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# C.E.Hill & Co. Ltd.

**Chartered Accountants** 

Over 150,000

THE BUD	GET 21 MAR	CH 2012		
PERSONAL TAX		Value of		Value of
		restricted		restricted
	2012-13	Allowance	2011-12	Allowance
PERSONAL ALLOWANCES	£	£	£	£
Personal allowance	8,105		7,475	
Blind person	2,100		1,980	
Upper income limit	100,000		100,000	
AGE ALLOWANCES: 65 to 74				
Personal allowance	10,500		9,940	
Upper income limit	25,400		24,000	
AGE ALLOWANCES: 75 and over				
Personal allowance	10,660		10,090	
Married couple	7,705	770.50	7,295	729.50
Upper income limit	25,400		24,000	
INCOME TAX RATES				
20%		0 - 34,370		0 - 35,000
40%		34,371 - 150,000	35,	001 - 150,000

From 6 April 2013, the 50% tax rate will be reduced to 45% on income over £150,000.

The age related allowances for those currently aged over 65 will be frozen from 6 April 2013 until they come in line with the lower personal tax allowance. Those turning 65 after 6 April 2013 continue to receive the standard personal allowance

Over 150.000

Savings income falling into the first £2,710 of taxable income will be taxed at 10%. This is only available if your only source of taxable income is from savings income. Any non savings income above the £2,710 will mean that all income will be taxed at 20%. Dividends will continue to be taxed at 10% up to the basic rate tax band and 32.5% of the gross dividend thereafter. Any taxable dividend income above £150,000 will be charged at the 42.5% tax rate.

The personal allowance will be reduced £1 for every £2 of income over £100,000 up to a maximum of the full personal allowance. This means that no personal allowance will be given to those earning over £116,210. The marginal rate is 60% on this £16,210.

From April 2013 the personal allowance will increase by £1,100 to £9,205, with the basic rate limit reduced by £2,125 to £32,245. This means that you will pay higher rate tax when your income exceeds £41,450. Currently £42,475

#### ISA's

50%

The annual ISA allowance has increased to £11,280 of which a maximum of £5,640 can be held as cash, applicable to all savers. Junior ISA allowance is £3,600. No tax is payable on any interest, dividends or capital gains on ISA investments.

# **NATIONAL MINIMUM WAGE**

The current rate is £6.08 an hour for workers aged 22 and over, previously £5.93, effective from 1 October 2011.

This is increased to £4.98 an hour for workers aged 18 to 21, previously £4.92, effective from 1 October 2011.

16 to 17 year old workers are entitled to minimum wage of £3.68 an hour, previously £3.64, effective from 1 October 2011.



Prepared by the team at C.E. Hill & Co. Ltd 22 March 2012

Director: C.E. Hill B.Sc., F.C.A

SOCIAL SECURITY BENEFITS		2012-13	2011-12
		£ per week	£ per week
Pension	Single (increase of 5.19%)	107.45	102.15
	Married	171.85	163.35
Jobseekers allowance	over 25's	71.00	67.50
Child benefit	first child	20.30	20.30
	subsequent	13.40	13.40
Incapacity benefit	Long-term	99.15	94.25

#### NATIONAL INSURANCE

## CLASS 1 2012-13

 Employee - contracted in
 Employer - contracted in

 Up to £146 p.w. (£7,592 pa)
 Nil
 Up to £144 p.w.
 Nil

 £146.01 to £817.00 p.w.
 12%
 Above £144 p.w.
 13.8%

 Above £817 p.w. (£42,484 pa)
 2%
 Above £144 p.w.
 13.8%

For 2012-13, the monthly earnings limit before national insurance is due is £624 per month.

CLASS 2 Self employed	2012-13	2011-12
On earnings over £5,595 (£5,315)	£ per week 2.65	£ per week 2.50
CLASS 3 Voluntary - flat rate	13.25	12.60
CLASS 4 Self employed		
2012-13	9% of profits between £7,	605 and £42,475
	2% of profit	ts above £42,475

STATUTORY SICK PAY (SSP) 2012-13 2011-12 £ per week £ per week 85.85 81.60 Flat rate STATUTORY MATERNITY PAY (SMP) First 6 weeks (% of average 90% 90% weekly earnings) Remaining weeks - max 33 135.45 128.73 STATUTORY PATERNITY PAY (SPP)

## STATUTORY REDUNDANCY PAY

The statutory redundancy pay amount has increased to £430 per week, previously £400.

Two weeks

INHERITANCE TAX	2012-13	2011-12	2010-11
Rate	£	£	£
Nil	0 - 325,000	0 - 325,000	0 - 325,000
40%	325,000 +	325,000 +	325,000 +

The nil rate bands are transferred on death, giving a combined nil rate band for 2012-13 of £650,000. You can make gifts amounting to £3,000 in any tax year, which can be carried forward to the following tax year if previously unused, giving a maximum allowance of £6,000. The £325,000 band will remain at this level until 5th April 2015.

135.45

128.73

The rate will be reduced to 36% for estates leaving 10% or more to charity.

CORPORATION TAX	2012-13 Profit £000's	2012-13	2011-12 Profit £000's	2011-12
Small profits' rate	0 - 300	20%	0 - 300	20%
Upper marginal rate	300-1,500	25%	300-1,500	27.50%
Standard rate	over 1,500	24%	over 1,500	26%

The standard rate will fall by a further 1% each year until 22% from 1 April 2014.

All Corporation tax returns and accounts must be filed online, using IXBRL format, from 1 April 2011.

## CAPITAL ALLOWANCES

The Annual Investment Allowance (AIA) gives 100% relief for the first £25,000 (previously £100,000) of expenditure on plant and machinery. Writing Down Allowances (WDA) will be reduced to 18% from April 2012 (previously 20%). Capital allowances on cars with CO2 emissions over 160g/km will be eligible for a restricted WDA of 8% with those under 160g/km eligible for the standard 18% WDA. Cars with less than 110g/km of CO2 emissions attract a 100% ellowance

VALUE ADDED TAX	New	Previous
REGISTRATION LIMIT		
Annual net turnover (effective 1 April 2012)	£77,000	£73,000
DEREGISTRATION LIMIT		
Annual net turnover (effective 1 April 2012)	£75,000	£71,000
Cash and annual accounting registration limit	£1,350,000	£1,350,000
Cash and annual accounting deregistration limit	£1,600,000	£1,600,000

From 6 April 2012 VAT will now be applied to hot food and sport drinks (where it does not already apply), the rental of hairdressers' chairs, and holiday caravans; all taxed consistently at standard rate.

Prior period VAT errors can be adjusted for on the next VAT return up to a limit of £10,000 but must be disclosed to HM Revenue & Customs (HMRC) in writing. Any errors above this limit will need to be separately notified to HMRC. The standard rate of VAT will remain at 20%.

All VAT returns now have to be filed online and payments made electronically.

#### CASH ACCOUNTING BASIS

A proposal to allow small unincorporated businesses to prepare accounts on a cash basis. Effective from 6 April 2013 to businesses operating below the VAT threshold.

## PATENT BOX

Patent box will allow companies to elect to apply a 10% rate of corporation tax to profits from qualifying patents

## VAT FUEL SCALE RATES FOR PRIVATE MOTORING ON PETROL AND DIESEL VEHICLES

(VAT quarters effective from 1 May 2012)

Please refer to our website www.cehill.co.uk for full details of the VAT fuel scale charges.

 CAPITAL GAINS TAX
 2012-13
 2011-12

 Personal annual exemption (trustees)
 £10,600 (5,300)
 £10,600 (5,300)

Basic rate tax payers pay Capital Gains tax at 18%, and higher rate tax payers at 28%

Entrepreneurs relief is available for the disposal of a trading business or shares in a trading company, providing the seller is an officer or employee of the company and has a minimum of 5% stake in the business. The entrepreneurs relief will reduce the effective rate to 10% on the first £10 million gains made over a lifetime.

## TAX AVOIDANCE SCHEMES

From 6 April 2013 a General Anti-Abuse Rule will be used to out-law 'artificial and abusive tax avoidance schemes'.

The IR35 rules will be reviewed by 6 April 2013 to increase the number of companies affected.

# ENTERPRISE INVESTMENT SCHEME (EIS) AND VENTURE CAPITAL TRUSTS (VCT)

EIS and VCT investors allowed to invest up to £1 million, from April 2012. VCTs allowed to invest up to £1 million per company.

From 6 April 2012 EIS investors can make loans and invest in shares with non-cumulative dividend rights.

## SEED ENTERPRISE INVESTMENT SCHEME (SEIS) AND ENTERPRISE MANAGEMENT INCENTIVES (EMI)

Seed EIS from 6 April 2012 50% tax relief amounts up to £100,000.

EMI schemes now employees can hold options worth up to £250,000 (£120,000). From 2013-14 gains will be charged at the 10% entrepreneurial relief rate.

# STAMP DUTY AND LEASES

	Residential	Non Residential	
Property	Up to £125,000	Up to £150,000	Nil
	£125,001- £250,000	£150,001 - £250,000	1%
	£250,001 - £500,000	£250,001 - £500,000	3%
	£500,001 - £1,000,000	£500,000 +	4%
	£1,000,001 - £2,000,000	N/A	5%
	£2,000.000+	N/A	7% (15% in an off-shore Co)
Shares		0.5% (No duty on amounts <£1,000)	

## **EXCISE DUTY CHANGES**

Alcohol and tobacco		Vehicles and fuel	
Cigarettes	37p on packet	Main fuel	+3.02p per litre
Beer (per pint)	3p increase	Road fuel gases	+5.73p per kg
Wine (per 75cl bottle)	11p increase	Rebated gas oil (red diesel)	+0.58p per litre
Spirits	41p increase	Heavy fuel oil	+0.56p per litre

Road Fund Licence		Regi	istered			Regi	stered
		After 1.3.01	After 1.4.10			After 1.3.01	After 1.4.10
CO2 Band	Change	Petrol & Diesel (£)		CO2 Band	Change	Petrol & Diesel (£)	
<100g	(no change)	0	0	151-165g	+£5	170	170
101-110g	(no change)	20	0	166-175g	+£5	195	275
111-120g	(no change)	30	0	176-185g	+£5	215	325
121-130g	+£5	100	0	186-200g	+£5	250	460
131-140g	+£5	120	120	201-225g	+£10	270	660
141-150g	+£5	135	135	226-255g	(no change)	460	815
				255a+		475	1.030

## PENSION SCHEME

You can pay the higher of £3,600 p.a. or 100% of your UK earnings to a maximum of £50,000 into a private pension and obtain tax relief.

## **TAX CREDITS & CHILD BENEFITS**

You will not be eligible for tax credit if you have one child and your income is over £26,000 and with 2 children if your income is over £32,200. These amounts are guidelines and you should check on the HMRC website. Child benefit will be reduced from 2013-14 when one parent earns more than £50,000 and is tapered to nil at £60,000. The benefit will not reduce but will be clawed back via PAYE.

## **COMPANY CAR & VAN BENEFITS**

The taxable benefit in respect of a car provided by an employer is calculated by reference to the car's carbon dioxide emission rating, with a scale charge varying between 5% and 35% of the list price. There will be a supplementary charge for diesel cars of 3% (except those which meet the EU standard for cleaner cars registered before 1 January 2006). For more information on your specific car benefit visit www.hmrc.gov.uk/calcs/cars.htm

Taxable benefits for a van will remain at £3,000. There will be an additional charge of £550 if fuel is provided for private use by the employer.

## **CAR FUEL BENEFIT**

The additional scale charge for the provision of private fuel increases to £20,200, previously £18,800, from 6 April 2012. The figure is multiplied by the appropriate car tax percentage to determine the taxable benefit. This is calculated by reference to the car's carbon dioxide emission rating and varies between 5% and 35% of £20,200.

## **APPROVED MILEAGE RATES 2012-13**

	Up to 10,000 miles	Over 10,000 miles
All cars	45p	25p

## **KEY DATES IN TAX CALENDER**

19 May 2012	Forms P14 and P35 to be submitted to HM Revenue & Customs by employers
31 May 2012	Forms P60 to be given to employees by employers
6 July 2012	Forms P9D/P11D to be given to employees and to HM Revenue & Customs. Class 1A NIC payable by 19 July.
31 July 2012	Second interim payment of tax due for 2011-12
31 Oct 2012	Deadline for paper submission of tax return if self assessed
31 Dec 2012	Deadline for submission of tax return if you wish the tax to be collected in your tax code.
31 Jan 2013	Final deadline for electronic submission of tax return if self assessed Final payment of tax due for 2011-12. First interim payment of tax due for 2012-13.