

THE BUDGET 24 MARCH 2010

PERSONAL TAX

	2010-11	Value of restricted Allowance	2009-10	Value of restricted Allowance
	£	£	£	£
PERSONAL ALLOWANCES				
Personal allowance	6,475		6,475	
Blind person	1,890		1,890	
Upper income limit	100,000		N/A	
AGE ALLOWANCES: 65 to 74				
Personal allowance	9,490		9,490	
Upper income limit	22,900		22,900	
AGE ALLOWANCES: 75 and over				
Personal allowance	9,640		9,640	
Married couple	6,965	696.50	6,965	696.50
Upper income limit	22,900		22,900	
INCOME TAX RATES				
20%		0 - 37,400		0 - 37,400
40%		37,401 - 150,000		37,401 and over
50%		Over 150,000		N/A

Savings income falling into the first £2,440 of taxable income will be taxed at 10%. This is only available if your only source of taxable income is from savings income. Any non savings income above the £2,440 will mean that all income will be taxed at 20%. Dividends will continue to be taxed at 10% up to the basic rate tax band and 32.5% thereafter of the gross dividend. Any taxable dividend income above £150,000 will be charged at a new 42.5% tax rate.

From 2010-11 the personal allowance is reduced £1 for every £2 of income over £100,000 up to a maximum of the full personal allowance. This means that no personal allowance will be given to those earning over £112,950.

ISA's

The annual maxi ISA limit will remain at £10,200 and the mini ISA at £5,100, but they will now be applicable to all savers and not just those over 50. From 2011-12 the limits will rise annually with inflation. No tax is payable on any interest, dividends or capital gains on ISA investments.

NATIONAL MINIMUM WAGE

The current rate is £5.80 an hour for workers aged 22 and over, previously £5.73, effective from 1 October 2009.

This is reduced to £4.83 an hour for workers aged 18 to 21, previously £4.77, effective from 1 October 2009.

16 to 17 year old workers are entitled to minimum wage of £3.57 an hour, previously £3.53, effective from 1 October 2009.

New rates effective from 1 October 2010 will be announced on 1 May 2010.



SOCIAL SECURITY BENEFITS

		2010-11	2009-10
		£ per week	£ per week
Pension	Single	97.65	95.25
	Married	156.15	152.30
Jobseekers allowance	over 25's	65.45	64.30
Child benefit	first child	20.30	20.00
	subsequent	13.40	13.20
Incapacity benefit	Long-term	91.40	89.80

NATIONAL INSURANCE**CLASS 1 2010-11****Employee - contracted in**

Up to £110 p.w. (£5,715 pa)	Nil
£110.01 to £844.00 p.w.	11%
Above £844 p.w. (£43,875 pa)	1%

Employer - contracted in

Up to £110 p.w.	Nil
Above £110 p.w.	12.8%

For 2010-11, the monthly earnings limit before national insurance is due is £476 per month.

From 2011-12, employees' NIC will increase from 11% to 12% and the 1% over the upper earnings limit will increase to 2%. In addition, employers NIC will increase from 12.8% to 13.8%.

CLASS 2 Self employed

On earnings over £5,075 (£5,075)

2010-11	2009-10
£ per week	£ per week
2.40	2.40

CLASS 3 Voluntary - flat rate

12.05	12.05
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CLASS 4 Self employed

2010-11

8% of profits between £5,715 and £43,875
1% of profits above £43,875

From 2011-12, Class 4 NIC will increase from 8% to 9% and the upper earnings limit will increase to 2%.

STATUTORY SICK PAY (SSP)

	2010-11	2009-10
	£ per week	£ per week
Flat rate	79.15	79.15

STATUTORY MATERNITY PAY (SMP)

First 6 weeks	90%	90%
Remaining weeks - max 33	124.88	123.06

STATUTORY PATERNITY PAY (SPP)

Two weeks	124.88	123.06
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STATUTORY REDUNDANCY PAY

The statutory redundancy pay amount will remain at £380 per week.

INHERITANCE TAX

	2010-11	2009-10	2008-09
Rate	£	£	£
Nil	0 – 325,000	0 – 325,000	0 - 312,000
40%	325,000 +	325,000 +	312,000+

The nil rate bands are transferred on death, giving a combined nil rate band for 2010-11 of £650,000.

You can make gifts amounting to £3,000 in any tax year, which can be carried forward to the following tax year if previously unused, giving a maximum allowance of £6,000. The £325,000 band will remain in place until 5th April 2015.

CORPORATION TAX

	2010-11 Profit	2010-11	2009-10	2009-10
	£000's		Profit £000's	
Small companies' rate	0 - 300	21%	0 - 300	21%
Upper marginal rate	300-1,500	29.75%	300-1,500	29.75%
Standard rate	over 1,500	28%	over 1,500	28%

The small companies' rate will increase to 22% effective from 1 April 2011.

CAPITAL ALLOWANCES

The Annual Investment Allowance (AIA) will still apply giving 100% relief for the first £100,000 of expenditure on plant and machinery in the general pool, up from £50,000 last year. Writing Down Allowances (WDA) will remain at 20% for 2010-11. Capital allowances on cars with CO2 emissions over 160g/km will be eligible for a restricted WDA of 10% with those under 160g/km eligible for the standard 20% WDA. Cars with less than 110g/km of CO2 emissions attract a 100% allowance. Industrial Buildings Allowance (IBA) will be reduced from the current 2% to 1% in 2010-11, before being abolished from 6 April 2011.

CARRY BACK TRADE LOSSES

The extended carry back of trading losses allows losses to be carried back to a period of 3 years. The carry back will only apply where losses are made for companies, in accounting periods ending between 24 November 2008 and 23 November 2010, and for unincorporated business in tax years 2008-09 and 2009-10. The loss relieved is subject to a limit of £50,000 for the first two years.

VALUE ADDED TAX

	New	Previous
REGISTRATION LIMIT		
Annual net turnover (effective 1 May 2010)	£70,000	£68,000
DEREGISTRATION LIMIT		
Annual net turnover (effective 1 May 2010)	£68,000	£66,000
Cash and annual accounting registration limit	£1,350,000	£1,350,000
Cash and annual accounting deregistration limit	£1,600,000	£1,600,000
Prior period VAT errors can be adjusted for on the next VAT return up to an increased limit of £10,000, effective from 1 July 2008. Any errors above this limit will need to be separately notified to H.M Revenue & Customs.		

VAT ONLINE FILING

From 1 April 2010 all businesses with annual turnover over £100,000 must file their VAT returns online and pay their VAT electronically. This applies to all VAT periods starting after 1 April 2010. All businesses will have to file their returns and pay electronically from 1st April 2012 at the latest.

VAT FUEL SCALE RATES FOR PRIVATE MOTORING ON PETROL AND DIESEL VEHICLES

(VAT quarters effective from 1 May 2010)

Please refer to our website www.cehill.co.uk for full details of the VAT fuel scale charges.

CAPITAL GAINS TAX

	2009-10	2009-10
Personal annual exemption (trustees)	£10,100 (5,050)	£10,100 (5,050)

The single 18% Capital Gains Tax rate is still applied to all gains. Entrepreneurs relief is available for the disposal of a trading business or shares in a trading company, providing the seller is an officer or employee of the company and has a minimum of 5% stake in the business. From 6 April 2010, the entrepreneurs relief will reduce the effective rate to 10% on the first £2 million gains made over a lifetime (previously £1 million).

BUSINESS PAYMENT SUPPORT SERVICE

The Business Payment Support Service which gives people streamlined access to request Time to Pay their tax will continue for another 5 years. This will help support viable businesses experiencing temporary financial difficulty. The service is available for all HMRC taxes, including VAT, Corporation Tax, Income Tax and NICs and PAYE. To request setting up an arrangement with HM Revenue & Customs, you can call them on 0845 302 1435.

ENTERPRISE INVESTMENT SCHEME (EIS) AND VENTURE CAPITAL TRUSTS (VCT)

The annual investment limit for income tax relief for EIS will remain at £500,000 with income tax relief at 20%. The rate of income tax relief for investors in VCTs will remain at 30% for up to £200,000 investment, with the minimum holding period for investors of 5 years.

STAMP DUTY AND LEASES

Property	Up to £125,000	Nil
	£125,001- £250,000	1% (nil for first time buyers)
	£250,001 - £500,000	3%
	£500,000 - £1,000,000	4%
	£1,000,000+	5%
Shares	From 25 March 2010 stamp duty for first time buyers will be nil up to £250,000 until 25 March 2012.	0.5% (No duty on amounts <£1,000)

EXCISE DUTY CHANGES

Alcohol and tobacco

Cigarettes	15p on packet of 20
Beer (per pint)	2p increase
Wine (per 75cl bottle)	10p increase
Cider (per litre)	5p increase

Vehicles and fuel (from April 2010)

Main fuel	+1p per litre
Road fuel gases	+1.44 per kg
Rebated gas oil (red diesel)	+0.19p per litre
Heavy fuel oil	+0.18p per litre

Road Fund Licence

CO2 Band	Change	Petrol & Diesel (£)	CO2 Band	Change	Petrol & Diesel (£)
<100g	(no change)	0	151-165g	+£5	155
101-110g	-£15	20	166-175g	+£5	180
111-120g	-£5	30	176-185g	+£25	200
121-130g	-£30	90	186-200g	+£20	235
131-140g	-£10	110	201-225g	+£30	245
141-150g	(no change)	125	226-255g	+£20	425
			Over 255g	+£30	435

PENSION SCHEME

You can pay the higher of £3,600 p.a. or 100% of your UK earnings into a private pension.

PENSIONS RESTRICT TAX RELIEF

From 6 April 2011, those with income above £150,000, including employer pension contributions, will see higher rate relief on their pension payments made each year restricted to the minimum basic rate of 20% once income reaches £180,000 a year. Higher rate relief will still apply for contributions for those earning over £150,000 until 5th April 2011. If however, your income for 2010-11 exceeds £130,000 any higher relief will be restricted to basic rate tax if non regular contributions are in excess of the special annual allowance of £20,000. This will apply to what is seen as anything other than normal ongoing contributions.

BUSINESS START-UPS

HM Revenue & Customs and businesslink.gov.uk will provide a range of service for start-ups including online tools, video guides and fact sheets. By autumn 2011, a new personalised area for start-ups will be up and running on businesslink.gov.uk. This will include a tax registration wizard that enables registration for multiple taxes, online services and payment plans.

TAX CREDITS

Tax credits are for lower paid workers and families with children. Claims can only be back dated for 3 months so it is important to claim early. The child tax credit can benefit families with income up to £58,170. Claims can be made on HM Revenue & Customs (HMRC) website. The government is increasing the child element for those families with children aged one or two from April 2012 by £4 per week.

COMPANY CAR BENEFIT

The taxable benefit in respect of a car provided by an employer is calculated by reference to the car's carbon dioxide emission rating, with a scale charge varying between 10% and 35% of the list price. There will be a supplementary charge for diesel cars of around 3% (except those which meet the EU standard for cleaner cars registered before 1 January 2006). From 2011-12, the cap on the maximum list price of £80,000 will be abolished. For more information on your specific car benefit visit www.hmrc.gov.uk/calcs/cars.htm

CAR FUEL BENEFIT

The additional scale charge for the provision of private fuel will increase to £18,000, previously £16,900. The figure is multiplied by the appropriate car tax percentage to determine the taxable benefit. This is calculated by reference to the car's carbon dioxide emission rating and varies between 10% and 35% of £18,000.

COMPANY VAN BENEFIT

Taxable benefits will remain at £3,000. There will be an additional charge of £500 if fuel is provided for private use by the employer, previously £500.

APPROVED MILEAGE RATES (from 6 April 2010)

	All cars	Up to 10,000 miles	Over 10,000 miles
		40p	25p

Employees may be paid an additional 5p per mile per passenger for carrying fellow employees on the same business trip.

KEY DATES IN TAX CALENDER

19 May 2010	Forms P14 and P35 to be submitted to HM Revenue & Customs by employers
31 May 2010	Forms P60 to be given to employees by employers
6 July 2010	Forms P9D/P11D to be given to employees and to HM Revenue & Customs. Pay by 19 July.
31 July 2010	Second interim payment of tax due for 2009-10
31 Oct 2010	Deadline for paper submission of tax return if self assessed
31 Jan 2011	Deadline for electronic submission of tax return if self assessed
	Final payment of tax due for 2009-10. First interim payment of tax due for 2010-11