







Summary

- 5-year plan to eliminate the structural deficit
- Personal allowance increase
- Corporation tax reduced
- VAT increase to 20%
- CGT increase to 28%
- Bank levy



Income tax allowances

£ per year (unless stated)	2009-10	2010-11	2011-12
Personal allowance (age under 65)	6,475	6,475	7,475*
Personal allowance (age 65-74)	9,490	9,490	TBA Oct
Personal allowance (age 75 and over)	9,640	9,640	TBA Oct
Married couple's allowance (age 75+)	6,965	6,965	TBA Oct
Married couple's allowance - minimum	2,670	2,670	TBA Oct
Income limit for age-related allowances	22,900	22,900	TBA Oct
Income limit for personal allowance	N/A	100,000	TBA Oct
Blind person's allowance	1,890	1,890	TBA Oct
Pension scheme allowances			
Annual Allowance	245,000	255,000	255,000
Lifetime allowance	1,750,000	1,800,000	1,800,000
*benefit removed for HR taxpayers			



Income Tax Bands

2010-11

10 % Band*	2,440
20% Band	37,400
40% Band	50,000
50% Band above	150,000
*Savings income only	
Max Dividend Rate	39,487

2011/12 bands to be announced in October 2010



National Insurance Contributions

From 6 April 2011

- Employee NIC increasing by 1%
- Class 1 will be 12% and 2% for HR
- Class 4 will be 9%
- Employer NIC increasing by 1%
- Secondary threshold increasing by £21/wk



Regional NIC Start Up Incentive

- Employer NIC relief for new employers
- For new businesses set-up from today
- In first year of business
- On first 10 employees
- Will not have to pay first £5,000 NIC

LONDON DOES NOT QUALIFY



Capital Gains Tax

- Brown = income tax rates 'tapered'
- Darling = 18% flat rate



“The Coalition – our programme for government”

- Non-business capital gains.....
- at rates similar or close to those applied to income.....
- generous exemptions for entrepreneurial business activities.



Capital Gains Tax

- Annual Exemption ('AE') remains at £10,100 for 2010/11
- CGT rates effective on or after 23 June 2010:
 - For individuals:
 - 18% where total taxable income and gains (net of all allowable deductions including losses, income tax personal allowance and CGT AE) are less than BR limit (£37,400 for 2010/11)
 - 28% on gains (and part gains) above BR limit
 - For trustees and Personal Repts – 28% (increased from 18%)



Capital Gains Tax

E.g. Gain of £15,000 on sale of stocks and shares (HR taxpayer)

	Currently		From 23 June 2010
Gain	£15,000		£15,000
Less Annual Exemption	<u>(£10,100)</u>		<u>(£10,100)</u>
Taxable	<u>£ 4,900</u>		<u>£ 4,900</u>
Tax at 18%	<u>£882</u>	at 28%	<u>£1,372</u>

Tax increase of £490
(no change for basic rate taxpayers)



Corporation Tax

	2010/11	2011/12	2012/13	2013/14	2014/15
To £300,000	21%	20%	20%	20%	20%
Marginal rate	29.75%	28.75%	27.5%	26.25%	25%
From £1.5m	28%	27%	26%	25%	24%

Note - bands subdivided by number of associates



Capital Allowances

	2010/11	2011/12	2012/13	
WDAs	20%	20%	18%	
Special rate*	10%	10%	8%	
Annual Allowance	£100,000	£100,000	£25,000	

Whole period – 100% FYA on new & unused zero-emission goods vehicles

*includes long-life assets, integral features and cars over 160g/km



Research & Development Tax Relief

For SMEs:
Operative for any accounting period ending on or after 9 December 2009.

Condition to be abolished requiring that any intellectual property deriving from the R&D to which the expenditure is attributable be owned by the company making the claim.



Stamp Duty Land Tax

- First time buyers get a doubling of relief to £250,000
- Narrow definition of 'first time buyer'
- *Only for 2 years*
- *New 5% rate on residential properties over £1m from April 2011*
- Time limit for repayment claims reduced from 6 to 4 years from 1 April 2011



Inheritance Tax

- Frozen nil rate band until April 2015
- £325,000 + ability to transfer
- No relief for assets growing in value
- IHT planning



Other points

- Income tax adjustments between Settlers and Trustees
- Review of pension tax relief restriction rules for higher earners
- Extension of penalty regime for late filing of tax returns and payment of tax
- Tax avoidance



1,941% Tax Rate!

- Stephen earns £129,900
- £40,000 pension contribution paid
- £200 'bonus' received
- 40% income tax
- 1% national insurance
- £4,000 loss of higher rate pension relief
- £3,882 out of pocket !



Other points

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HMRC Penalties

- Tax refund of £3,000 claimed
- Correct refund was £1,000
- HMRC view was that the return contained a deliberate error
- 70% penalty charged on error = £1,400
- Net liability of £400



Other points

- Income tax adjustments between Settlers and Trustees
- Review of pension tax relief restriction rules for higher earners
- Extension of penalty regime for late filing of tax returns and payment of tax
- Tax avoidance



Other points

- Furnished holiday lets
- Enterprise Management Incentive



VAT



**Change in VAT rate –
Anti-forestalling legislation**

- Applies where customer not able to recover all or part of VAT
- Where supplier receives payment or issues VAT invoice prior to 4 January 2011 for goods or services provided on or after that date ...



**Change in VAT rate –
Anti-forestalling legislation**

- ... and one of the following conditions is met:
- Supplier and customer are connected
 - Supplier or person connected to supplier funds the purchase
 - Payment not due on invoice for at least 6 months
 - Pre-payment made in excess of £100,000 which is not commercial practice

Above rules also apply where rights are sold which enable future goods or services to be acquired at a discounted rate



**Change in VAT rate –
Anti-forestalling legislation**

- Where anti-forestalling provisions apply supplementary charge of 2.5% due to HMRC
- Payable by supplier on 4 January 2011



“I-Pod generation”

- Insecure
- Pressured
- Over-taxed
- Debt-ridden



Winners & Losers

- With public borrowing well offside George hits the back of the net?
- First round winners – Corporation Tax, Personal Allowance
- Going home - VAT, Non-business CGT, NIC



Any questions?



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