

2010/2011 TAX DATA CARD
ALAN REYNOLDS & COMPANY LIMITED

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TAX RATES:	2009/2010	2010/2011
Basic rate @ 20%	0 - £37,400	0 - £37,400
Higher rate @ 40%	£37,401 and more	£37,401 - £150,000
Additional rate 50%	-	Over £150,000
Savings income rate @ 10%	£2,440 *	£2,440*

* If taxable non-savings income is above this limit, then the 10% savings rate is not due.

PERSONAL ALLOWANCES	2009/2010	2010/2011
	£	£
Personal Allowance	6,475	6,475
Age Allowance (65-74) - Personal	9,490	9,490
Age Allowance (75 or over) – Personal	9,640	9,640
- Married	6,965	(10% relief) 6,965
Income limit for age allowances	22,900	22,900
Married couples		
Minimum allowance (over 65)	2,670	2,670
Blind person's allowance	1,890	1,890

From the 2010 tax year, the personal allowance reduces where the income is above £100,000, by £1 for every £2 of income above the £100,000 limit. This reduction applies irrespective of age. In earlier years, the age allowances could reduce in the same way above the income limit, but would not be reduced below the basic personal allowance. For the 2010/2011 tax year, where income exceeds £100,000 limit, the age allowance could be reduced below the basic personal allowance.

Tax free income for the Rent-a-room scheme stays at £4,250 for 2010/2011

COMPANY CAR BENEFITS:

For 2010/2011, there is a 10% minimum charge of list price for ratings up to 120g/km (13% on diesel vehicles). If the vehicle rating is less than 130g/km for 2010/2011 (2009/2010 – 135g/km) then there is a 15% scale charge. For every 5g/km over this 1% is added to the 15%. For diesels, there is a charge of 18% at 130g/km and then increasing by 1% for every 5g/km. The charge is capped at 35% of the car's list price (including extras) and payable at the relevant marginal rate of tax. Fuel benefits are calculated in a similar way using a base vehicle value of £18,000 (2009/2010 - £16,900). For unrestricted use, the benefit on vans is £3,000, plus £550 (2008/2009 - £500) if private petrol is supplied. The benefit assessed is zero if private use is restricted to home garaging only.

CONSTRUCTION INDUSTRY TAX DEDUCTION SCHEME

The tax deduction rate for subcontractors will be 20% for 2010/2011 (2009/2010 –20%). Contractors can pay quarterly if monthly liabilities are under £1,500 (2009/2010 - £1,500). CIS subcontractor companies can offset CIS tax deducted from income against monthly PAYE/NIC costs. PAYE/NIC monthly payments under £1,500 can also be paid quarterly.

PENSION ARRANGEMENTS

The contribution limit, with no salary, is £3,600. Up to a salary of £255,000 (2009/2010 -£245,000) 100% can be contributed. The lifetime allowance is increased by £50,000 to £1,800,000. Relief for company contributions may have to be spread over four years if they exceed (broadly) 210% of the previous year's contributions. The minimum pension age is increased from 50 to 55.

CAPITAL GAINS TAX

The 2009/2010 and 2010/2011 annual exemptions for individuals & disabled persons will be £10,100 and £5,050 for other trusts. Above these exemptions, the flat rate of tax is at 18%. The tax rate for trusts will be 40% and the schedule F trust rate on dividends and similar income will be 32.5%/42.5%.

INHERITANCE TAX :

The death rate remains at 40%. The lifetime rate for transfers in & out of certain trusts remains at ½ death rate. The single person's threshold remains at £325,000 and for married couples (and widows & widowers) remains at £650,000. At the present these exemptions are fixed until 2014/2015 (inclusive).

CORPORATION TAX : 1.4.2009 to 31.3.2010 & 1.4.2010 to 31.3.2011

Small companies' Rate @ 21%	0 - £300,000
Marginal relief	£301,000 - £1,500,000
Main Rate @ 28%	£1,500,001 and more
Marginal relief fraction	7/400
Effective marginal rate	29.75%

BUSINESS GIFTS/STAFF EVENTS EXEMPTION

The de minimis limit for expenditure on business gifts is £50 per donee per tax year. Gifts under £50 may be given away VAT free. The annual staff events exemption is £150 per person per annum.

APPROVED MILEAGE RATES:

The mileage rates are 40p for the first 10,000 miles and 25p thereafter. 2p per mile for VAT can be recovered on the vehicle rates (3p for petrol vehicles over 2000cc). Fuel receipts need to be attached to these claims. Motorcycles claim at 24p per mile and bicycles at 20p per mile. Also, 5p per mile can be claimed for each employee who travels as a passenger on a business journey.

BENEFITS : Employers' class 1A NIC covers all benefits which are already taxed (except for workplace nurseries etc). The rate is 12.8% for 2010/2011 (as for 2009/2010). From 6.4.06, employer contracted childcare will give up to £55 per week Tax/NIC free for relevant employees.

CAPITAL ALLOWANCES:

After 06/04/10, small and medium sized companies obtain 100% annual investment allowance relief on the first £100,000 of expenditure (2009/2010 - £50,000). Writing down allowances are generally are 20% and for long life assets (and integral features to buildings) are 10%. 100% initial capital allowances are available to renovate or convert vacant residential space above offices & shops. Business premises renovation initial allowances are also 100%. Pool balances of less than £1,000 can be written off. Allowances for existing industrial buildings are 1% for 2010/2011 (2009/10 -2%).

RESEARCH & DEVELOPMENT : From 01/04/2009, R&D expenditure for SME companies obtains relief at 175% (150% before 01/08/08) of cost and large companies relief is at 130% (25% before 01/04/08). Companies that are not yet in profit can take the relief up front in cash. R&D tax credits are also available to companies before trading starts. Companies have to spend in excess of £10,000 on qualifying research and development costs. Large companies obtain R&D credit at a headline rate of 28% reducing R&D costs by 8.4%.

TAX EFFICIENT INVESTMENTS :

EIS annual investment limit is £500,000 at 20% income tax relief. Qualifying VCT shares obtain 30% relief in 2009/2010 & 2010/2011 for investments up to £200,000. Corporate venturing schemes obtain relief at 20%.

CAPITAL GAINS TAX RELIEF :

The 2009/2010 and 2010/2011 CGT standard rate is 18% for gains that exceed the annual exemption allowance. After two years ownership for qualifying assets (over 5% shareholding), there is an entrepreneurs' relief on lifetime gains up to £2 million (2009/2010 - £1million), which reduces the effective rate to 10%. Gains above this amount are taxed at 18%.

VALUE ADDED TAX

1. From 1/4/2010, the annual registration limit is £70,000 (previously £68,000). The de-registration limit is raised from £66,000 to £68,000.
2. The threshold for providing monthly EC sales list returns is £260,000.
3. The annual accounting and cash accounting schemes limits are £1,350,000. The flat rate system is available for businesses with turnover up to £150,000. Various rates apply, so each business should assess whether the flat rate scheme is beneficial to them.
4. From 01/01/2010 the standard rate of VAT is 17.5% and the reduced rate is 5%.

NIC CONTRIBUTIONS

<u>Class 1 (earnings related)</u>	<u>2009/2010</u>	<u>2010/2011</u>
Lower earnings limit	£95	£97
Primary threshold (LEL) (per week)	£110	£110
Upper earnings limit (UEL) (per week-employees only)	£844	£844
Secondary threshold (per week- employers)	£110	£110
Rate: Employees £110.01 to £844 pw	11%	11%
£844 & over	1%	1%
Rate: Employer £110.01 & over	12.8%	12.8%
<u>Class 2 (self-employed flat rate) – Per week</u>	£2.40	£2.40
Small earnings exception (per year)	£5,075	£5,075
<u>Class 3 (voluntary) – Per week</u>	£12.05	£12.05
<u>Class 4 (self-employed) - Rate</u>	8.0%	8.0%
Lower profits limit (per year)	£5,715	£5,715
Upper profits limit (per year)	£43,875	£43,875
Above £43,875 per year	1%	1%

The above is not exhaustive and please refer for further details to 0118 9787561 or

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