

Income tax

Bands	11/12	10/11
Basic rate	£0 - £35,000	£0 - £37,400
Higher rate	£35,001 - £150,000	£37,401 - £150,000
Additional rate	Over £150,000	Over £150,000

Rates	Tax year	Basic rate	Higher rate	Add rate
Earnings, property & pensions	11/12	20%	40%	50%
	10/11	20%	40%	50%
Savings	11/12	20% ¹	40%	50%
	10/11	20% ¹	40%	50%
Dividends	11/12	10%	32.5%	42.5%
	10/11	10%	32.5%	42.5%

¹ 10% up to £2,560 (10/11: £2,440). 10% rate not available if taxable non-savings income exceeds £2,560 (10/11: £2,440).

Allowances	11/12	10/11
Basic personal allowance ¹	£7,475	£6,475
Age 65 - 74 personal allowance ²	£9,940	£9,490
Age 75 and over personal allowance ²	£10,090	£9,640
Age allowance income limit	£24,000	£22,900
Married couple's allowance ³	£7,295	£6,965
Minimum married couple's allowance	£2,800	£2,670
Blind person's allowance	£1,980	£1,890

- From 06/04/10, reduce by £1 for every £2 income exceeds £100,000
- Reduce by £1 for every £2 over age allowance income limit down to basic personal allowance
- Given at 10% rate. Only available if at least one partner born before 6/4/1935. Reduce by £1 for every £2 over age allowance income limit down to minimum married couple's allowance

National insurance

Limits and thresholds (weekly)		11/12	10/11
LEL	Lower earnings limit	£102	£97
ST	Secondary earnings threshold	£136	£110
PT	Primary earnings threshold	£139	£110
UAP	Upper accruals point	£770	£770
UEL	Upper earnings limit	£817	£844

Rates		11/12	10/11
Class 1 employees	PT to UEL	12%	11%
	Over UEL	2%	1%
	COR ¹ LEL to UAP	1.6%	1.6%
Class 1 employers	Over ST	13.8%	12.8%
	COR ¹ LEL to UAP - salary related	3.7%	3.7%
	COR ¹ LEL to UAP - money purchase	1.4%	1.4%
Class 1A (taxable benefits, employer only)		13.8%	12.8%
Class 2	Self-employed - per week	£2.50	£2.40
	Small earnings exemption - per year	£5,315	£5,075
Class 3	Self-employed - per week	£12.60	£12.05
Class 4	Self-employed - profits PT -> UEL	9%	8%
	Self-employed - profits over UEL	2%	1%

¹ COR = contracted out rebate

Corporation tax

Rates	Applies if profit is:	11/12	10/11
Small profits rate	Below LL	20%	21%
Main rate	Over LL ²	26%	28%
LL	Lower limit ¹	£300k	£300k
UL	Upper limit ¹	£1.5m	£1.5m
F	Standard fraction	3/200	7/400

- Reduce all limits for number of associates & short accounting periods
- If profits between LL & UL, marginal relief is due. Marginal relief is calculated as: $(UL - P) \times F \times P / (P + FII)$, where P = taxable profits, FII = Franked investment income. See above for LL, UL & F. Marginal relief reduces the tax charge.

Capital allowances

		11/12	10/11
Writing down allowances	Plant & machinery	20%	20%
	Integral features ¹	10%	10%
	Long life assets ²	10%	10%
First year allowances	Energy saving equipment ³	100%	100%
	Zero emission goods vehicles	100%	100%
	New low CO ₂ cars (< 110 g/km)	100%	100%
Annual investment allowance		£100k	£100k

- Electrics, water systems, heating, ventilation, lifts, insulation etc
- Expected life is 25 years or more and cost more than £100,000/(number of associates)
- See www.eca.gov.uk for approved items & rules

VAT

Rates & thresholds		
Standard rate	To 30/11/08	17.5%
	01/12/08 - 31/12/09	15%
	01/01/10 - 03/01/11	17.5%
	From 04/01/11	20%
Reduced rate		5%
Registration threshold	01/04/10 - 31/3/11	£70,000
	From 01/04/11	£73,000
De-registration threshold	01/04/10 - 31/3/11	£68,000
	From 01/04/11	£71,000
Cash & annual accounting schemes	Joining limit	£1.35m
	Leaving limit	£1.6m
Flat rate scheme	Taxable income limit	£150k
	Business income limit	£191.5k

De-minimis limits

To 01/04/10: Exempt input tax is no more than £1,875 per quarter¹ and no more than 50% of total input tax²

From 01/04/10: as above, plus two new tests. If any of the three tests is met in a period, exempt input tax is de-minimis for that period:

- Total input tax² is no more than £1,875 per quarter¹ and the value of exempt supplies is no more than 50% of the value of all supplies.
- Total input tax² incurred less input tax directly attributable to taxable supplies is no more than £1,875 per quarter¹ and the value of exempt supplies is no more than 50% of the value of all supplies

- Use £7,500 for annual adjustment
- Total input tax excludes blocked input tax (cars, entertaining etc) and VAT attributed to non-business activities.

Cars and vans

Approved mileage payments: payments at or below the following rates for employee business travel in the employee's own vehicle are tax exempt:

	First 10,000 miles	Miles over 10,000
Cars & vans	45p ¹ per mile	25p per mile
Motor cycles	24p per mile	
Bicycles	20p per mile	
Passengers	5p per mile - must be a fellow employee or volunteer	

¹ 40p to 5 April 2011

Company cars: the provision of a company car available for private use is a taxable benefit for the employee and subject to class 1A NICs. See <http://ccfcalculator.hmrc.gov.uk/CCF0.aspx> to calculate the benefit value.

Advisory fuel rates: can be used to reimburse employee paid fuel for business journeys in a company car or charge employees for private use of business paid fuel in a company car. If these rates are used HMRC usually accept there is no taxable benefit or class 1/1A NICs liability. Advisory fuel rates are available at http://www.hmrc.gov.uk/cars/advisory_fuel_current.htm

Company vans: significant private use (excluding commuting in some circumstances) of a company van is a taxable benefit and subject to class 1A NICs. The benefit values are £3,000 for the van and £550 (10/11: £550) if free or subsidised fuel is made available for private use.

Fuel scale charge: where a business purchases fuel made available wholly or partly for private use and recovers VAT on that fuel, it must account for output VAT on the private use element. See <http://www.hmrc.gov.uk/vat/forms-rates/rates-rates-thresholds.htm#8> for current fuel scale charges.

Gift aid

Donor benefit limits		Maximum benefit ¹
Gift value	£0 - £100	25% of gift value
	£100 - £1,000	£25
	Over £1,000	5% of gift value (2.5% to 06/04/07)
Overall limit ²		£2,500 (£500 to 5 April 2011)

- Benefits include benefits received by persons connected to the donor.
- If a gift takes the total value of benefits received by a donor (and persons connected to the donor) in a tax year (06/04 – 05/04) over the overall limit, that gift cannot be gift-aided.

Deadlines for gift aid claims

From 1 April 2010:

	Gift aid	Transitional relief
Charitable trusts	4 years from end of tax year of gift	2 years from end of tax year of gift
Charitable companies	4 years from end of accounting period of gift	2 years from end of accounting period of gift

Transitional relief available on gifts made between 06/04/08 and 05/04/11

Gift aid audits

De-minimis error regime from 12/03/08:

Repaired error rate	Amount at stake	Action by HMRC	Yellow card
Less than 4%	Less than £100	No action	No
	Less than £500	Recover in year of audit but not in prior years.	
	More than £500		Yes
More than 4%	Less than £500	Recover in year of audit and in prior years	No
	More than £500		

Amount at stake: annual amount of gift aid multiplied by the repaired error rate. **Yellow card:** HMRC will not extrapolate errors back to prior years but issue advice on how errors should be avoided in future. If a future visit shows remedial action has not been taken then HMRC will go back and assess for earlier years.

Tax return deadlines

Tax	Return	Due date
Corporation tax (pay & file)	Tax return	12 months after end of accounting period
	Tax payment	9 months and 1 day after end of accounting period
VAT return (quarterly)	VAT return	1 month after end of tax period
	VAT payment	With tax return ¹
	Annual adjustment	Include in last return of VAT year or first return after end of VAT year
	Annual accounting	Quarterly interim payments by DD and return & balancing payment due 2 months after end of year.
PAYE	P35, P14, P38	19 May PAYE end of year returns
	P9D, P11D	6 July Benefits in kind
	P11D(b)	19 July Class 1A NIC return

¹ From 01/04/10 VAT cheque payments by post are treated as received on the date cleared funds reach HMRC's bank account. Cheques take 3 working days to clear. If pay by BACS, CHAPS or giro transfer, deadline extended by 7 days.

Small & medium sized companies

For financial years beginning on or after 06/04/08 the qualifying conditions are that two of the following three tests are met:

	Total assets		Turnover		Average monthly employees
	Net	Gross	Net	Gross	
Small	£3.26m	£3.9m	£6.5m	£7.8m	50
Medium	£12.9m	£15.5m	£25.9m	£31.1m	250

A company is small / medium for a year if:

- The conditions are met in the year and in the prior year either the conditions were met or the company was small / medium, or
- The conditions are not met in the year but in the prior year the company was small / medium and the conditions were met

A parent company is small only if its group is small. A group cannot be small if any of its members is ineligible to be small. Ineligible companies include listed companies and certain financial and insurance companies.

Audit exemptions (England & Wales)

Charities

Limited companies, trusts, associations, Royal charter and Act of Parliament charities. See below for IPSs & RSLs. For periods ending on or after 1 April 2009:

Total exemption	Gross income below £25k	
Independent examination ¹	Charity has no subsidiaries	<ul style="list-style-type: none"> Gross assets not more than £3.26m: gross income must be not more than £500k. Gross assets more than £3.26m: gross income must be not more than £250k.
	Charity has subsidiaries	Group income not more than £500k (net)
Full audit	Conditions for independent examination not met	

¹ If income between £250k & £500k, an independent examiner must be qualified

Non-charitable private limited company

A non-charitable private limited company is exempt from audit if it qualifies as small (see above) and meets the small company turnover and gross asset limits in the period. If the company is part of a group, the group must qualify as small and the group's turnover and gross assets must meet the small company limits in the period. Dormant companies are exempt from audit unless they are companies that cannot qualify as small or are parent companies required to prepare group accounts.

LLPs: LLPs are subject to the same audit requirements as for non-charitable private limited companies.

Industrial and Provident Society

For RSLs, see below. All turnover and gross assets are figures for previous year.

	Charitable	Non-charitable
Total exemption	Turnover less than £90k and gross assets less than £2.8m	Turnover less than £90k and gross assets less than £2.8m
Accountant's report	Turnover less than £500k and gross assets less than £2.8m	Turnover less than £5.6m and gross assets less than £2.8m
Full audit	Turnover more than £500k or gross assets more than £2.8m	Turnover more than £5.6m or gross assets more than £2.8m

To avoid a full audit the members must pass a resolution in a general meeting. The resolution fails if at least 20% of the votes and at least 10% of the members entitled to vote are against. Full audit always required if the society is part of a group.

Registered social landlord

All RSLs require a full audit unless they are eligible for the exemptions for small companies, charities or industrial and provident societies (as above), in which case an accountant's report is required (there are no total exemptions for RSLs). A reporting accountant must be an independent person who is eligible to act in accordance with the appropriate legislation for that type of body. See [Good Practice Note 7](#) for full details.

Accounts filing dates

Entity	For filing with	The deadline is (after year end)	
RSL	Tenant Services Authority	6 months	Must submit two unbound copies of the accounts and the auditor's management letter
Industrial & Provident Society	Financial Services Authority	7 months	Accounts must be filed with the FSA annual return
Registered charity	Charity Commission	10 months	English and Welsh charities that operate from premises in Scotland must register with OSCR and submit accounts to OSCR in addition to the Charity Commission.
	OSCR	9 months	
Private limited company	Companies House	9 months	For accounting periods beginning on or after 6 April 2008

This information is provided as general guidance. Sayer Vincent cannot accept liability for any errors or omissions. If in doubt, specific advice should be sought before you take any action.

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