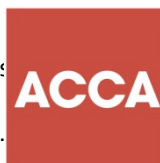


A guide to Budget 2013 – Tax Rates and Allowances

A SIMPLE GUIDE TO THE TAX RATES AND ALLOWANCES ANNOUNCED IN THE BUDGET 2013

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.



| | 2013/14 | 2012/13 |
|---|------------------|------------------|
| | £ | £ |
| Income tax rates - (non-dividend income) | | |
| 10% lower rate tax - savings rate only | Up to 2,790 | Up to 2,710 |
| 20% basic rate tax | Up to 32,010 | Up to 34,370 |
| 40% higher rate tax | 32,011 - 150,000 | 34,371 - 150,000 |
| 45% for 2013/14 and 50% for 2012/13 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 32,010 | Up to 34,370 |
| 32.5% higher dividend rate | 32,011 - 150,000 | 34,371 - 150,000 |
| 37.5% for 2013/14 and 42.5% 2012/13 additional higher dividend rate | Above £150,000 | Above £150,000 |
| Personal allowances | | |
| Personal allowance (age under 65) | N/A | 8,105 |
| Personal allowance (age 65 - 74) | N/A | 10,500 |
| Personal allowance (age 75 and over) | N/A | 10,660 |
| Personal allowance those born after 5 April 1948 | 9,440 | N/A |
| Personal allowance those born between 6 April 1938 and 5 April 1948 | 10,500 | N/A |
| Personal allowance those born before 5 April 1948 | 10,660 | N/A |
| 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) | 7,915 | 7,705 |
| Married couple's allowance – minimum amount | 3,040 | 2,960 |
| Income limit for under 65 personal allowance | 100,000 | 100,000 |
| Income limit for age-related allowances | N/A | 25,400 |
| Income limit for personal allowances (born before 6 April 1948) | 26,100 | N/A |
| Blind person's allowance | 2,160 | 2,100 |
| 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 income limit.</i> | | |

| National insurance | | |
|--|-----|-----|
| Lower earnings limit, primary Class 1 (per week) | 109 | 107 |
| Upper earnings limit, primary Class 1 (per week) | 797 | 817 |

| | | |
|--|-----------|-----------|
| Upper accrual point * | 770 | 770 |
| Primary threshold (per week) | 149 | 146 |
| Secondary threshold (per week) | 148 | 144 |
| 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% | 1.40% |
| Employee's contracted-out rebate - money-purchase scheme | Abolished | Abolished |
| 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% | 3.40% |
| Employer's contracted-out rebate, money-purchase schemes | Abolished | Abolished |
| Class 2 rate (per week) | 2.70 | 2.65 |
| Class 2 small earning exception (per year) | 5,725 | 5,595 |
| Special Class 2 rate for share fishermen (per week) | 3.35 | 3.30 |
| Special Class 2 rate for volunteer development workers | 5.45 | 5.35 |
| Class 3 rate (per week) | 13.55 | 13.25 |
| Class 4 lower profits limit | 7,755 | 7,605 |
| Class 4 upper profits limit | 41,450 | 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 | TBA | 107.45 |
| Category B basic pension (lower) - husband's insurance | TBA | 64.40 |
| Category C or D - non-contributory | TBA | 64.40 |
| Pension Credit | | |
| Standard minimum guarantee - single | TBA | 142.70 |
| Standard minimum guarantee - couple | TBA | 217.90 |
| Pensions | | |
| Annual allowance | 50,000 | 50,000 |
| Lifetime allowance (reducing to £1.5million from April 2012) | 1,500,000 | 1,500,000 |
| Age at which annuity required | N/A | N/A |
| Relief's and incentives | | |
| Enterprise Investment Scheme (EIS) - maximum | 1,000,000 | 1,000,000 |
| Venture Capital Trust (VCT) - maximum | 200,000 | 200,000 |
| Enterprise Management Incentive Scheme (EMI) - employee limit | 240,000 | 240,000 |
| Seed Enterprise Investment Scheme (SEIS) | 100,000 | 100,000 |
| Income tax relief on EIS schemes | 30% | 30% |
| Income tax relief on VCT schemes | 30% | 30% |
| Income tax relief on SEIS schemes | 50% | 50% |

| Individual Savings Account (ISA): | | | |
|--|---|------------|------------|
| | - total maximum investment | 11,520 | 11,280 |
| | - maximum cash element of ISA | 5,760 | 5,640 |
| Junior ISA investment limit | | 3,720 | 3,600 |
| Child value of CFT limit | | 3,720 | 3,600 |
| Capital gains tax | | | |
| Rate | - basic rate tax payer | 18% | 18% |
| | - higher rate tax payer (from 23 June 2010) | 28% | 28% |
| Individuals | | 10,900 | 10,600 |
| Certain trusts for disabled persons | | 10,900 | 10,600 |
| Other trusts | | 5,450 | 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 | | 1,970 | 1,950 |
| 30 hour element (16 hour element from April 2011) | | 790 | 790 |
| Disabled worker element | | 2,855 | 2,790 |
| Severe disability element | | 1,220 | 1,190 |
| 50+ return to work payment (16-29 hours) | | Removed | Removed |
| 50+ return to work payment (30+ hours) | | Removed | Removed |
| 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 | | 2,720 | 2,690 |
| Disabled child element | | 3,015 | 2,950 |
| Severely disabled child element | | 1,220 | 1,190 |
| Income threshold and withdrawal rates | | | |
| First income threshold | | 6,420 | 6,420 |
| First withdrawal rate | | 41.00% | 41.00% |
| Second income threshold | | Withdrawn | Withdrawn |
| Second withdrawal rate | | 41.00% | 41.00% |
| First threshold for those entitled to Child tax credit only | | 15,910 | 15,860 |
| Income disregard | | 5,000 | 10,000 |
| Income fall disregard | | 2,500 | 2,500 |
| Child benefit/Guardian's allowance rates | | | |
| Eldest/only child | | 20.30 | 20.30 |
| Other children | | 13.40 | 13.40 |
| Guardian's allowance | | 15.90 | 15.55 |
| <p><i>A new income tax charge will apply to taxpayers with income exceeding £50,000 in a tax year, when child 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></p> | | | |

| 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: | | |
| | 5,000 | 5,000 |
| | 2,500 | 2,500 |
| | 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 | 37.50% | 42.50% |
| Basic rate trust income tax band | 1,000 | 1,000 |
| Corporation tax | | |
| Normal main rate (profits above £1,500,000) | 23% | 24% |
| Small companies rate (profits below £300,000) | 20% | 20% |
| Margin relief fraction | 3/400 | 1/100 |
| Capital Allowances | | |
| Main writing down allowance | 18% | 18% |
| Special rate writing down allowance | 8% | 8% |
| Annual Investment Allowance | 250,000 | 25,000 |
| First year allowances for certain energy-saving/water efficient products | 100% | 100% |
| Research and Development Tax Credit Rates | | |
| SME Rate | 225% | 225% |
| Large company rate | 130% | 130% |
| <i>For large companies the tax credit is 130% or 10% above the line of tax credit</i> | | |
| Patent Box | | |
| <i>The Patent box regime will phased in from April 2013 with companies able to claim the benefit of 60% for 2013/14, 70% for 2014/15, 80% for 2015/16, 90% for 2016/17 and 100% from 2017/18 onwards</i> | | |
| VAT | | |
| Standard rate (increased to 20% from 4 January 2011) | 20% | 20% |
| Registration threshold | 79,000 | 77,000 |
| Deregistration threshold | 77,000 | 75,000 |
| 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 |
| Flat rate scheme exit threshold | 230,000 | 230,000 |
| <i>The standard rate increased to 20% from 4 January 2011</i> | | |

| 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 | 500,001 - 1,000,000 | 500,001 - 1,000,000 |
| 5% residential | 1,000,001 - 2,000,000 | 1,000,001 - 2,000,000 |
| 7% residential | over 2,000,000 | over 2,000,000 |
| 15% non-residential | over 2,000,000 | over 2,000,000 |
| 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 |
| Annual Tax on Enveloped Dwellings | | |
| Property value less than £2,000,000 | 0 | N/A |
| Property value between £2,000,000 - £5,000,000 | 15,000 | N/A |
| Property value between £5,000,000 - £10,000,000 | 35,000 | N/A |
| Property value between £10,000,000 - £20,000,000 | 70,000 | N/A |
| Property value more than £20,000,000 | 140,000 | N/A |
| <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 £2m.</i> | | |
| Stamp duty and stamp duty reserve tax | | |
| Standard rate | 0.50% | 0.50% |
| Higher rate | 1.50% | 1.50% |
| 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

This is a basic guide prepared by the ACCA UK's Technical Advisory Service for members and their clients. It should not be used as a definitive guide, since individual circumstances may vary. Specific advice should be obtained, where necessary.