### THE TAX RATES AND ALLOWANCES ANNOUNCED IN THE BUDGET REPORT 2012

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  | |  | **2012/13** | **2011/12** | **2010/11** |
|  |  |  |  | |  | **£** | **£** | **£** |
| **Income tax rates - (non-dividend income)** | | | | |  |  |  |  |
| 10% lower rate tax - savings rate only | | |  | |  | Up to 2,710 | Up to 2,440 | Up to 2,440 |
| 20% basic rate tax | |  |  | |  | Up to 34,370 | Up to 37,400 | Up to 37,400 |
| 40% higher rate tax | |  |  | |  | 34,371 - 150,000 | 37,401 - 150,000 | 37,401 – 150,000 |
| 50% additional rate tax | |  |  | |  | Above £150,000 | Above £150,000 | Above £150,000 |
|  |  |  |  | |  |  |  |  |
| *10% starting rate applies to savings income only and will not apply if non-savings income exceeds threshold.* | | | | | | | |  |
|  |  |  |  | |  |  |  |  |
| **Income tax rates - (dividend income)** | | | | | | | | |
| 10% rate |  |  |  | |  | Up to 34,370 | Up to 35,000 | Up to 37,400 |
| 32.5% higher dividend rate | |  |  | |  | 34,371 - 150,000 | 35,001 - 150,000 | 37,401- 150,000 |
| 42.5% higher dividend rate | |  |  | |  | Above £150,000 | Above £150,000 | Above £150,000 |
|  |  |  |  | |  |  |  |  |
| **Personal allowances** | | | | | | | | |
| Personal allowance (age under 65) | | |  | |  | 8,105 | 7,475 | 6,475 |
| Personal allowance (age 65 - 74) | | |  | |  | 10,500 | 9,490 | 9,490 |
| Personal allowance (age 75 and over) | | |  | |  | 10,660 | 10,090 | 9,640 |
| Married couple's allowance (age less than 75 and born before 6 April 1935) | | |  | |  | N/A | N/A | N/A |
| Married couple’s allowance (age 75 and over) | | |  | |  | 7,705 | 7,295 | 6,965 |
| Married couple’s allowance – minimum amount | | | | |  | 2960 | 2,800 | 2,670 |
| Income limit for under 65 personal allowance | | | | |  | 100,000 | 100,000 | N/A |
| Income limit for age-related allowances | | |  | |  | 25,400 | 24,000 | 22,900 |
| Blind person's allowance | |  |  | |  | 2,100 | 1,980 | 1,890 |
|  |  |  |  | |  |  |  |  |
| *Abatement of personal allowance will apply of £1 for every £2 of taxable income in excess income limit.* | | | | | | | |  |
|  |  |  |  | |  |  |  |  |
| **National insurance** | | | | | | | | |
| Lower earnings limit, primary Class 1 (per week) | | | | |  | 107 | 102 | 97 |
| Upper earnings limit, primary Class 1 (per week) | | | | |  | 817 | 817 | 844 |
| Upper accrual point \* | |  |  | |  | 770 | 770 | 770 |
| Primary threshold (per week) | |  |  | |  | 146 | 139 | 110 |
| Secondary threshold (per week) | | |  | |  | 146 | 139 | 110 |
| Employee's primary Class 1 rate between primary threshold and upper earnings | | | | | | 12.00% | 12.00% | 11.00% |
| Employee's primary Class 1 rate above upper earnings limit | | | | |  | 2.00% | 2.00% | 1.00% |
| Employee's contracted-out rebate - salary-related scheme | | | | |  | 1.60% | 1.60% | 1.60% |
| Employee's contracted-out rebate - money-purchase scheme | | | | |  | Abolished | 1.60% | 1.60% |
| Married woman's reduced rate between primary threshold and upper earnings limit | | | | | | 5.85% | 5.85% | 4.85% |
| Married woman's rate above upper earnings limit | | | | |  | 2.00% | 2.00% | 1.00% |
| Employer's secondary Class 1 rate above secondary threshold | | | | |  | 13.80% | 13.80% | 12.80% |
| Employer's contracted-out rebate, salary-related schemes | | | | |  | 3.40% | 3.70% | 3.70% |
| Employer's contracted-out rebate, money-purchase schemes | | | | |  | Abolished | 1.40% | 1.40% |
| Class 2 rate (per week) | |  |  | |  | 2.65 | 2.50 | 2.40 |
| Class 2 small earning exception (per year) | | |  | |  | 5,595 | 5,315 | 5,075 |
| Special Class 2 rate for share fishermen (per week) | | | | |  | 3.30 | 3.15 | 3.05 |
| Special Class 2 rate for volunteer development workers | | | | |  | 5.35 | 5.10 | 4.85 |
| Class 3 rate (per week) | |  |  | |  | 13.25 | 12.60 | 12.05 |
| Class 4 lower profits limit | |  |  | |  | 7,592 | 7,225 | 5,715 |
| Class 4 upper profits limit | |  |  | |  | 42,475 | 42,475 | 43,875 |
| Class 4 rate between lower profits limit and upper profits limit | | | | |  | 9.00% | 9.00% | 8.00% |
| Class 4 rate above upper profits limit | | |  | |  | 2.00% | 2.00% | 1.00% |
|  |  |  |  | |  |  |  |  |
| **State pension/pension credit** | | | | | | | | |
| State pension |  |  |  | |  |  |  |  |
| Category A or B basic pension | |  |  | |  | 107.45 | 102.15 | 97.65 |
| Category B basic pension (lower) - husband's insurance | | | | |  | 64.40 | 61.20 | 58.50 |
| Category C or D - non-contributory | | |  | |  | 64.40 | 61.20 | 58.50 |
| Pension Credit |  |  |  | |  |  |  |  |
| Standard minimum guarantee - single | | |  | |  | 142.70 | 137.35 | 132.60 |
| Standard minimum guarantee - couple | | |  | |  | 217.90 | 209.70 | 202.4 |
|  |  |  |  | |  |  |  |  |
| *From 6 April 2011, grandparents and other family members will be able to gain credits towards the basic State Pension for caring for children aged 12 or younger for 20 hours per week or more.* | | | | | | | | |
|  |  |  |  | |  |  |  |  |
| **Pensions** | | | | | | | | |
| Annual allowance | |  |  | |  | 50,000 | 50,000 | 255,000 |
| Lifetime allowance (reducing to 1.5 million from April 2012) | |  |  | |  | 1,500,000 | 1,800,000 | 1,800,000 |
|  |  |  |  | |  |  |  |  |
| **Relief’s and incentives** | | | | | | | | |
| Enterprise Investment Scheme (EIS) – maximum | | | | |  | 1,000,000 | 500,000 | 500,000 |
| Venture Capital Trust (VCT) – maximum | | |  | |  | 200,000 | 200,000 | 200,000 |
| Enterprise Management Incentive Scheme (EMI) – employee limit | | | | |  | 240,000 | 120,000 | 120,000 |
| Income tax relief on EIS schemes | | | | |  | 30% | 20% | 20% |
| Income tax relief on VCT Schemes | | | | |  | 30% | 30% | 30% |
|  | | | | | | | | |
| *From April 2012 EIS maximum will increase from £500,000 to £1 million.*  *From April 2012 size of company that qualifies for investment under EIS and VCT increases from gross assets less than £7 million , fewer than 50 employees, raising no more than £2 million a year to gross assets less than £15 million, fewer than 250 employees, raising no more than 10 million a year.* | | | | | | | | |
|  |  |  |  | |  |  |  |  |
| **Individual Savings Account (ISA):** | | | | | | | | |
| * total maximum investment * maximum cash element of ISA | | | | |  | 11,280 | 10,680 | 10,200 |
|  | 5,640 | 5,340 | 5,100 |
|  |  |  |  | |  |  |  |  |
| **Capital gains tax** | |  |  | |  |  |  |  |
| Rate | - basic rate tax payer | |  | |  | 18% | 18% | 18% |
|  | - higher rate tax payer (from 23 June 2010) | |  | |  | 28% | 28% | 28% |
| Individuals |  |  |  | |  | 10,600 | 10,600 | 10,100 |
| Certain trusts for disabled persons | | |  | |  | 10,600 | 10,600 | 10,100 |
| Other trusts |  |  |  | |  | 5,300 | 5,300 | 5,050 |
| Entrepreneurs Relief lifetime limit | | |  | |  | 10,000,000 | 10,000,000 | 1,000,000 |
| Entrepreneurs rate | |  |  | |  | 10% | 10% | 10% |
|  | |  |  | |  |  |  |  |
| *Entrepreneurs lifetime limit were £2,000,000 from 6 April to 22 June 2010 and £5,000,000 from 23 June 2010 to 5 April 2011.* | | | | | | | | |
|  |  |  |  | |  |  |  |  |
| **Working and Child tax credits rates** | | |  | |  |  |  |  |
| **Working tax credit** | |  |  | |  |  |  |  |
| Basic element |  |  |  | |  | 1,920 | 1,920 | 1,920 |
| Couple and lone parent element | | |  | |  | 1,950 | 1,950 | 1,890 |
| 30 hour element (16 hour element from April 2011) | | | | |  | 790 | 790 | 790 |
| Disabled worker element | |  |  | |  | 2,790 | 2,650 | 2,570 |
| Severe disability element | |  |  | |  | 1,190 | 1,130 | 1,095 |
| 50+ return to work payment (16-29 hours) | | |  | |  | Removed | 1,365 | 1,320 |
| 50+ return to work payment (30+ hours) | | |  | |  | Removed | 2,030 | 1,965 |
| **Childcare element of the Working tax credit** | | | | |  |  |  |  |
| Maximum eligible cost for one child (per week) | | | | |  | 175 | 175 | 175 |
| Maximum eligible cost for two or more children (per week) | | | | |  | 300 | 300 | 300 |
| Percentage of eligible costs covered | | |  | |  | 70.00% | 70.00% | 80.00% |
| **Child tax credit** | |  |  | |  |  |  |  |
| Family element | |  |  | |  | 545 | 545 | 545 |
| Family element, baby addition | |  |  | |  | Nil | Nil | 545 |
| Child element |  |  |  | |  | 2,690 | 2,555 | 2,300 |
| Disabled child element | |  |  | |  | 2,950 | 2,800 | 2,715 |
| Severely disabled child element | | |  | |  | 1,190 | 1,130 | 1,095 |
| **Income threshold and withdrawal rates** | | |  | |  |  |  |  |
| First income threshold | |  |  | |  | 6,420 | 6,420 | 6,420 |
| First withdrawal rate | |  |  | |  | 41% | 40% | 39% |
| Second income threshold | |  |  | |  | Withdrawn | 40,000 | 50,000 |
| Second withdrawal rate | |  |  | |  | 41% | 41% | 6.67% |
| First threshold for those entitled to Child tax credit only | | | | |  | 15,860 | 15,860 | 16,190 |
| Income disregard | |  | |  |  | 10,000 | 10,000 | 25,000 |
| A new income tax charge will apply to taxpayers with income exceeding £50,000 in a tax year, when the benefit is also received by them or their partner. The charge will reduce the financial benefit of receiving child benefit for those with income between £50,000 and £60,000 and remove it completely for taxpayers with income above £60,000. | | | | | | | | |

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Child benefit/Guardian's allowance rates** | | | |  |  |  |  |  |
| Eldest/only child | |  | |  |  | 20.30 | 20.30 | 20.30 |
| Other children |  |  | |  |  | 13.40 | 13.40 | 13.40 |
| Guardian's allowance | |  | |  |  | 15.55 | 14.75 | 14.30 |
|  |  |  | |  |  |  |  |  |
| The child element of child tax credit will increase by £60 above indexation in April 2012. Families earning more than £40,000 per annum will have child tax credit reduced at a rate of 41% from April 2011. | | | | | | | | |
| **Inheritance tax** | |  |  | |  |  |  |  |
| Single persons nil rate band | |  |  | |  | 1 - 325,000 | 1 - 325,000 | 1 - 325,000 |
| Single persons 40% band | |  |  | |  | over 325,000 | over 325,000 | over 325,000 |
| Married couples or civil partnerships allowance nil rate band | | | | |  | 650,000 | 650,000 | 650,000 |
|  | | | | |  |  |  |  |
| *From 6 April 2012 a reduced rate of IHT of 36% will be introduced where 10% or more of the net estate is left to charity.* | | | | | | | | |
|  |  |  |  | |  |  |  |  |
| **Capital Allowances** | |  |  | |  |  |  |  |
| Main writing down allowance | |  |  | |  | 18% | 20% | 20% |
| Special rate writing down allowance | | |  | |  | 8% | 10% | 10% |
| Temporary first year allowance | | |  | |  | 0% | 40% | 0% |
| Annual Investment Allowance | |  |  | |  | 25,000 | 100,000 | 100,000 |
|  | | | | |  |  |  |  |
|  |  |  |  | |  |  | **01.01.10** | **31.12.08** |
| **VAT** |  |  |  | |  |  | **To 3.01.11** | **To 31.12.09** |
| Standard rate (increased to 20% from 4 January 2011) | | |  | |  | 20% | 20.0% | 17.5% |
| Registration threshold | |  |  | |  | 77,000 | 73,000 | 70,000 |
| Deregistration threshold | |  |  | |  | 75,000 | 71,000 | 68,000 |
| Cash accounting scheme | |  |  | |  | 1,350,000 | 1,350,000 | 1,350,000 |
| Annual accounting scheme | |  |  | |  | 1,350,000 | 1,350,000 | 1,350,000 |
| Flat rate scheme | |  |  | |  | 150,000 | 150,000 | 150,000 |
| Flat rate scheme exit threshold | | |  | |  | 230,000 | 230,000 | 225,000 |
| *The standard rate increased to 20% from January 2011.* | | | | | | | | |
|  | | |  | |  |  |  |  |

Full details of the Budget Report 2012 can be found on the HM Revenue & Customs (HMRC) website at: <http://www.hmrc.gov.uk/budget2012/index.htm>

**COURTESY OF THE CHARTERED ASSOCIATION OF CERTIFIED ACCOUNTANTS**



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