

## INHERITANCE TAX

### Transfers on death or up to 7 years before

Exempt band	£325,000
(plus any unused exemption transferred from dec'd spouse)	
Tax rate on excess	40%
Lifetime transfers to/from certain trusts	20%

### Taper relief for gifts within 7 years of death:-

Yrs before death	0-3	3-4	4-5	5-6	6-7
% of death charge	100	80	60	40	20

### Main Exemptions

◊ Most transfers between husband and wife ◊ first £3,000 of lifetime transfers in any tax year ◊ up to £250 pa to any number of individuals ◊ gifts in consideration of marriage - £5,000 by a parent, £2,500 by a grandparent, £1,000 by any other person ◊ gifts out of income ◊ gifts to charities.

## SAVINGS & INVESTMENT

### Individual Savings Accounts limits

(Either 'maxi' or 'minis', but not both)

Maxi ISA - stocks & shares / unit trusts	£10,200
Mini ISAs - stocks & shares / unit trusts / bond	£5,100
bank / building society	£5,100
Total	£10,200

## DATES FOR PAYMENT

### Self-employed (Schedule D), investment income received gross (eg. rents & interest) and higher rate tax

1st instalment on 31 January in the year of assessment,  
2nd instalment on the following 31 July,  
any balance due on the following 31 January.

### Capital Gains Tax

31 January following the year of assessment.

### Corporation tax

9 months after the end of the accounting period.

### Value Added Tax

1 month after the end of the tax period, unless paying electronically, for which a further 7 days is allowed.

### PAYE and NIC

2 weeks after end of tax month.

If below £1,500/mth, then 2 weeks after end of tax quarter.

## INCOME TAX

*(Rates applicable after deducting allowances)*

Rate	2010/11 bands	2009/10 bands
20%	Up to £37,400	Up to £37,400
40%	Over £37,400 (see #)	Over £37,400
50%	Over £150,000	n/a

Savers with total taxable income less than £2,440

(eg. pensioners on low incomes) pay 10% on savings income.

# Shareholders liable at 40% pay extra tax equivalent to 25% of the net dividends received (50% taxpayers => 37.5% of net).

2009/10 Allowances	Personal	Married couples
Age at 5 April 2010:-		
Under 65 years old (basic)*	£6,475	nil
65 - 74 years**	£9,490	
75 years and over**	£9,640	£696.50
Blind persons allowance	£1,890	

\* Reduced by 50p per £1 of income over £100,000pa.

\*\* Reduced by 50p per £1 of income over £22,900pa.

# Only applies if either spouse was born before 6 April 1935.

Amount shown is the amount tax bill is reduced by.

'Rent a room' - tax free lodger allowance £4,250

## VALUE ADDED TAX

Standard rate : 17.5% until 3<sup>rd</sup> Jan 2011, then rises to 20%

To get VAT from gross, multiply by: 7/47 (1/6 after 3<sup>rd</sup> Jan)

Turnover threshold for registration £70,000 (past 12 months or coming 30 days)

Cash accounting scheme - maximum turnover £1.6m

Flat rate scheme - Joining turnover limit (net) £150,000

Must leave scheme if gross turnover exceeds £225,000

Private use of fuel is based on CO<sub>2</sub> emissions. Quarterly rates start at £138 (VAT payable £20.55) for cars up to 120g/km, rising to £483 (VAT payable £71.94) for cars emitting 235g/km or more. Rates in between can be found on our web-site at [www.marshallroche.co.uk/fuelvat.htm](http://www.marshallroche.co.uk/fuelvat.htm)

## CORPORATION TAX

	Year ended 31.3.2011	Year ended 31.3.2010
Profits between:-		Segment taxed at:-
£1 - £ 300,000	21%	21%
£300,001 - £1,500,000	29.75%	29.75%
£1,500,001+	28%	28%

From 1 April 2010 the small company rate will rise to 22%

## We can help

With the government promising us 'austerity', everyone has to look for ways to make the most of what they have.

How to maximise income? How to avoid paying too much tax? How to avoid penalties and surcharges? What paperwork to keep, what forms to send in and when? We can help with all of this.

Whether you are in business, employed or simply enjoying the fruits of life's labours, at Marshall Roche we can help you to plan your affairs to maximise your income, whilst taking full advantage of all legal means to minimise your tax liabilities.

Marshall Roche services include:-

- Tax returns and tax planning
- Year end accounts
- VAT & wages
- Property income
- Seafarers and expatriate tax
- Dealing with Tax Office enquiries
- Helping small or growing businesses
- Advice on business purchase or sale
- Business planning and forecasting

**Call now for further details**

Marshall Roche Limited. Registered to carry on audit work by The Institute of Chartered Accountants in England & Wales

**Established 1983**

## MARSHALL ROCHE

Chartered Accountants

## TAX DATA

### 2010/2011

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Established 1983



## CAR AND FUEL BENEFITS

CO <sub>2</sub> emission level of the car -	%age
up to 120g/km (reductions below do not apply)	10%
up to 130g/km	15%
for every additional (complete) 5g/km, add	1%
Then apply fuel type adjustments, as below	
Up to a maximum for any car of	35%
<u>Type of fuel</u>	<u>Adjustment</u>
Diesel, not Euro IV (low emission)	add: 3%
Diesel (Euro IV) first reg before 1/1/06	None
Diesel (Euro IV) first reg on or after 1/1/ 06	add: 3%
Hybrid electric cars	reduction: 3%

**Fuel benefit** - multiply the relevant percentage by £18,000.

**Van benefit** £3,000 (Fuel £550)

No van benefit if only private use is between home and work.

### Approved (ie tax free) business mileage allowance

(Rates per mile)	First 10,000 business miles in tax year	Over 10,000 business miles
Cars and vans	40p	25p
Motor cycles	24p	24p
Bicycles	20p	20p

Each additional business passenger - 5p per mile

## MAIN CAPITAL ALLOWANCES

### Motor cars -

Pre April 2009: 20% of reducing balance (max £3,000 per car)  
Bought 2009/10 or later:

% of reducing balance based on CO<sub>2</sub> (g/km):-

Up to 110g =100%, to 160g =20%, over 160g =10%

### Plant and machinery -

100% in year of purchase up to £50k total spending.

The rest gets 40% in yr1, then 20%pa on reducing balance

Environmental/energy saving assets - 100%

Research & development tax credit - 175%

## CAPITAL GAINS TAX

	2010/11	2009/10
Annual exemption	£10,100	£10,100

**Rate of tax:** 18% for gains up to 22 June 2010.

From 23 June 2010, gains are added to income and taxed at 18% where basic rate tax applies or 28% for higher rate.

**Business assets:** Owners of small businesses will pay tax at 10% on capital gains made on sale of a business, up to a lifetime limit of £2m.

## NATIONAL INSURANCE

Class 1 (Not 'contracted out')	Employer rates	Employee rates
<u>Weekly earnings between:-</u>		
£0 - £110.00	No contributions due	
£110.01 - £844.00	12.8%	11%
Over £844.00	12.8%	1%
<b>Class 1A</b> - employee benefits (eg car, medical etc.)	12.8% of taxable benefit	nil
<b>Class 2</b> - self-employed	£2.40/wk	
If earnings in tax year exceed		£5,075
<b>Class 3</b> - voluntary	£12.05/wk	
<b>Class 4</b> - self-employed	<u>Rate applied</u>	
Profits £0 - £5,715	Nil	
£5,715 - £43,875	8%	
£43,875 +	1%	

## PENSION CONTRIBUTIONS

**Contribution limits are as follows:-**

Personal contributions	The larger of :- £3,600pa or 100% of Net Relevant Earnings
Company contribution	£255,000pa (less any personal)
Lifetime fund limit	£1.8 million

Note that for people with income over £150k, the tax relief is gradually reduced, so that over £180k income, relief is only given at 20% (not 40%). This makes pensions a bad option if income in retirement will be high enough to suffer tax at 40%.

### Retirement options:-

The earliest age at which benefits can be taken is 55.

Up to 25% of the fund can be taken as tax free cash, so long as a pension is also taken from that point and this is by age 75. There is no longer any requirement to take an annuity by age 75, but a pension must be drawn from the fund after that age.

### Pension term assurance.

Contracts made pre 6/4/01; 5% of NRE (inc. in above limits)  
Post 6/4/01 - 10% of allowable pension contributions made.

## IMPORTANT NOTICE

This data is based on the Chancellor's Budget proposals as they affect small businesses, subject to the Finance Act 2010. As the information is of a general nature only, further advice should be sought from us before relying on any of the information provided.