

**INCOME TAX RATES**

		Labour 2010/2011	Coalition 2011/2012
Basic rate – 20%	2009/2010 £37,400	£37,400	TBA
Higher rate – 40%	over £37,400	£150,000	TBA
Additional rate – 50%	-	over £150,000	TBA
Additional savings income rate - 10% starting rate for first £2,440			
Dividends - 10% for income below the basic rate limit, 32.5% for higher rate incomes and 42.5% for additional rate.			

**PERSONAL ALLOWANCES**

Allowances that reduce taxable income		2009/2010	Labour 2010/2011	Coalition 2011/2012
Personal allowance	Under 65**	£6,475	£6,475	£7,475
	65 to 74*	£9,490	£9,490	TBA
	75 and over*	£9,640	£9,640	TBA

\* Higher allowances for those aged 65 or over are scaled back when income exceeds £22,900 in 2010/11

\*\* Personal allowance gradually withdrawn for all individuals when income exceeds £100,000

**VALUE ADDED TAX**

	From	1 April 2009	Labour - 1 April 2010
Registration threshold (no changed announced)		£68,000	£70,000
De-registration threshold		£66,000	£68,000
Standard rate of VAT to 20% from 4 January 2011			

**2010/2011 NATIONAL INSURANCE CONTRIBUTIONS PROPOSED**

Class 1* (not contracted out)	Weekly earnings bands (2011/12 not announced bands)	Labour 2010/2011		2011/12	
		Employer	Employee	Employer	Employee
	Up to £110	Nil	Nil	Nil	Nil
	£111 - £844	12.8%	11%	13.8%	12%
	Over £844	12.8%	1%	13.8%	2%
	Men > 65, Women > 60	As above	Nil	TBA	TBA
Class 1A	On relevant benefits	12.8%	Nil	TBA	TBA
Class 2*	Self employed	£2.40 per week			
	Limit of net earnings for exception	£5,075 p.a.			
Class 3	Voluntary	£12.05 per week			
Class 4*	Self employed on profits £5,715 - £43,875	8%		9%	
	Self employed on profits over £43,875	1%		2%	

\* Exemption tax the year after reaching retirement age.

**CORPORATION TAX**

	2009	Labour 2010	Coalition 2011
Full rate – profits over £1,500,000	28%	28%	27%
Small companies – profits up to £300,000	21%	21%	20%
Marginal relief £300,000 - £1,500,000	7/400	7/400	TBA

\* Marginal rates apply to profits falling within corporation tax bandings.  
The profit limits are adjusted if there are associated companies.

**CAPITAL TAXES**

	2009/2010	Labour 2010/2011	Coalition from 23 June 2010/2011
Capital gains tax annual exemption	£10,100	£10,100	£10,100
Capital gains tax rate – basic rate taxpayer	18%	18%	18%
Capital gains tax rate – higher rate taxpayer	18%	18%	28%
Entrepreneurs rate (effective rate to 22 June 2010)	10%	10%	10%
Entrepreneurs relief lifetime limit of gains	£1,000,000	£2,000,000	£5,000,000
Inheritance tax nil rate band	£325,000	£325,000	£325,000
Married couples and civil partners	£650,000	£650,000	£650,000



**Bullimore's LLP**

Chartered Accountants