BOYD COUGHLAN

ACCOUNTANTS

SPRING BUDGET 2011

BUDGET 23 MARCH 2011

This Summary covers the key tax changes announced in the Chancellor's speech and includes tables of the main rates and allowances.

Alongside our text we have included tips and traps which you may want to consider. At the back of the Summary you will find a calendar of the tax year with important deadline dates shown.

We recommend that you review your financial plans throughout the year, as some aspects of the Budget will not be implemented until later in the tax year.

We will, of course, be happy to discuss with you any of the points covered in this report, and help you adapt and reassess your plans in the light of any legislative changes.

CONTENTS

INTRODUCTION

These days the government – Coalition or Labour – tends to consult about tax changes far more than in the past. It's harder for the Chancellor to spring surprises on Budget Day, because many of his measures are no longer secret. Even so, every Chancellor seems to relish the theatrical occasion and wants to pull a rabbit out of the hat. This time it was cuts to fuel duty, which allowed Mr Osborne to finish with the claim that he had put fuel into the tank of the UK economy. As he had started the speech by downgrading growth forecasts for 2011 and 2012, we can only hope that the engine doesn't stall.

The wealth of consultation and advance exposure has created a different problem – keeping track of what's being implemented when, and what's been discussed but rejected. Many important details are hidden in over 200 pages of explanation issued by HM Revenue & Customs and the Treasury after the Chancellor sat down. For the first time, these have been helpfully divided into things announced today to be implemented now; things announced in the past to be implemented now; and things announced now or earlier which are to be implemented later. There is also a sprinkling of things which are being abolished and things where the decision has been made not to make a change.

We have gone through the papers and sorted out the major points from the technical detail. This booklet summarises the significant issues and outlines their likely effect on the average taxpayer.

Significant points

- Personal allowance increased by £1,000, but higher rate threshold lowered
- Increases in NIC rates from April 2011 confirmed
- Measures to tighten up rules on Employee Benefit Trusts
- Changes to relief for pension contributions and taking pension benefits from April 2011 confirmed
- Increase in Enterprise Investment Scheme relief from 20% to 30% from April 2011
- Entrepreneurs' Relief lifetime limit increased from £5m to £10m from April 2011
- Main corporation tax rate cut by 2% to 26% from 1 April 2011 (1% was expected); small profits rate cut by 1% to 20%
- New Enterprise Zones created with relief for business rates and easier planning regulations
- E-filing of corporation tax returns required from April 2011.

Personal Income Tax

Tax rates and allowances (Table A)

The standard personal allowance has been increased by £1,000 to £7,475; the normal inflation-based increase would have been £310 (to £6,785). This is part of a strategy, set out in the Coalition Agreement between the Conservatives and Liberal Democrats, to raise the threshold for income tax to £10,000 and so remove low earners from the tax system altogether.

The benefit of the increased allowance is offset for anyone with income over £42,475 by a reduction in the higher rate income tax threshold from £37,400 to £35,000. Taxpayers will start to pay 40% tax once total income exceeds £42,475 (£7,475 + £35,000); in 2010/11 the threshold was £43,875 (£6,475 + £37,400). Different rates on different types of income make comparison complicated, but tax is lower up to income of £43,475; on £43,875 and above it is £80 more in 2011/12.

The following are unchanged:

- Withdrawal of personal allowances produces a marginal tax rate of 60% (in 2011/12, in the band between £100,000 and £114,950).
- Additional rate of 50% for income above £150,000.
- Dividends are grossed up by a notional tax credit of 10/90 and then taxed at 10%, 32.5% and 42.5% less the credit.

Future allowances

The personal allowance for 2012/13 has been announced in advance – a further above-inflation increase to £8,105. Other allowances will increase in proportion with the increase in the retail prices index. There will be a further cut in the higher rate threshold to £34,370 so that the benefit of the increased allowance will be offset for higher earners by more income being charged at 40%.

Foreign domiciled people

Individuals who are "foreign domiciled" (generally those who have foreign parents and a substantial connection to a different country) are usually not charged to income tax or CGT on their foreign income and gains if they leave the money abroad. Since 2008, someone who has been UK resident for 7 of the last 9 years and claims the benefit of this "remittance basis of taxation" has had to pay a flat rate tax charge of £30,000 a year. Mr Osborne announced some reforms which are intended to take effect from April 2012, including:

- Increasing the £30,000 charge to £50,000 for someone who has been UK resident for 12 years.
- Removing the charge on remittances which are brought into the UK for investment in UK businesses.

TAX TRAP

Is it worth paying £30,000 or £50,000 to preserve the remittance basis?

Gift Aid

Where a person makes a gift to charity, the donor can claim higher rate tax relief and the charity can claim a rebate of basic rate tax using the Gift Aid scheme. This is only supposed to benefit genuine gifts, so there are restrictions where the donor receives something in return for the donation. There has been an absolute limit on value received of £500. This is to be raised to £2,500, subject to a continuing limit of no more than 5% of the value of the gift itself.

Tax Credits and Benefits

Tax Credits

Changes to tax credit rates were announced in the Autumn. The family element of Child Tax Credit (£545) has been paid to couples with incomes up to £50,000, and it was reduced to nothing when combined income reached £58,000; in 2011/12 it will start to be tapered away when income is £40,000 and will be zero by £41,330. Other important changes include the reduction of the ‘disregard’ of increases in income from £25,000 to £10,000.

Pensioners

The basic retirement pension will rise for 2011/12 by 4.6% to £102.15 for a single person.

National Insurance Contributions

Rates and limits (Table D)

Several important changes to NIC were announced in advance and will take effect on 6 April 2011.

The rates of NIC will all increase by one percentage point. From the individual’s point of view, this is equivalent to an increase of 1% in the rate of tax: salaries will be charged at 12% and 2% instead of 11% and 1%, and self-employed profits will be charged at 9% and 2% instead of 8% and 1%. Employers will have to pay 13.8% instead of 12.8% on salaries and benefits, in addition to the higher employees’ NIC.

There is also a reduction in the upper earnings limit, the point at which the rate falls from 12% to 2%. This will now match the level at which 40% tax starts (although savings income, which is not charged to NIC, will normally prevent the thresholds matching exactly).

For lower earners, the increase in the rate is offset by an increase in the level at which contributions start. Employee contributions will not be charged on the first £139 per week (up from £110). Employer contributions will not be charged on the first £136 per week (the two thresholds were the same in 2010/11). The annual salary at which employee NIC will be higher in 2011/12 is about £23,820, but someone on £100,000 will pay substantially more (£5,380 instead of £4,760). Class 1A NIC are charged on taxable benefits, and are due from the employer on

19 July following the tax year to which they relate. As the rate will have gone up by July 2011, the Class 1A NIC for 2010/11 will be levied at 13.8%, even though they relate to a year in which the rate was 12.8%.

Contracting-out rebate

The rebate of NIC enjoyed by employers and employees, where the employee is a member of a pension scheme which allows "contracting out" of the State second pension, is set to reduce from April 2012. The employer's rebate will reduce from 3.7% to 3.4% and the employee's rebate will reduce from 1.6% to 1.4%. These are deducted from the normal NIC rates which will be 13.8% (employer) and 12% (employee) in 2011/12.

Holiday for new businesses

In June 2010 Mr Osborne announced a "holiday" from paying up to £5,000 of employer's NIC for new businesses in respect of their first 10 employees for a year. In his response to the Budget speech, Mr Miliband claimed that this has only helped 1,500 businesses so far, rather than the much larger number that Mr Osborne hoped for. However, no measures were announced to extend or relax the scheme to encourage greater take-up.

Merging NIC and income tax?

The Chancellor announced a consultation to examine ways in which the "operation" of the parallel but different regimes for income tax and NIC could be "integrated". He said that there is no intention to extend the NIC charge to savings or pensions income, or to end the contributory principle whereby the NIC record determines entitlement to benefits. It will therefore be extremely difficult to design a system which is genuinely simpler than the current one, while retaining some of the key aspects which make it complicated. Mr Osborne acknowledged that it could take several years to achieve the change.

Employees

Company cars and fuel (Table C)

Changes announced a year ago will take effect on 6 April 2011. The threshold of CO_2 emissions at which the basic 15% benefit charge starts to increase falls from 130g/km to 125g/km. This means that the chargeable benefit will increase by 1% of list price for many cars. For a 40% taxpayer with a £15,000 company car, the extra tax will be £60 for the year 2011/12. The employer will also pay an additional £20.70 in Class 1A NIC. Further reductions in the thresholds have been announced to take effect in April 2012 and in April 2013, so the taxable amount will increase year on year for cars with higher ratings.

TAX TRAP

Remember future tax increases when choosing a company car.




The taxable benefit of free fuel provided for use in a company car is calculated by multiplying the same percentage by a fixed figure. This will increase for 2011/12 to £18,800 (2010/11: £18,000), so for many employees the taxable amount will increase for two separate reasons.

Tax-free mileage allowances

The mileage allowance which an employer can pay to an employee for business use of the employee's own car has been unchanged at 40p (25p for miles over 10,000 a year) since 6 April 2002. The higher rate increases to 45p with effect from 6 April 2011 (there is no change to the lower rate). Where the employer pays less than the approved rate, the employee can claim tax relief for the difference as a deductible expense.

Disguised remuneration

As many commentators predicted, the Chancellor announced a crackdown on what he believes are schemes which allow employees to receive income from a business without paying tax and NIC when they enjoy access to the money.

Targeted schemes include employee benefit trusts and unapproved pension schemes. Certain narrow exemptions are contained in the legislation, but HMRC have run a long campaign against what they believe is the abuse of these arrangements for tax avoidance and they are confident that they have finally closed the loopholes.

Savings and Investment

Pension contributions (Table B)

Significant changes to the rules on pension schemes were announced in advance of the Budget, but no further amendments were brought in on Budget day. The main changes coming in on 6 April 2011 are:

- Maximum tax-efficient pension contribution becomes £50,000 (or current earnings if less). Tax relief on personal contributions will normally be given by paying net of basic rate tax, with relief at the taxpayer's marginal rate through self-assessment or PAYE code.
- Employee contributions will normally be deducted from gross pay, and employer contributions are not included as taxable remuneration, subject to the same limits.
- If contributions have been below £50,000 in the previous 3 years, the unused limits can be used to increase the current contribution.
- The "anti-forestalling charge", which has applied to some extra contributions above £20,000 by people earning over £130,000 for the past 2 years, will no longer apply.
- It will no longer be necessary to purchase an annuity at age 75. More flexible "income drawdown" rules will allow greater control over an individual's pension fund during lifetime and on death.

TAX TIP

Take advice on new flexible rules for taking benefits.

Enterprise Investment Scheme (EIS)

Income tax relief for shares subscribed using the Enterprise Investment Scheme will increase from 20% to 30% with effect from 6 April 2011, provided EU State Aid approval is given. Further changes to the EIS and the Venture Capital Trust scheme will be introduced with effect from 6 April 2012, increasing the amounts that can be invested and the size of companies that can be invested in.

Individual Savings Accounts (ISAs)

The annual limit on investment in tax-free ISAs increases by £480 to £10,680 for 2011/12. This limit will increase in future in line with the Consumer Prices Index each year.

Furnished Holiday Letting (FHL)

Changes to the FHL rules come into force on 6 April 2011 in line with earlier announcements. In 2011/12 losses from a FHL business can only be set against FHL income rather than against the landlord's total income. In 2012/13 there will be increases in the qualifying periods of availability and letting for determination of what qualifies as a FHL.

Capital Gains Tax

Rate of tax and annual exemption

The rate of CGT for disposals from 23 June 2010 onwards is determined by adding a taxpayer's chargeable gains to taxable income. If the gains then fall within the basic rate income tax band they are charged at 18%. If the higher rate threshold for income tax is exceeded, they are charged at 28%. These rates were not changed in the Budget, so they will apply for 2011/12. Mr Osborne has indicated that they are likely to remain at this level for several years.

The annual exempt amount for CGT will increase to £10,600 (2010/11: £10,100). In future it is intended to be subject to automatic indexation in line with the Consumer Prices Index.

Trustees

Trustees continue to be liable to CGT at 28% after deducting half the normal annual exemption (£5,300 in 2011/12). The annual exemption is shared between trusts set up by the same settlor since June 1978, subject to a minimum of £1,060.

Entrepreneurs' Relief

Entrepreneurs' Relief allows certain disposals of businesses and business assets to be charged at a lower CGT rate of 10%. There is a lifetime limit of gains which can qualify. This was increased from £2m to £5m in Mr Osborne's first Budget for disposals from 23 June 2010 onwards, and will increase to £10m for disposals from 6 April 2011. A large gain would otherwise be taxed at 28%, so this represents a very substantial saving.

Inheritance Tax

Rates

Rates of tax remain unchanged at 40% (death transfers) and 20% (lifetime chargeable transfers). The nil rate band of £325,000 is frozen until 2015.

Charitable giving

From 6 April 2012, where a person leaves 10% of their estate to charity in their will, the rate of IHT on what is left will be reduced from 40% to 36%. For example, on an estate of £1m, IHT is at present 40% of £675,000 (£270,000), and the beneficiaries will receive £730,000. Under the proposal, if £100,000 is left to charity, the IHT on the £900,000 balance will be 36% of £575,000 (£207,000) and the beneficiaries will receive £693,000. The charity will receive £100,000 but the beneficiaries will only get £37,000 less.

TAX TIP

If you are leaving money to charity in your will, consider leaving 10%.

Corporation Tax

Rates

The main rate of Corporation Tax (for companies with profits over £1.5m) has been 28% since 1 April 2008. It will be cut for the Financial Year 2011 (commencing 1 April 2011) to 26%, then to 25% for FY 2012, 24% for FY 2013 and 23% for FY 2014. These cuts are 1% more than had previously been announced.

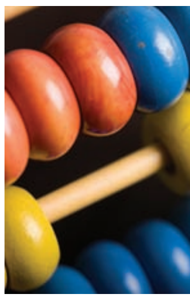
The small profits rate (for companies with profits up to £300,000) will fall to 20%, where it last stood for the year to 31 March 2008. The rate for future years has not been set in advance as it has for larger profits. The effective rate of tax in the band of profits between £300,000 and £1.5m is 27.5%.

TAX TIP

Consider incorporating a business to protect profits from high income tax rates.

Returns

In spite of appeals from businesses and advisers to delay the implementation of new online filing requirements, corporation tax returns must be made electronically from 1 April 2011. This includes the submission of statutory accounts in an electronic format known as iXBRL.



Research and development credits

R&D credits allow companies to deduct a multiple of qualifying expenditure for tax purposes. If £100 of cost is treated as £200 in computing tax, the company effectively receives a grant for incurring the expenditure. Qualifying R&D incurred by small and medium enterprises (SMEs) will enjoy a 200% deduction (up from 175%) from 1 April 2011, provided EU State Aid approval is obtained.

At the same time, SMEs incurring vaccines research expenditure will see a cut in the allowed deduction from 140% to 120%.

Further changes to improve and extend R&D relief are intended to be introduced in April 2012.

Business Tax

Capital allowances

For plant and machinery which is not fully relieved in the year of purchase by a 100% Annual Investment Allowance (AIA), writing down allowances (WDA) are given on the "reducing balance" of expenditure. This continues even if the plant is sold or scrapped – the residue of cost does not enjoy tax relief until the trade ceases or the amount falls below £1,000. A "short life asset" (SLA) election allows a business to claim full relief for particular assets when they are disposed of. The benefit of a SLA election has up to now only been enjoyed if the asset has a life of up to 4 years. This will be extended to 8 years. This will only benefit businesses which spend more than the AIA limit on new plant each year.

In addition, important changes to capital allowances were announced last year to come into effect next year. The rates of WDA will be reduced for chargeable periods ending on or after 1 April 2012 (companies) or 6 April 2012 (unincorporated trades). After that, the "general pool" will be written down at 18% rather than 20%, and the "special rate pool" (typically longer-life assets and cars with carbon dioxide emissions rating above 160g/km) at 8% rather than 10%.

The AIA – the amount of expenditure on plant and machinery that qualifies for a 100% immediate deduction – will be reduced from £100,000 to £25,000 for expenditure from 1 April/6 April 2012 onwards. It rose from £50,000 to £100,000 in April 2010.

There are complex rules for computing both the WDA and the AIA for chargeable periods which straddle a change in rate.

TAX TRAP

Capital allowances fall in April 2012 – watch timing of investment.

IR35

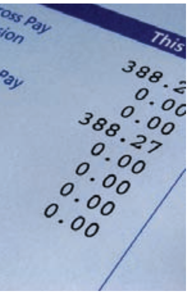
The government has carried out a review of the "IR35" legislation, which imposes employee tax and NIC liabilities on certain businesses, typically companies, which HMRC believe are used to disguise employment and avoid PAYE. The difficulties that the present rules cause are recognised, but the government considers that the abolition of IR35 poses too great a risk to the tax revenue. Instead, it is intended to improve the administration of the rules by increasing specialist help for businesses and consultation of interested parties.

Enterprise Zones (EZs)

The government has announced the creation of 21 new EZs. Businesses in EZs enjoy several advantages, including:

- 100% discount on rates
- Enhanced capital allowances (these may be introduced where a case is made to support "high value manufacturing")
- Relaxed planning regulations

Value Added Tax



Registration thresholds

The registration threshold for VAT rises from £70,000 to £73,000 on 1 April 2011. The deregistration threshold rises from £68,000 to £71,000 on the same date. Self-assessment returns for businesses can use "three-line accounts" if they are below the registration threshold.

Rates and scope

The standard rate of VAT will remain unchanged at 20%, and there are no changes to the list of taxable, exempt and zero-rated supplies. The values to be used by a business which supplies road fuel for private use change for return periods starting on or after 1 May 2011. Although the scale rates are based on CO_2 emissions, they are not based on a percentage calculation as the income tax benefit charges are: it is necessary to look up the exact figure in a table which is available on the HMRC website.

Low value consignment relief

Imports from outside the EU which arrive by post are free of VAT (as well as customs duty) if they cost less than £18. This is exploited by businesses which supply a range of goods (e.g. DVDs, CDs) by post from the Channel Islands and other places. It is proposed to lower the limit to £15 with effect from 1 November 2011. The government will discuss possible ways of tightening the rules with the European Commission, and may lower the limit further if a way cannot be found to close what is clearly regarded as an unacceptable loophole.

Stamp Duty Land Tax

Rates

No further changes to SDLT rates were announced. This confirms that the rate on transfers of residential property for more than £1m will increase from 4% to 5% on 6 April 2011.

Rates on sales		% of Total Consideration
Shares and marketable securities (nil if value up to £1,000)		0.5%
Land	0 - threshold	NIL
	Threshold - £250,000	1%
	£250,001 - £500,000	3%
	£500,001 and over (all properties)	4%
	Over £1m (residential from 6.4.2011)	5%
The threshold is:		
	£125,000 general residential property	
	£150,000 residential in “disadvantaged areas”	
	£150,000 commercial property	

For the two years to 24.3.2012, first time buyers can claim relief from SDLT on purchases of up to £250,000 for property they intend to live in.

Other Measures

Business rates holiday

The small business rate relief holiday was due to end later this year. It has been extended by a further year from 1 October 2011.

Penalties for late filing and payment

New penalties for late filing of returns and late payment of tax come into force with effect from 6 April 2011 in respect of 2010/11 tax returns. The long-standing £100 penalty for late submission of a self-assessment tax return continues, but it will no longer be limited to the amount of tax outstanding for the year. The tactic of paying a generous estimate of the liability, and obtaining a repayment later when the return is ready, will no longer save the £100. Further automatic penalties will apply if the return is three months late.

TAX TRAP

The new penalties are harsher – take care to avoid them.

Time to pay

The Business Payment Support Service was introduced in 2008 to allow viable businesses time to pay their tax liabilities and to reduce the likelihood that HMRC will bring the business down by insisting on payment. Although it has been modified since its introduction (applications relating to liabilities of over £1m must be supported by an accountancy report), the Budget confirmed that the BPSS will continue for the foreseeable future. If a time to pay arrangement has been agreed by BPSS, penalties for late payment will not apply.

Anti-avoidance

As usual, the Chancellor announced that a number of tax loopholes were being closed, and he put a figure of £1bn on the combined effect of closing them. It is never clear whether such results are really enjoyed by HMRC or whether the planners move their efforts elsewhere instead. Schemes involving the avoidance of Stamp Duty Land Tax through sub-sales and alternative finance products are among those being targeted.

Bank levy

The bank levy has been introduced this year to raise extra taxes from banks. It is supposed to be related to the riskiness of the bank's operations so that the behaviour that is thought to have created the credit crisis is discouraged. It will be increased over the next few years to claw back the reduction in tax that banks will enjoy because of the lowering of the corporation tax rate.

Abolition of reliefs

Mr Osborne established the Office of Tax Simplification to examine ways of reducing the mass of tax legislation. The first impact of their work is the announcement in this Budget that 43 tax reliefs are likely to be abolished over the next year – the abolition of reliefs may seem an unfavourable place to start, but these are reliefs which are hardly used, obsolete or poorly targeted, so it is unlikely that they will be missed. For example, it has been possible since 1947 to receive luncheon vouchers worth 15p each day without incurring a tax liability – or, in recent years, buying much food.

Collecting tins

From April 2013, charities will be entitled to claim a Gift Aid rebate on donations of up to £10 each (total £5,000pa) without obtaining a declaration from the donor. A number of conditions will apply, but will effectively allow a charity to claim a top-up payment for a street collection.

By contrast, the facility for donating a tax repayment directly from a self-assessment tax return ("SA donate") will be withdrawn from 2011/12 – it has not been well used and is complex to administer.

Income Tax Rates and Allowances



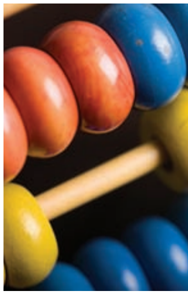


Table A Allowances and Reliefs

	2011/12	*2010/11*
Allowed at top rate of tax		
Personal Allowance	£7,475	£6,475
Personal Allowance (65 – 74)*	9,940	9,490
Personal Allowance (75 and over)*	10,090	9,640
Blind Person's Allowance	1,980	1,890
Allowed only at 10%		
Married Couple's Allowance (75 and over)*+	7,295	6,965
Income limit for age-related allowances	24,000	22,900

+only available if born before 6th April 1935

*Age allowances are reduced £1 for every £2 by which income exceeds the income limit, until the age allowance is reduced to the normal allowance. Personal allowance is reduced before married couple's allowance. MCA is reduced to a minimum of £2,800 (2010/11: £2,670).

Personal allowances will be withdrawn at £1 for every £2 by which total income exceeds £100,000. There will therefore be no allowances if income is £114,950 or more (2010/11: £112,950).

Bands	*2011/12*	*2010/11*
Starting (within basic rate band)*	£2,560	£2,440
Basic	35,000	37,400
Higher	35,001-150,000	37,401-150,000
Additional	over 150,000	over 150,000

* There is a 10% starting rate for savings income only. If general taxable income exceeds the starting rate limit, the 10% rate is not available for savings income.

Rates differ for General, Savings and Dividend income within each band:

Rates	*2011/12 and 2010/11*		
	G	S	D
Starting	N/A	10%	10%
Basic	20%	20%	10%
Higher	40%	40%	32.5%
Additional	50%	50%	42.5%

General income (salary, pensions, profit, rent) uses starting, basic and higher rate bands before savings income (interest). Dividends are taxed as the 'top slice' of income.

Table B Pension Contributions

The maximum annual tax efficient gross contributions (up to age 75) in 2011/12 are:

– individuals: £3,600 or 100% of earnings to £50,000

– employers: £50,000 less employee contributions

Maximum tax-efficient fund (lifetime allowance) where benefits are taken in 2011/12: £1.8m. Only current earnings count for the 100% limit. Extra contributions above £50,000 can use unused £50,000 limit of preceding three years.

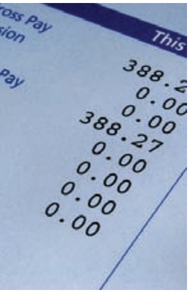


Table C Car and Fuel Benefits

Car Benefit Assessment 2011/12

Charge based on a percentage of the initial list price of the car; the percentage depends on the carbon dioxide emission ratings of the car, if it has one. For older cars without a rating, the percentage depends on engine capacity.

For 2011/12 the percentage for a petrol engine is 15% for ratings from 121g/km - 125g/km. The percentage increases by 1% for every complete 5g/km in excess of this (i.e. at 130,135 etc.), to a maximum of 35%. Lower rates apply to cars with ratings up to 120g/km (10%), 75g/km (5%), or no emissions (no tax charge).

Diesel cars have 3% added to the figure for a similarly-rated petrol car, but still have a maximum charge of 35%.

Car Fuel Assessment

The benefit is calculated using the same percentage as that used for the car benefit, applied to a standard figure of £18,800 (2010/11: £18,000).

The taxable amount is therefore between £940 (5% – min.) and £6,580 (35% – max.). There is no tax on charging an emission-free electric car.

National Insurance Contributions

Table D Rates and limits for 2011/12

Class 1	*Weekly*	*Monthly*	*Yearly*
Lower Earnings Limit (LEL)	£102	£442	£5,304
Primary Threshold – employees (PT)	139	602	7,225
Secondary Threshold – employers (ST)	136	589	7,072
Upper Accrual Point (UAP)	770	3,337	40,040
Upper Earnings Limit – employees (UEL)	817	3,540	42,475

Employer's Contribution	*Contracted In*	*Contracted Out*	
		Salary related scheme	Money purchase scheme
On earnings up to ST	Nil	Nil	Nil
On earnings between ST and UAP	13.8%	10.1%	12.4%
On earnings above UAP	13.8%	13.8%	13.8%

Employee's Contribution

Contracted in: 12% on earnings between PT and UEL, 2% above UEL.

Contracted out: 10.4% on earnings between PT and UAP; 12% from UAP to UEL; 2% above UEL.

Earnings over LEL qualify for benefit, and must be reported under PAYE, but no NICs are payable until earnings reach PT.

The reduced Class 1 rate payable by certain married women and widows is 5.85% for earnings between PT and UEL, 2% above UEL.

Class 2 (Self-employed)	Earnings over £5,315 per year	£2.50 per week
Class 3 (Voluntary)	No limit applicable	£12.60 per week
Class 4 (Self-employed)	Profits between £7,225 and £42,475	9%
	Profits above £42,475	2%

April 2011

M	T	W	T	F	S	S
				1	2	3
4	**5**	6	7	8	9	10
11	12	13	14	15	16	17
18	**19**	20	21	**22**	23	24
25	26	27	28	29	30	

5 End of tax year. Cut-off for income and gains between 2010/11 and 2011/12.
19 'IR35' tax due.
19 Employers pay PAYE for quarter or month March 2011, cheque to reach accounts office.
22 PAYE electronic payment deadline: funds to clear HMRC's bank account.

May 2011

M	T	W	T	F	S	S
						1
2	**3**	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	**19**	**20**	21	22
23	24	25	26	27	28	29
30	**31**					

3 Employers submit P46(car) form showing quarter's changes to company cars.
19 Employers submit 2010/11 year end returns to Revenue: P14, P35, P38, P38A.
19 Employers pay PAYE for month April 2011.
20 PAYE electronic payment deadline (where 22 is a weekend, must clear Friday).
31 Employers send 2010/11 P60 to employees.

June 2011

M	T	W	T	F	S	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	**19**
20	21	**22**	23	24	25	26
27	28	29	30			

19 Employers pay PAYE for month May 2011.
22 PAYE electronic payment deadline.

July 2011

M	T	W	T	F	S	S
				1	2	3
4	**5**	**6**	7	8	9	10
11	12	13	14	15	16	17
18	**19**	20	21	**22**	23	24
25	26	27	28	29	30	**31**

5 Deadline for Tax Credit claim to commence from start of 2011/12; agree 2010/11 PAYE Settlement Agreement
6 Employers send P9D, P11D and Form 42 share scheme returns to HMRC; P9D, P11D to employees.
19 Employers pay class 1A NIC for 2010/11.
19 Employers pay PAYE for quarter or month June 2011.
22 PAYE electronic payment deadline.
31 Deadline for payment of second instalment of 2010/11 tax. Revise existing Tax Credit claim.

August 2011

M	T	W	T	F	S	S
1	**2**	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	**19**	20	21
22	23	24	25	26	27	28
29	30	31				

1 If 2009/10 tax return not filed, further £100 penalty.
2 Employers submit P46(car) form showing quarter's changes to company cars.
19 Employers pay PAYE for month July 2011.
22 PAYE electronic payment deadline.

September 2011

M	T	W	T	F	S	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	**22**	23	24	25
26	27	28	29	**30**		

19 Employers pay PAYE for month August 2011.
22 PAYE electronic payment deadline.
30 Deadline for traders to claim VAT incurred in other EU member states in calendar year 2010.

October 2011

M	T	W	T	F	S	S
					1	2
3	4	**5**	6	7	8	9
10	11	12	13	14	15	16
17	18	**19**	20	**21**	22	23
24	25	26	27	28	29	30
31						

1 Corporation tax payday for companies with 31 December 2010 year end.
5 Deadline for notifying HMRC if income tax or CGT is due for 2010/11 and no tax return received.
19 Employers pay PAYE for quarter or month September 2011, also PAYE Settlement Agreement for 2010/11.
21 PAYE electronic payment deadline.
31 Last day to file 2010/11 SA return on paper.

November 2011

M	T	W	T	F	S	S
	1	**2**	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	**19**	20
21	**22**	23	24	25	26	27
28	29	30				

2 Employers submit P46(car) form showing quarter's changes to company cars.
19 Employers pay PAYE for month October 2011.
22 PAYE electronic payment deadline.

December 2011

M	T	W	T	F	S	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	**22**	23	24	25
26	27	28	29	**30**	**31**	

19 Employers pay PAYE for month November 2011.
22 PAYE electronic payment deadline.
30 File 2010/11 SA return online to take advantage of Revenue calculation and coding out of employment income tax underpayments up to £2,000.
31 Corporation tax filing deadline for companies with 31 December 2010 year end.

January 2012

M	T	W	T	F	S	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	**19**	**20**	21	22
23	24	25	26	27	28	29
30	**31**					

1 Corporation tax payday for companies with 31 March 2011 year end.
19 Employers pay PAYE for quarter or month Dec 2011.
20 PAYE electronic payment deadline.
31 Online filing deadline for 2010/11 income tax and CGT return. Deadline for payments to avoid interest. Companies affected by IR35 to file finalised P14 for 2010/11.

February 2012

M	T	W	T	F	S	S
		1	**2**	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	**19**
20	21	**22**	23	24	25	26
27	28	29				

2 Employers submit P46(car) form showing quarter's changes to company cars.
19 Employers pay PAYE for month January 2012.
22 PAYE electronic payment deadline.

March 2012

M	T	W	T	F	S	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	**22**	23	24	25
26	27	28	29	30	**31**	

1 Deadline for payment of balance of 2010/11 tax to avoid late payment penalty.
19 Employers pay PAYE for month February 2012.
22 PAYE electronic payment deadline.
31 Corporation tax filing deadline for companies with 31 March 2011 year end.

Investment House
22-26 Celtic Court
Ballmoor
Buckingham
MK18 1RQ

Tel: 01280 823030
Fax: 01280 822665
E:office@boydcoughlanaccountants.co.uk
W: www.boydcoughlanaccountants.co.uk