

THE BUDGET 21 MARCH 2012

PERSONAL TAX	2012-13	Value of restricted Allowance	2011-12	Value of restricted Allowance
	£	£	£	£
PERSONAL ALLOWANCES				
Personal allowance	8,105		7,475	
Blind person	2,100		1,980	
Upper income limit	100,000		100,000	
AGE ALLOWANCES: 65 to 74				
Personal allowance	10,500		9,940	
Upper income limit	25,400		24,000	
AGE ALLOWANCES: 75 and over				
Personal allowance	10,660		10,090	
Married couple	7,705	770.50	7,295	729.50
Upper income limit	25,400		24,000	
INCOME TAX RATES				
20%		0 - 34,370		0 - 35,000
40%		34,371 - 150,000		35,001 - 150,000
50%		Over 150,000		Over 150,000

From 6 April 2013, the 50% tax rate will be reduced to 45% on income over £150,000.

The age related allowances for those currently aged over 65 will be frozen from 6 April 2013 until they come in line with the lower personal tax allowance. Those turning 65 after 6 April 2013 continue to receive the standard personal allowance

Savings income falling into the first £2,710 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 £2,710 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% of the gross dividend thereafter. Any taxable dividend income above £150,000 will be charged at the 42.5% tax rate.

The personal allowance will be 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 £116,210. The marginal rate is 60% on this £16,210.

From April 2013 the personal allowance will increase by £1,100 to £9,205, with the basic rate limit reduced by £2,125 to £32,245. This means that you will pay higher rate tax when your income exceeds £41,450. Currently £42,475

ISA's

The annual ISA allowance has increased to £11,280 of which a maximum of £5,640 can be held as cash, applicable to all savers. Junior ISA allowance is £3,600. No tax is payable on any interest, dividends or capital gains on ISA investments.

NATIONAL MINIMUM WAGE

The current rate is £6.08 an hour for workers aged 22 and over, previously £5.93, effective from 1 October 2011.

This is increased to £4.98 an hour for workers aged 18 to 21, previously £4.92, effective from 1 October 2011.

16 to 17 year old workers are entitled to minimum wage of £3.68 an hour, previously £3.64, effective from 1 October 2011.



CAPITAL ALLOWANCES

The Annual Investment Allowance (AIA) gives 100% relief for the first £25,000 (previously £100,000) of expenditure on plant and machinery. Writing Down Allowances (WDA) will be reduced to 18% from April 2012 (previously 20%). Capital allowances on cars with CO2 emissions over 160g/km will be eligible for a restricted WDA of 8% with those under 160g/km eligible for the standard 18% WDA. Cars with less than 110g/km of CO2 emissions attract a 100% allowance.

VALUE ADDED TAX	New	Previous
REGISTRATION LIMIT		
Annual net turnover (effective 1 April 2012)	£77,000	£73,000
DEREGISTRATION LIMIT		
Annual net turnover (effective 1 April 2012)	£75,000	£71,000
Cash and annual accounting registration limit	£1,350,000	£1,350,000
Cash and annual accounting deregistration limit	£1,600,000	£1,600,000

From 6 April 2012 VAT will now be applied to hot food and sport drinks (where it does not already apply), the rental of hairdressers' chairs, and holiday caravans; all taxed consistently at standard rate.

Prior period VAT errors can be adjusted for on the next VAT return up to a limit of £10,000 but must be disclosed to HM Revenue & Customs (HMRC) in writing. Any errors above this limit will need to be separately notified to HMRC. The standard rate of VAT will remain at 20%.

All VAT returns now have to be filed online and payments made electronically.

CASH ACCOUNTING BASIS

A proposal to allow small unincorporated businesses to prepare accounts on a cash basis. Effective from 6 April 2013 to businesses operating below the VAT threshold.

PATENT BOX

Patent box will allow companies to elect to apply a 10% rate of corporation tax to profits from qualifying patents

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

(VAT quarters effective from 1 May 2012)

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

CAPITAL GAINS TAX	2012-13	2011-12
Personal annual exemption (trustees)	£10,600 (5,300)	£10,600 (5,300)

Basic rate tax payers pay Capital Gains tax at 18%, and higher rate tax payers at 28%

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. The entrepreneurs relief will reduce the effective rate to 10% on the first £10 million gains made over a lifetime.

TAX AVOIDANCE SCHEMES

From 6 April 2013 a General Anti-Abuse Rule will be used to out-law 'artificial and abusive tax avoidance schemes'.

The IR35 rules will be reviewed by 6 April 2013 to increase the number of companies affected.

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

EIS and VCT investors allowed to invest up to £1 million, from April 2012. VCTs allowed to invest up to £1 million per company.

From 6 April 2012 EIS investors can make loans and invest in shares with non-cumulative dividend rights.

SEED ENTERPRISE INVESTMENT SCHEME (SEIS) AND ENTERPRISE MANAGEMENT INCENTIVES (EMI)

Seed EIS from 6 April 2012 50% tax relief amounts up to £100,000.

EMI schemes now employees can hold options worth up to £250,000 (£120,000). From 2013-14 gains will be charged at the 10% entrepreneurial relief rate.

STAMP DUTY AND LEASES

	Residential	Non Residential	
Property	Up to £125,000	Up to £150,000	Nil
	£125,001 - £250,000	£150,001 - £250,000	1%
	£250,001 - £500,000	£250,001 - £500,000	3%
	£500,001 - £1,000,000	£500,000 +	4%
	£1,000,001 - £2,000,000	N/A	5%
	£2,000,000+	N/A	7% (15% in an off-shore Co)
Shares		0.5% (No duty on amounts <£1,000)	

EXCISE DUTY CHANGES

Alcohol and tobacco

Cigarettes	37p on packet
Beer (per pint)	3p increase
Wine (per 75cl bottle)	11p increase
Spirits	41p increase

Vehicles and fuel

Main fuel	+3.02p per litre
Road fuel gases	+5.73p per kg
Rebated gas oil (red diesel)	+0.58p per litre
Heavy fuel oil	+0.56p per litre

Road Fund Licence

CO2 Band	Change	Registered		CO2 Band	Change	Registered	
		After 1.3.01	After 1.4.10			After 1.3.01	After 1.4.10
		Petrol & Diesel (£)				Petrol & Diesel (£)	
<100g	(no change)	0	0	151-165g	+\$5	170	170
101-110g	(no change)	20	0	166-175g	+\$5	195	275
111-120g	(no change)	30	0	176-185g	+\$5	215	325
121-130g	+\$5	100	0	186-200g	+\$5	250	460
131-140g	+\$5	120	120	201-225g	+\$10	270	660
141-150g	+\$5	135	135	226-255g	(no change)	460	815
				255g+		475	1,030

PENSION SCHEME

You can pay the higher of £3,600 p.a. or 100% of your UK earnings to a maximum of £50,000 into a private pension and obtain tax relief.

TAX CREDITS & CHILD BENEFITS

You will not be eligible for tax credit if you have one child and your income is over £26,000 and with 2 children if your income is over £32,200. These amounts are guidelines and you should check on the HMRC website. Child benefit will be reduced from 2013-14 when one parent earns more than £50,000 and is tapered to nil at £60,000. The benefit will not reduce but will be clawed back via PAYE.

COMPANY CAR & VAN BENEFITS

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 5% and 35% of the list price. There will be a supplementary charge for diesel cars of 3% (except those which meet the EU standard for cleaner cars registered before 1 January 2006). For more information on your specific car benefit visit www.hmrc.gov.uk/calcs/cars.htm

Taxable benefits for a van will remain at £3,000. There will be an additional charge of £550 if fuel is provided for private use by the employer.

CAR FUEL BENEFIT

The additional scale charge for the provision of private fuel increases to £20,200, previously £18,800, from 6 April 2012. 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 5% and 35% of £20,200.

APPROVED MILEAGE RATES 2012-13

	Up to 10,000 miles	Over 10,000 miles
All cars	45p	25p

KEY DATES IN TAX CALENDER

19 May 2012	Forms P14 and P35 to be submitted to HM Revenue & Customs by employers
31 May 2012	Forms P60 to be given to employees by employers
6 July 2012	Forms P9D/P11D to be given to employees and to HM Revenue & Customs. Class 1A NIC payable by 19 July.
31 July 2012	Second interim payment of tax due for 2011-12
31 Oct 2012	Deadline for paper submission of tax return if self assessed
31 Dec 2012	Deadline for submission of tax return if you wish the tax to be collected in your tax code.
31 Jan 2013	Final deadline for electronic submission of tax return if self assessed Final payment of tax due for 2011-12. First interim payment of tax due for 2012-13.