

A guide to Budget 2012 – Tax Rates and Allowances

A SIMPLE GUIDE TO THE TAX RATES AND ALLOWANCES ANNOUNCED IN THE BUDGET 2012

This is a basic guide, prepared by ACCA's Technical Advisory team, for members and their colleagues or clients.

It is an introduction only and should not be used as a definitive guide, since individual circumstances may vary. Specific advice should be obtained, where necessary.



	2012/13	2011/12
	£	£
Income tax rates - (non-dividend income)		
10% lower rate tax - savings rate only	Up to 2,710	Up to 2,560
20% basic rate tax	Up to 34,370	Up to 35,000
40% higher rate tax	34,371 - 150,000	35,001 - 150,000
50% additional rate tax	Above 150,000	Above 150,000
<i>10% starting rate applies to savings income only and will not apply if non-savings income exceeds threshold.</i>		
Income tax rates - (dividend income)		
10% rate	Up to 34,370	Up to 35,000
32.5% higher dividend rate	34,371 - 150,000	35,001 - 150,000
42.5% higher dividend rate	Above 150,000	Above 150,000
Personal allowances		
Personal allowance (age under 65)	8,105	7,475
Personal allowance (age 65 - 74)	10,500	9,940
Personal allowance (age 75 and over)	10,660	10,090
Married couple's allowance (age less than 75 and born before 6 April 1935)	N/A	N/A
Married couple's allowance (age 75 and over)	7,705	7,295
Married couple's allowance - minimum amount	2,960	2,800
Income limit for under 65 personal allowance	100,000	100,000
Income limit for age-related allowances	25,400	24,000
Blind person's allowance	2,100	1,980
Rent-a-room relief	4,250	4,250
<i>Abatement of personal allowance will apply of £1 for every £2 of taxable income in excess of £100,000 from 2010/11.</i>		

National insurance		
Lower earnings limit, primary Class 1 (per week)	107	102
Upper earnings limit, primary Class 1 (per week)	817	817
Upper accrual point *	770	770
Primary threshold (per week)	146	139
Secondary threshold (per week)	144	136
Employee's primary Class 1 rate between primary threshold and upper earnings limit	12.00%	12.00%
Employee's primary Class 1 rate above upper earnings limit	2.00%	2.00%
Employee's contracted-out rebate - salary-related scheme	1.40%	1.60%
Employee's contracted-out rebate - money-purchase scheme	Abolished	1.60%
Married woman's reduced rate between primary threshold and upper earnings limit	5.85%	5.85%
Married woman's rate above upper earnings limit	2.00%	2.00%
Employer's secondary Class 1 rate above secondary threshold	13.80%	13.80%
Employer's contracted-out rebate, salary-related schemes	3.40%	3.70%
Employer's contracted-out rebate, money-purchase schemes	Abolished	1.40%
Class 2 rate (per week)	2.65	2.50
Class 2 small earning exception (per year)	5,595	5,315
Special Class 2 rate for share fishermen (per week)	3.30	3.15
Special Class 2 rate for volunteer development workers	5.35	5.10
Class 3 rate (per week)	13.25	12.60
Class 4 lower profits limit	7,592	7,225
Class 4 upper profits limit	42,475	42,475
Class 4 rate between lower profits limit and upper profits limit	9.00%	9.00%
Class 4 rate above upper profits limit	2.00%	2.00%
State pension/pension credit		
State pension		
Category A or B basic pension	107.45	102.15
Category B basic pension (lower) - husband's insurance	64.40	61.20
Category C or D - non-contributory	64.40	61.20
Pension Credit		
Standard minimum guarantee - single	142.70	137.35
Standard minimum guarantee - couple	217.90	209.70
Pensions		
Annual allowance	50,000	50,000
Lifetime allowance	1,500,000	1,800,000
Reliefs and incentives		
Enterprise Investment Scheme (EIS) - maximum	1,000,000	500,000
Venture Capital Trust (VCT) - maximum	200,000	200,000
Enterprise Management Incentive Scheme (EMI) - employee limit	240,000	120,000
Income tax relief on EIS schemes	30%	30%
Income tax relief on VCT schemes	30%	30%

Individual Savings Account (ISA):			
Individuals aged 50 years old or above during tax year:			
	- total maximum investment	11,280	10,680
	- maximum cash element of ISA	5,640	5,340
Junior ISA investment limit		3,600	3,600
Capital gains tax			
Rate	- basic rate tax payer	18%	18%
	- higher rate tax payer (from 23 June 2010)	28%	28%
Individuals		10,600	10,600
Certain trusts for disabled persons		10,600	10,600
Other trusts		5,300	5,300
Entrepreneurs Relief lifetime limit		10,000,000	10,000,000
Entrepreneurs Rate		10%	10%
Chattels exemption (5/3 taxable on excess)		6,000	6,000
Working and Child tax credits rates			
Working tax credit			
Basic element		1,920	1,920
Couple and lone parent element		1,950	1,950
30 hour element		790	790
Disabled worker element		2,790	2,650
Severe disability element		1,190	1,130
50+ return to work payment (16-29 hours)		Removed	1,365
50+ return to work payment (30+ hours)		Removed	2,030
Childcare element of the Working tax credit			
Maximum eligible cost for one child (per week)		175	175
Maximum eligible cost for two or more children (per week)		300	300
Percentage of eligible costs covered		70.00%	70.00%
Child tax credit			
Family element		545	545
Family element, baby addition		Nil	Nil
Child element		2,690	2,555
Disabled child element		2,950	2,800
Severely disabled child element		1,190	1,130
Income threshold and withdrawal rates			
First income threshold		6,420	6,420
First withdrawal rate		41.00%	41.00%
Second income threshold		Withdrawn	40,000
Second withdrawal rate		41.00%	41.00%
First threshold for those entitled to Child tax credit only		15,860	15,860
Income disregard		10,000	10,000
<i>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.</i>			
Child benefit/Guardian's allowance rates			
Eldest/only child		20.30	20.30
Other children		13.40	13.40
Guardian's allowance		15.55	14.75

Inheritance tax		
Single persons nil rate band	1 - 325,000	1 - 325,000
Single persons 40% band	over 325,000	over 325,000
Married couples or civil partnerships allowance nil rate band	650,000	650,000
Overseas domiciled spouse exemption	55,000	55,000
Gifts to charities	Exempt	Exempt
Small gifts to same person	250	250
Marriage/civil partnership gifts by:		
- Parent	5,000	5,000
- Grandparent/party	2,500	2,500
- Other person	1,000	1,000
<i>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.</i>		
Business Property Relief		
Business or interest in a business and transfer if unquoted shareholdings	100%	100%
Transfers out of a controlling shareholding in quoted companies, land and buildings, plant and machinery used in a qualifying company or partnership	50%	50%
Taxation of trusts		
Trust tax rate excluding dividend income	50.00%	50.00%
Dividend trust rate	42.50%	42.50%
Basic rate trust income tax band	1,000	1,000
Corporation tax		
Normal main rate (profits above £1,500,000)	24%	26%
Small companies rate (profits below £300,000)	20%	20%
Margin relief fraction	1/100	3/200
Capital Allowances		
Main writing down allowance	18%	20%
Special rate writing down allowance	8%	10%
Temporary first year allowance	0%	40%
Annual Investment Allowance	25,000	100,000
First year allowances for certain energy-saving/water efficient products	100%	100%
Research and Development Tax Credit Rates		
SME Rate	225%	200%
Large company rate	130%	130%
VAT		
Standard rate (increased to 20% from 4 January 2011)	20%	20%
Registration threshold	77,000	73,000
Deregistration threshold	75,000	71,000
Cash accounting scheme	1,350,000	1,350,000
Annual accounting scheme	1,350,000	1,350,000
Flat rate scheme	150,000	150,000

Stamp duty land tax (SDLT)		
0% residential	0 - 125,000	0 - 125,000
1% residential	125,001 - 250,000	125,001 - 250,000
3% residential	250,001 - 500,000	250,001 - 500,000
4% residential	500,000 - 1,000,000	500,000 - 1,000,000
5% residential	1,000,001 - 2,000,000	Over 1,000,000
7% residential	Over 2,000,000	N/A
0% non-residential	0 - 150,000	0 - 150,000
1% non-residential	150,001 - 250,000	150,001 - 250,000
3% non-residential	250,001 - 500,000	250,001 - 500,000
4% non-residential	over 500,000	over 500,000
<i>Budget 2012 announced a 15% charge to stamp duty land tax on certain non-natural persons enveloping a residential property where the consideration given exceeds £2million.</i>		
<i>The 0% threshold will be doubled to £250,000 for first-time buyers, in respect of purchases whose completion date falls between 25 March 2010 and 24 March 2012 inclusive.</i>		
<i>Stamp duty on shares and marketable securities remains at 0.5% for 2012/13.</i>		
Insurance Premium Tax		
Standard rate	6.0%	6.0%
Higher rate	20.0%	20.0%
<i>IPT increased to 6.0% and 20.0% from 4 January 2011</i>		

ACCA LEGAL NOTICE

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