000													
			Cash accounting scheme													
			Register whilst turnover less than £1.35 million													
			De-register when turnover greater than £1.6 million													
			Annual Accounting scheme - turnover less than £1.35 million													
			Flat rate scheme limit: £150,000													
			VAT Scale Charge: Now based upon the CO2 Emissions of the vehicle concerned													
			NI Contributions													
			2010/11													
			Class 1													
			Employer													
			Employee													
			Weekly earnings													
			% of all earnings													
			£0- £110													
			NIL													
			NIL													
			£110- £844													
			12.80%													
			11%													
			Over £844													
			12.80%													
			1%													
			The above rates apply to those not contracted out of SERPS.													
			Class 1A													
			Employer													
			12.80%													
			Class 2*													
			S/Employed													
			£2.40 per wk													
			Class 3													
			Voluntary													
			£12.05													
			Class 4													
			S/Employed													
			£0-£5,715													
			0%													
			£5,715- £43,875													
			8%													
			Over £43,875													
			1%													
			* Payable on net earnings over £5,075 (08/09 £4,825)													
			Rate of tax at death													
			40%													
			Nil rate band: £325,000 (09/10 also £325,000)													
			Lifetime tax rate													
			20%													
			No tax on transfers to individuals unless death within 7 years													
			Reduced tax charge on gifts made when death is within 7 years													
			Years: 0-3 3-4 4-5 5-6 6-7													
			% taxable 100 80 60 40 20													

