

TAX RATES

The main tax rates as they apply to PSCs and other small companies:

<u>Income Tax</u>		Note	2011/12 £	2010/11 £	2009/10 £
Personal allowance	Tax free (see below)		7,475	6,475	6,475
Starting rate band	10%	1	0	-	-
Basic rate band	20%	1	35,000	37,400	37,400
Higher rate band	40%		115,000	112,600	balance
Additional rate	50%		balance	balance	n/a

From April 2010 the personal allowance is abated at £100,000 of income, at the rate of £1 of allowance for each £2 of income over £100,000 - it abates totally at £112,950 of income (11/12)

National Insurance

Lower earnings limit	per week		102	97	95
Primary threshold	per week		139	110	110
Secondary threshold	per week		136	110	110
Upper earnings limit	per week		817	844	844
Employees rate	Class 1	2	12%	11%	11%
	Class 1 surcharge		2%	1%	1%
Employers rate	Class 1	3	13.8%	12.8%	12.8%
	Class 1A	4	13.8%	12.8%	12.8%
Self employed	Class 2 - per week £		2.50	2.40	2.30
	Class 4 - %		9%	8%	8%
	Class 4 - due on earnings over		7,225	5,715	5,715
	and less than		42,475	43,875	43,875
	Class 4 - surcharge - due on earnings over		2%	1%	1%

Corporation Tax

Small companies rate	Profits up to £300k		20.00%	21.00%	21.00%
Full rate	Profits over £300k		26.00%	28.00%	28.00%
Effective rates (after marginal relief)	£0-£300k		20.00%	21.00%	21.00%
	£300k-£1500k		27.75%	29.75%	29.75%
	Over £1500k		26.00%	28.00%	28.00%

Capital Gains Tax

Annual exemption			10,600	10,100	10,100
Tax rate			18%/28%	18%	18%

TAX RATES – continued

<u>Inheritance Tax</u>		2011/12 £	2010/11 £	2009/10 £
Exempt Amount (frozen to 5/4/15)		325,000	325,000	325,000
Tax Rate	5	40%	40%	40%
 <u>VAT</u>				
Registration Threshold		73,000	70,000	68,000
VAT rate		20%	17.5%	17.5%
Flat rate threshold		150,000	150,000	150,000

1. Rates are applicable to earned income. For income from dividends the basic and starting rate bands are covered by Dividend Tax Credit. For dividend income in the Higher Rate Band there is a surcharge equivalent to 20% which normally makes the effective rate 40%, likewise a surcharge for those in the 50% band in a similar fashion.

2. Rate applies to income per week between Primary/Secondary threshold and upper earnings limit - on income between lower earnings limit and primary/secondary threshold the rate is 0% but there is still a credit for state benefit entitlements.

3. Applicable to all earnings over Primary/Secondary threshold.

4. Applicable to benefits in kind

5. IHT rate for individuals reduced to 36% when at least 10% of estate is given to charity.

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