

Budget 2011/12

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Income Tax

Rates / Non-savings income

| | % | 2011/12 | % | 2010/11 |
|------------|----|---------------------|----|---------------------|
| Basic | 20 | Up to £35,000 | 20 | Up to £37,400 |
| Higher | 40 | £35,001 to £150,000 | 40 | £37,401 to £150,000 |
| Additional | 50 | Above £150,000 | 50 | Above £150,000 |

Dividends are taxed at 10%, 32.5% and 42.5% depending on which banding they fall into.

Allowances

| | 2011/12 | 2010/11 |
|---------------------|---------|---------|
| Personal allowance: | | |
| Aged up to 64* | £7,475 | £6,475 |
| Aged 65 to 74** | £9,940 | £9,490 |
| Aged 75 or over** | £10,090 | £9,640 |

* Progressively withdrawn for income over £100,000.

National Insurance Contributions Rates

| | 2011/12 | 2010/11 |
|--|---------|---------|
| Class 1 (earnings related) | | |
| Lower earnings limit (LEL) (per week) | £102 | £97 |
| Upper earnings limit (UEL) (per week - employees only) | £817 | £844 |
| Upper accruals point (UAP) | £770 | £770 |
| Earnings threshold (per week) for | | |
| - primary threshold | £139 | £110 |
| - secondary threshold | £136 | £110 |
| Employee rate* | | |
| - between earnings threshold and UEL | 12% | 11% |
| - earnings above UEL | 2% | 1% |
| Employer rate* | | |
| - above earnings threshold | 13.8% | 12.8% |
| Class 2 (self-employed flat rate) | | |
| Per week | £2.50 | £2.40 |
| Small earnings exception (per year) | £5,315 | £5,075 |
| Class 3 (voluntary): per week | £12.60 | £12.05 |
| Class 4 (self-employed) | | |
| Lower profits limit LPL (per year) Up- | £7,225 | £5,715 |
| per profits limit UPL (per year) | £42,475 | £43,875 |
| Rate: | | |
| - between LPL and UPL | 9% | 8% |
| - above UPL | 2% | 1% |

Reliefs

| | 2011/12 | 2010/11 |
|--|---------|---------|
| Contracted out Class 1 relief (Between LEL and UAP) | | |
| Employee - Salary related / money purchase scheme | 1.6% | 1.6% |
| Employer | | |
| - Salary related scheme | 3.7% | 3.7% |
| - Money purchase scheme | 1.4% | 1.4% |

Individual Savings Accounts (ISA)

Rates

| | 2011/12 | 2010/11 |
|-------------------------|---------|---------|
| Annual investment limit | £10,680 | £10,200 |
| Maximum cash investment | £5,340 | £5,100 |

Income and gains on ISA investments are tax free.

Inheritance Tax

Rates

| | 2011/12 | 2010/11 |
|-----|----------------|----------------|
| Nil | Up to £325,000 | Up to £325,000 |
| 40% | Above £325,000 | Above £325,000 |

Car and Car Fuel Benefits

Cars

The benefit arising on the provision to an employee of a company car is dependent on the cars Co2 emissions (10% - 35% of the list price). A 3% additional levy exists for diesels.

Car fuel

The benefit that arises on the provision of fuel is calculated by multiplying a) the same percentage used to calculate the car benefit above by b) £18,800.

Approved Mileage Allowance Payments

| | 2011/12 | 2010/11 |
|-------------------------------|---------|---------|
| Own cars and vans | | |
| Up to 10,000 miles (per mile) | 45p | 40p |
| Over 10,000 miles (per mile) | 25p | 25p |

Capital Gains Tax

Rates

Gains realised by individuals are taxed at a flat rate of 18% (for basic rate taxpayers) or 28% (for higher or additional rate taxpayers). These rates are reduced to an effective rate of 10% where Entrepreneurs' Relief is available.

Reliefs

| | 2011/12 | 2010/11 |
|--|---------|---------|
| Annual gains exemption for individuals | £10,600 | £10,100 |
| Enterprise Investment Scheme* | 100% | 100% |
| Venture Capital Trust* | 100% | 100% |
| Entrepreneurs' Relief | £10m | £5m** |

* Subject to conditions

Pensions

| | 2011/12 | 2010/11 |
|---|------------|------------|
| Annual contribution allowance 100% of salary up to | £50,000 | £255,000 |
| Permitted pension contribution (irrespective of salary) | £3,600 | £3,600 |
| Lifetime benefit allowance | £1,800,000 | £1,800,000 |

Value Added Tax

| | 1 April 2011 | 1 April 2010 |
|---|--------------|--------------|
| Standard rate | £50,000 | £255,000 |
| Lower rate | £3,600 | £3,600 |
| Registration limit - annual turnover above | £1,800,000 | £1,800,000 |
| Simplified arrangements - annual turnover below** | £1,350,000 | £1,350,000 |

* From 4 January 2011

** For entry into simplified arrangements

Further Information:

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