

TAX FACTS

2012/2013

United Kingdom

Newbery Chapman LLP
Chartered Accountants

Income Tax Allowances

Personal allowance	2012/13	2011/12
	£	£
general	8,105	7,475
income limit	100,000	100,000
aged 65 to 74 in tax year	10,500	9,940
aged 75 or over in tax year	10,660	10,090
age allowance income limit	25,400	24,000
minimum where income exceeds age limit (subject to general income limit)	8,105	7,475
Married couple's allowance (relief at 10%)		
either partner born before 6.4.1935	7,705	7,295
age allowance income limit	25,400	24,000
minimum where income exceeds limit	2,960	2,800
Blind person's allowance	2,100	1,980

Income Tax Rates

Taxable Income (£)	Rate (%)
2012/13	
0 – 34,370	20
34,371 – 150,000	40
Over 150,000	50
Taxable Income (£)	
2011/12	Rate (%)
0 – 35,000	20
35,001 – 150,000	40
Over 150,000	50

Savings income is generally treated as the highest part of total income. A 10% starting rate, for savings income only, applies to the extent that such income falls within the first £2,710 of taxable income. Income from dividends is taxed at 10% within the starting and basic rate bands, at 32.5% in the higher rate band and at 42.5% thereafter.

National Insurance Contributions

Personal allowance	Not contracted out	Contracted out
Employees		
<i>Weekly earnings</i>		
First £146	Nil	Nil
£146.01 - £770	12%	10.6%
£770.01 - £817	12%	12%
Over £817	2%	2%
Employers		
<i>Weekly earnings</i>		
First £144	Nil	Nil
£144.01 - £770	13.8%	10.4%
Over £770	13.8%	13.8%

Employees' rates are reduced to 5.85% for married women with valid certificates of election but the 2% rate above £817 still applies. Rates are nil for employees over state pensionable age. Normal employers' contributions are still payable.

Employers also receive a rebate of 3.4% for salary-related schemes on earnings from £107 to £144 per week. A rebate of 1.4% on earnings from £107 to £146 per week is given to employees (or employers where insufficient contributions have been paid for offset). Contracting out is abolished for money purchase schemes from 6 April 2012.

Class 1A and Class 1B – 13.8%

Class 2 (Self-employed) – Flat rate £2.65 a week.

Small earnings exemption £5,595 a year.

Class 3 (Voluntary contributions) – £13.25 a week.

Class 4 (Self-employed) – 9% of profits between £7,605 and £42,475 a year. 2% of profits above £42,475 a year.

Inheritance Tax

Transfers after 5 April 2012 and before 6 April 2013

Death Rates

Gross transfer	Rate (%)
Up to £325,000 ⁽¹⁾	Nil
Over £325,000	40 ⁽²⁾

⁽¹⁾ Unused nil rate band is transferrable to spouse or civil partner.

⁽²⁾ 36% where 10% or more of the net estate is left to charity. Chargeable lifetime transfers are initially charged at 20%. Annual gifts of up to £3,000 per donor are exempt.

Capital Gains Tax

Annual exempt amounts 2012/13

	£
Individuals, disabled trusts, personal representatives for year of death and two years thereafter	10,600
Trusts generally	5,300

Rates 2012/13

Individuals

Standard rate	18%
Higher rate	28%
Trustees and personal representatives	28%
Gains to which entrepreneurs' relief applies	10%

Corporation Tax

Financial Year to	31/3/2012	31/3/2013
Full rate	26%	24%
Small profits rate	20%	20%
20% rate limit	£300,000	£300,000
marginal relief limit	£1,500,000	£1,500,000
marginal relief fraction	3/200	1/100
effective marginal rate	27.5%	25%

Stamp Taxes

Shares and marketable securities 0.5%¹

¹ Rounded up to the nearest multiple of £5. Transactions of value £1,000 or less exempt.

Transfers of land and buildings (consideration paid)

Residential²	Non-residential	Rate
£125,000 or less	£150,000 or less	Nil
£125,001 - £250,000	£150,001 - £250,000	1%
£250,001 - £500,000	£250,001 - £500,000	3%
£500,001 - £1,000,000	Over £500,000	4%
£1,000,001 - £2,000,000	N/A	5%
Over £2,000,000	N/A	7%

Leases

Rent (net present value)

Residential²	Non-residential	Rate
Up to £125,000	Up to £150,000	Nil
Over £125,000	Over £150,000	1%

² Different rates apply in designated disadvantaged areas.

³ 15% if purchase by, or by a partnership including, a company or collective investment scheme enveloping the property.

Premiums

Duty on premiums is the same as for transfers of land (but special rules apply to non-residential property where rent exceeds £1,000 annually).

Individual Savings Account

	Overall Limit	Cash Limit	Junior ISA Limit
2012/13	£11,280	£5,640	£3,600
2011/12	£10,680	£5,340	£3,600

Venture Capital Schemes

	Investment Limit	Income Tax Relief Rate
Enterprise investment scheme	£1,000,000	30%
Venture capital trusts	£200,000	30%
Seed investment scheme	£100,000	50%

Value Added Tax

Standard rate	20%
Lower rate	5%
Registration level from 1 April 2012	£77,000 pa
Deregistration limit from 1 April 2012	£75,000 pa

Tax Credits

Annual Amounts 2012/13	£
Child Tax Credit	
Family element	545
Child element (for each child)	2,690
Addition for disabled child	2,950
Severe disabled child enhancement	1,190
Working Tax Credit	
Basic element	1,920
Lone parent and couple element	1,950
30-hour element	790
Disability element	2,790
Severe disability element	1,190
Childcare element (up to 70% of costs)	Weekly
maximum eligible cost (1 child)	175
maximum eligible cost (2 or more)	300
Income Threshold	
First income threshold	6,420
eligible for child tax credit only	15,860
Withdrawal rate	41%
Income rise disregard	10,000
Income fall disregard	2,500