

**2011/2012 TAX DATA CARD**  
**ALAN REYNOLDS & COMPANY LIMITED**

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<b>TAX RATES:</b>	<u>2010/2011</u>	<u>2011/2012</u>
Basic rate @ 20%	0 - £37,400	0 - £35,000
Higher rate @ 40%	£37,401 - £150,000	£35,001 - £150,000
Additional rate 50%	Over £150,000	Over £150,000
Savings income rate @ 10%	£2,440 *	£2,560*

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

<b>PERSONAL ALLOWANCES</b>	<u>2010/2011</u>	<u>2011/2012</u>
	£	£
Personal Allowance	6,475	7,475
Age Allowance (65-74) - Personal	9,490	9,940
Age Allowance (75 or over) – Personal	9,640	10,090
- Married	6,965 (10% relief)	7,295
Income limit for age allowances	22,900	24,000
Married couples		
Minimum allowance (over 65)	2,670	2,800
Blind person's allowance	1,890	1,980

The standard 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. 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 2011/2012

**COMPANY CAR BENEFITS:**

For 2011/2012, there is a 10% minimum charge of list price for ratings up to 95g/km (13% on diesel vehicles). If the vehicle rating is less than 120g/km for 2011/2012 (2010/2011 – 130g/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 20% 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 £18,800 (2010/2011 - £18,000). For unrestricted use, the benefit on vans is £3,000, plus £500 (2010/2011 - £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 2011/2012. Contractors (& PAYE/NIC) can pay quarterly if monthly liabilities are under £1,500. CIS subcontractor companies can offset CIS tax deducted from income against monthly PAYE/NIC costs.

**PENSION ARRANGEMENTS**

The contribution limit, with no salary, is £3,600. Up to a salary of £50,000 (2010/2011 -£255,000), 100% can be contributed. The lifetime allowance remains at £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 remains at 55.

**CAPITAL GAINS TAX**

The 2011/2012 annual exemption for individuals & disabled persons will be £10,600 and £5,300 for other trusts. Above these exemptions the flat rate of tax is at 18% up to 23/06/10. After 23/06/10, a 28% rate could apply if total taxable income is above the higher rate threshold. After 23/06/10, CGT on trusts is charged at a flat rate of 28%.

**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 :** 1.4.2010 to 31.3.2011 & 1.4.2011 to 31.3.2012

Small companies' Rate @ 21%	0 - £300,000	
Small companies' Rate @ 20%		0 - £300,000
Marginal relief	£301,000 - £1,500,000	
Main Rate @ 28%	£1,500,001 and more	
Main Rate @ 26%		£1,500,001 and more
Marginal relief fraction	7/400	7/400
Effective marginal rate	29.75%	27.75%

### **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:**

From, 06/04/11, the mileage rates are 45p 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 13.8% for 2011/2012 (2010/2011 – 12.8%). .

### **CAPITAL ALLOWANCES:**

After 06/04/11, small and medium sized companies obtain 100% annual investment allowance relief on the first £25,000 of expenditure (2010/2011 - £100,000). Writing down allowances generally are 18% and for long life assets (and integral features to buildings) are 8%. 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 0% for 2011/2012 (2010/11 – 1%).

**RESEARCH & DEVELOPMENT** : From 01/04/2011, R&D expenditure for SME companies obtains relief at 200% (2010/2011 -175% ) of cost and large companies relief is at 130%. 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. The lower limit of £10,000 on qualifying research and development costs is abolished after 31/03/11. Large companies obtain R&D credit at a headline rate of 26% reducing R&D costs by 7.8%.

### **TAX EFFICIENT INVESTMENTS :**

After 6/04/2011, EIS annual investment limit is £500,000 at 30% income tax relief. Qualifying VCT shares obtain 30% relief in 2011/2012 for investments up to £500,000.

### **ENTREPRENEURS' RELIEF :**

This relief, which has to be claimed, gives a CGT rate of 10% for eligible lifetime gains. Various conditions apply . The conditions must have been satisfied for at least a year before disposal ( & over 5% shareholding). Entrepreneurs' relief is on lifetime gains up to £10 million (2010/2011 - £5 million).

### **VALUE ADDED TAX**

1. From 1/4/2011, the annual registration limit is £73,000 (previously £70,000). The de-registration limit is raised from £68,000 to £71,000.
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 (excluding VAT). Various rates apply, so each business should assess whether the flat rate scheme is beneficial to them.
4. From 04/01/11, the VAT standard rate is 20% and the reduced rate is 5%. To calculate inclusive amounts of VAT , use the fractions of 1/6 and 1/21 respectively.

### **NIC CONTRIBUTIONS**

<u>Class 1 (earnings related)</u>	<u>2010/2011</u>	<u>2011/2012</u>
Lower earnings limit	£97	£102
Primary threshold (LEL) (per week)	£110	£139
Upper earnings limit (UEL) (per week-employees only)	£844	£817
Secondary threshold (per week- employers)	£110	£136
Rate: Employees £110.01 to £844 pw	11%	-
£844 & over	1%	-
Employees £139.01 to £817 pw	-	12%
£817 & over	-	13%
Rate: Employer £110.01/£136 & over	12.8%	13.8%
<u>Class 2 (self-employed flat rate) – Per week</u>	£2.40	£2.50
Small earnings exception (per year)	£5,075	£5,315
<u>Class 3 (voluntary) – Per week</u>	£12.05	£12.60
<u>Class 4 (self-employed) - Rate</u>	8.0%	9.0%
Lower profits limit (per year)	£5,715	£7,225
Upper profits limit (per year)	£43,875	£42,475
Above £43,875/£42,475 per year	1%	2%

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

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