

## Corporation Tax

	Years to 31.3.2013	31.3.2012
Main rate	24%	26%
Profits above	£1.5m	£1.5m
Small companies rate	20%	20%
Profits up to	£300K	£300K
Small/large marginal band	£300K – £1.5m	£300K – £1.5m
Fraction (effective rate)	1/100 (25%)	3/200 (27.5%)

## Main capital allowances

### Plant and machinery

	Allowance %
– annual investment allowance: £25,000	100
– certain energy efficient plant, including low emission cars	100
– writing down allowance: general pool	18
– writing down allowance: special rate pool	8

The special rate pool includes long life assets, integral plant in buildings, thermal insulation and cars with CO<sub>2</sub> emissions over 160g/km.

The general pool contains other plant and machinery.

The rates changed in April 2012 and care is required where a period of account straddles the change.

## Value Added Tax

Standard rate (1/4 of VAT-inclusive price)	20%
Registration level from 1.4.12	£77,000 per annum
Deregistration level from 1.4.12	£75,000 per annum

## Scale charges

The scale charges for private use of business fuel are based on the CO<sub>2</sub> emissions rating of the car. A different charge will apply for each 5g/km increase between 120g/km and 225g/km (max). For a 3 month period starting after 30 April 2012:

120 or less	£138.54 net	£27.71 VAT
125	208.33 net	41.67 VAT
rising by per 5g/km approx*	13.91 net	2.78 VAT
225 or above	486.46 net	97.29 VAT

\*exact figures must be obtained from full table.

## Stamp Duty and Stamp Duty Land Tax

Rates on sales	% of Total Consideration
<b>Shares and marketable securities</b> (nil if value up to £1,000)	0.5%
<b>Land</b>	
£0 - threshold	NIL
Threshold - £250,000	1%
£250,001 - £500,000	3%
£500,001 and over (all properties)	4%
£1,000,001 - £2,000,000 (residential)	5%
Over £2m (residential)	7%

### The threshold is:

£125,000	general residential property
£150,000	residential in "disadvantaged areas"
£150,000	commercial property

## Earliest due dates for payment of tax

### Income Tax

Employment  
Interest, dividends

Most tax paid under PAYE  
Lower/basic rate liability usually settled before receipt  
Payments on account for 2012/13 on 31.1.13 and 31.7.13 based on 2011/12 tax; balance due 31.1.14 with first instalment for 2013/14.

Untaxed sources, plus balance on employment and higher rates on investment income (self assessment)

### Capital Gains Tax

31 January following the tax year with self-assessment income tax.

### Inheritance Tax

Normally 6 months after month of death.

### Corporation Tax

Large companies pay by instalments starting 6½ months through the accounting period; small/medium companies pay 9 months and 1 day after end of period.

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## OUR SERVICES

### Taxation

- Income Tax • Business Tax • Corporation Tax • Value Added Tax
- PAYE and National Insurance • Capital taxes (including Capital Gains and Inheritance Tax)
- Tax investigation advice & assistance • Tax deferral

### Audit

- Statutory Audits • Specialist audits

### Accountancy

- Financial accounts • Monthly management accounts • Budgets and cashflow projections
- Book-keeping services • Payroll service

### Small Businesses

- Comprehensive start-up service • Financial management
- Cost benefit analysis • Grant claims

### Corporate Finance

- Share valuations • Mergers & management buyouts • Venture capital



Director  
Justin Smith-Milne FCCA

Registered to carry on Audit Work and regulated for a range of investment business activities by the Association of Chartered Certified Accountants



TAX RATES 2012-2013

## Income Tax

Main reliefs	2012/13	2011/12
<b>Allowed at top rate of tax</b>		
Personal Allowance (PA)	£8,105	£7,475
Personal Allowance (65 - 74)*	10,500	9,940
Personal Allowance (75 and over)*	10,660	10,090
Blind Person's Allowance	2,100	1,980

### Allowed only at 10%

Married Couple's Allowance (MCA)* (only available if born before 6th April 1935)	7,705	7,295
Age-related allowances (AA)* income limit	25,400	24,000

\*AA are reduced by £1 for every £2 by which income exceeds limit.

Personal AA reduced before MCA until equal to normal PA.

MCA reduced to minimum £2,960 (2011/12: £2,800).

PA is withdrawn at £1 for every £2 by which total income exceeds £100,000 (PA is nil at income of £116,210 or more).

Rate bands	2012/13	2011/12
Basic rate band (BRB)	34,370	35,000
Higher rate band (HRB)	34,371-150,000	35,001-150,000
Additional rate	over 150,000	over 150,000

BRB and HRB extended by Gift Aid donations and pension contributions up to permitted limit.

## Tax rates

Rates differ for General/Savings/Dividends

	2012/13 and 2011/12		
	G	S	D
Basic rate	20%	20%	10%
Higher rate	40%	40%	32.5%
Additional rate	50%	50%	42.5%

General income (salary, pension, profit, rent) uses lower rate bands first, then savings (interest), then dividends. UK dividends received are 90% of taxable amount with 10% tax credit.

If taxable general income is less than £2,710 (2011/12: £2,560), savings income is taxed at a 'starting rate' of 10% until total taxable income exceeds that limit. This 'starting rate band' is part of the BRB.

## Car Benefit 2012/13

Taxable benefit is chargeable value multiplied by chargeable percentage.

**Chargeable value:** initial list price of car (incl. accessories).

**Chargeable percentage:**

Electric car with no emissions: 0%

CO <sub>2</sub> Ratings	Petrol	Diesel
1-75g/km	5%	8%
76-99g/km	10%	13%
100-104g/km	11%	14%

– increasing by 1% at 105, 110, 115 etc., until the max. 35% (petrol or diesel).

## Vans

Chargeable value of £3,000 if private use is more than home-to-work.

## Car fuel

Employer provides fuel for private motoring in an employer-owned

**car:** CO<sub>2</sub>-based percentage from above table multiplied by £20,200.

**van:** £550.

Employee contributions for fuel do not reduce taxable figure unless all private fuel is paid for.

## Tax-free mileage allowances

Employee's own transport	2012/13	
	Higher Rate	Lower Rate
Car	45p	25p
Motorcycle	24p	24p
Bicycle	20p	20p
Business passengers	5p	5p

Higher rate allowed up to 10,000 business miles.

## Company cars

**Advisory rate to cover fuel cost** (rates change several times a year)

	From 1.3.2012 (From 1.12.2011 to 29.2.2012)			
	Petrol	LPG	Diesel	
Up to 1400cc	15p (15p)	10p (10p)	Up to 1600cc 13p (12p)	
1401 - 2000cc	18p (18p)	12p (12p)	1601 - 2000cc 15p (15p)	
Over 2000cc	26p (26p)	18p (18p)	Over 2000cc 19p (18p)	

## National Insurance Contributions 2012/13

### Class 1 (employees)

From 6.4.2012, only employment with a salary-related pension scheme can use the lower contracted-out NIC rates.

	Contracted In	Contracted Out
<b>Employee contributions</b>		
– on earnings £146.01 - £770pw	12.0%	10.6%
– on earnings £770.01 - £817pw	12.0%	12.0%
– on earnings above £817pw	2.0%	2.0%

### Employer contributions

– on earnings £144.01 - £770pw	13.8%	10.4%
– on earnings above £770pw	13.8%	13.8%

Employer contributions (at 13.8%) are also due on most taxable benefits (Class 1A) and on tax paid on an employee's behalf under a PAYE settlement agreement (Class 1B).

### Class 2 (Self-employed)

Flat rate per week	£2.65
Small earnings exception: profits per annum	£5,595

### Class 3 (Voluntary)

Flat rate per week	£13.25
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### Class 4 (Self-employed)

On profits £7,605 - £42,475	9.0%
On profits over £42,475	2.0%

## Pension Contributions

Maximum annual tax-efficient gross contributions to age 75

<b>individuals</b>	£3,600 or 100% of earnings to £50,000
<b>employers</b>	£50,000 less employee contributions

Maximum tax-efficient fund on taking benefits in 2012/13: £1.5m.

Only current earnings count for the 100% limit. Extra contributions above £50K may use unused £50K limit of preceding three years.

Most personal pension contributions are paid net of basic rate tax.

## Annual investment limits

	2012/13	2011/12
Individual Savings Account	£11,280	£10,680
Junior ISA	3,600	3,600
Enterprise Investment Scheme	†1,000,000	†500,000
Seed Enterprise Investment Scheme	*100,000	N/A
Venture Capital Trust	†200,000	†200,000
†Relief at 30% *Relief at 50%		

## Inheritance Tax

**Charges on or after** Rates %

<b>6th April 2009</b>		
0 - £325,000	NIL	Nil band frozen
Above £325,000	40%	until 2014/15
Lifetime chargeable transfers at half the death rate, i.e. 20%.		

Business property relief of 100% for all shareholdings in qualifying unquoted trading companies and for most unincorporated trading businesses; agricultural property relief at 100% for qualifying holdings of agricultural land.

Annual exemption for lifetime gifts £3,000.

Small gifts up to £250 per donee per year are ignored.

Tapering relief applies to reduce the tax on transfers within 7 years of death. The reduction in tax is 20% for survivorship of 3-4 years, 40% for 4-5, 60% for 5-6 and 80% for 6-7 years.

## Capital Gains Tax

Annual exempt amount	2012/13	2011/12
<b>Tax rate</b>		
– basic rate taxpayer	18%	18%
– higher rate taxpayer	28%	28%
– Entrepreneurs' Relief (ER)	10%	10%

Net gains after losses, all reliefs and annual exemption are added to taxable income to determine the applicable CGT rate. ER is available for lifetime gains of up to £10m on disposals of sole trade, interest in partnership trade, or shares in a trading company by an officer or employee owning at least 5%.

Trustees receive up to half the annual exemption and pay at a flat rate of 28%.