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Important information

These tables are based on the Chancellor's Budget statement on 22 June. The information given is still liable to change during the progress of legislation through Parliament. Every care has been taken to ensure the accuracy of the information, but Friends Provident can accept no responsibility for any actions taken on the basis of these tables.

Release date: 29 June 2010

Income tax

Allowances

	2009/10 £	2010/11 £
Personal allowances		
<u>Basic</u>	6,475	6,475†
† This allowance is reduced by £1 for every £2 income above:	N/A	100,000
<u>Additional allowances</u> (ages 65-74)	3,015*	3,015*
(ages 75+)	3,165*	3,165*
* These allowances are reduced by £1 for every £2 income above the age allowance income limit of:	22,900	22,900
Married couple's allowance (attracts only 10% relief)		
Age under 75 and born before 6.4.1935	6,865‡	N/A
Age 75 or over	6,965‡	6,965‡
‡ These allowances are reduced by £1 for every £2 income above the age allowance income limit shown above, but cannot be reduced by this below:	2,670	2,670
Blind Person's allowance	1,890	1,890

Taxable income 2010/11

Personal rates of tax:

Taxable income	Savings income	Dividends	Non-savings income
Up to £2,440	10%	10%	20%
£2,441 to £37,400	20%	10%	20%
£37,400 to £150,000	40%	32.5%	40%
Above £150,000	50%	42.5%	50%

Non-savings income is taken as the bottom layer of income, then savings income, with dividends as the top layer, so that a person whose non-savings income exceeds their personal allowance by £2,440 or more gets no benefit from the 10% rate.

Trusts

	Dividends	Other income
Interest in possession trusts	10%	20%
Discretionary trusts and accumulation and maintenance trusts: - first £1,000 of income	10%	20%
- income above £1,000	42.5%	50%

Income tax reliefs

	2009/10	2010/11
Life assurance premium relief (pre March 1984 policies)	12.5%	12.5%
Enterprise investment scheme (relief limited to 20%)	£500,000	£500,000
Venture capital trust (relief available up to 30%)	£200,000	£200,000

Car benefit

Most company cars are taxed on a percentage of their price. The percentage (shown in column B) depends on their level of carbon dioxide (CO²) emissions measured in grams per kilometre (shown in column A).

A	B	A	B	A	B	A	B	A	B	A	B	A	B
130	15	145	18	160	21	175	24	190	27	205	30	220	33
135	16	150	19	165	22	180	25	195	28	210	31	225	34
140	17	155	20	170	23	185	26	200	29	215	32	230	35

For diesel cars the numbers in column B are increased by 3, but cannot exceed 35. Lower percentages apply to cleaner, alternatively fuelled cars.

Cars registered before 1 January 1998 (column C), or registered later but not having an approved carbon dioxide emissions rating (column D) are taxed by engine size, again on the percentage of their price shown in the relevant column.

Engine size (cc)	C	D
Up to 1400	15	15
1401-2000	22	25
Over 2000	32	35

Fuel benefit

There is a separate tax charge on the benefit of free fuel provided for private use of a company car.

The charge is calculated by multiplying a set figure, £18,000 for 2010/11, by a percentage. The percentage is the same as the one multiplied by the car's price in working out the car benefit charge.

National insurance contributions 2010/11

Class 1 (employed) – contracted in rate on earnings within bands:

<i>earnings per week</i>	<i>employee's contribution</i>	<i>employer's contribution</i>
up to £110	Nil	Nil
£110.01 to £844	11%	12.8%
above £844	1%	12.8%

Class 2 (self-employed) - £2.40 per week if earnings over £5,075 per year

Class 3 (voluntary) - £12.05 per week

Class 4 (self-employed – additional levy)

annual profits:	between £5,715 and £43,875	-	8%
	above £43,875	-	1%

Contracting out rebates:

Contracted out salary related schemes:

employer – 3.7% of weekly earnings between £97 and £770
employee – 1.6% of weekly earnings between £97 and £770

Employers deduct these rebates from the Class 1 contributions.

Contracted out money purchase schemes

employer – 1.4% of weekly earnings between £97 and £770
employee – 1.6% of weekly earnings between £97 and £770

Employers deduct these rebates from the Class 1 contributions.

In addition, an age-related rebate, based on the same earnings, is paid to the Scheme by the Government. This ranges from 0.01% for a person who has their 17th birthday during the tax year to 4.4% for a person who has their 49th or later birthday.

Appropriate personal pension schemes

Employers and employees pay full contributions.

Government pays rebates to the scheme, depending on age and income as follows:

<i>on annual earnings between</i>	<i>age-related rebate between</i>
<i>£5,044 and £14,100</i>	<i>9.4% and 14.8%</i>
<i>£14,101 and £32,200</i>	<i>2.35% and 3.7%</i>
<i>£32,201 and £40,040</i>	<i>4.7% and 7.4%</i>

Social security benefits

	From April 2009 £ per week	From April 2010 £ per week
Retirement pension		
Single person	95.25	97.65
Additional pension	57.05	58.50
[So total for married couple / civil partners]	152.30	156.15
Age addition for each person over age 80	0.25	0.25
State pension credit 'appropriate amount'		
Single person	130.00	132.60
Married couple / civil partners	198.45	202.40
Maternity allowance – standard rate		
	123.06	124.88
Child benefit - eldest		
– each subsequent child	20.00	20.30
	13.20	13.40
Incapacity benefit (only available for claims made before 27 October 2008)		
- first 28 weeks	67.75	68.95
- weeks 29-52	80.15	81.60
- after 52 weeks: aged over 44 at start of claim	89.80	91.40
aged 35-44 at start of claim	96.35	97.20
under 35 at start of claim	105.45	106.40
Statutory sick pay (first 28 weeks)		
	79.15	79.15
Employment and Support Allowance (only available for claims made after 26 October 2008)		
First 13 weeks:		
age under 25	50.95	51.85
age 25 or over	64.30	65.45
Week 14 onwards (all ages):		
- no additional component	64.30	65.45
- with work related activity component	89.80	91.40
- with support component	95.15	96.85
Jobseeker's allowance – age under 25		
– age 25 or over	50.95	51.85
	64.30	65.45

Working and Child Tax Credits

	From April 2009		From April 2010	
	£		£	
Working tax credit				
– basic	1,890	per year	1,920	per year
– couple / lone parent addition	1,860	per year	1,890	per year
<i>Child care (80% of eligible costs)</i>				
maximum eligible costs: - one child	175.00	per week	175.00	per week
- two or more children	300.00	per week	300.00	per week
Child tax credit – child element, per child	2,235	per year	2,300	per year
- family element	545	per year	545	per year

Value added tax

Standard rate:

1 December 2008 to 31 December 2009	15%
1 January 2010 to 3 January 2011	17.5%
4 January 2011 onwards	20%

Registration threshold (annual turnover):	£70,000
Deregistration threshold	£68,000

Individual Savings Accounts

Annual investment limits

2010/11

Overall maximum	£10,200
- maximum cash investment	£5,100
- maximum stocks and shares (including life assurance) investment	£10,200

Registered pension schemes

Standard contribution limits and allowances

Individuals receive tax relief on all their contributions up to 100% of their earnings. If they have no earnings, they can contribute up to £2,880 per year to a relief-at-source scheme – this equates to £3,600 once tax relief has been added.

There is no limit to employers' contributions but they only attract tax relief if paid wholly or exclusively for the purposes of the business.

Individuals suffer a 40% tax charge on excess contributions to registered pension schemes. These are contributions, whether from the individual or an employer, which exceed the annual allowance for the year in question. This charge does not apply in the year of retirement.

Individuals may have funds in registered pension schemes up to the lifetime allowance without any extra tax charge when the benefits are paid. Funds outside this limit and used to provide benefits are taxed at 25% if the benefit is a pension and 55% if it is a cash sum. Individuals registered for primary or enhanced protection before 5 April 2009 escape these tax charges.

The lifetime and annual allowances are:

Tax year	Lifetime allowance	Annual allowance
2010/11	£1.8m	£255,000

The lifetime allowance for 2010/11 will also apply for the years up to 2015/16 (inclusive). A substantial reduction in annual allowance from 2011/12 onwards is being considered.

Earnings cap

	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
£	102,000	105,600	108,600	112,800	117,600	123,600	123,600

Special annual allowance charge (high earners)

For 2010/11 there will be a special annual allowance charge on pension savings for people with taxable income above an annual "relevant income" limit of £130,000. "Relevant income" includes pension contributions collected under a net pay system and also any salary sacrificed under an agreement made after 21 April 2009. The charge will apply to both employer and employee contributions or, in a defined benefit scheme, to the annual increase in the capital value of a member's prospective benefits.

The charge will not apply to contributions up to a "qualifying level". This will be £20,000 or, if higher, the level (either in cash terms or relative to earnings) established before 22 April 2009. Nor will it apply to existing members of defined benefit pension schemes unless the rules are changed so as to increase the rate at which benefits accrue.

The charge will be at the "appropriate rate". This will be either 20% or 30%, whichever is needed to reduce the effective rate of relief on savings to the basic rate of 20%. It will be collected as an income tax charge through the self-assessment process.

Stamp duty

Land and buildings

Up to £125,000	Nil	Nil
£125,001 to £150,000 (non-residential)	Nil	Nil
£125,001 to £175,000 (residential)	Nil	1%*†
£150,001 to £175,000 (non-residential)	1%	1%
£175,001 to £250,000	1%	1%†
£250,001 to £500,000	3%	3%
Over £500,000	4%	4%

New 'zero carbon' homes are exempt from stamp duty where the purchase price is £500,000 or less. Where the purchase price is higher, duty is calculated at 4% but reduced by £15,000.

* Residential property purchases up to £150,000 in designated disadvantaged areas are exempt.

† Residential property purchases up to £250,000 by first time buyers are exempt.

Corporation tax

	<i>Profit limit</i>	<i>2009/10</i>	<i>2010/11</i>
Small companies rate	£300,000	21%	21%
Small companies marginal rate	£1,500,000	29.75%	29.75%
Main rate	over £1,500,000	28%	28%

Capital gains tax

Annual exemptions and rates	<i>2009/10</i>	<i>2010/11</i>
Annual exemption (individuals and personal representatives)	£10,100	£10,100
Annual exemption (trustees)	£5,050	£5,050
Rate for gains eligible for entrepreneurs' relief	10%	10%
Rate for other gains realised before 23/6/2010	18%	18%
Rates for other gains realised after 22/6/2010:		
individuals – on taxable gain which if treated as top slice of income would be taxed at 20% or less		18%
individuals – on taxable gain which if treated as top slice of income would be taxed at more than 20%		28%
trusts -		28%

Inheritance tax

Rates

2009/10	Rate	2010/11	Rate
First £325,000*	Nil	First £325,000*	Nil
Excess over £325,000*:		Excess over £325,000*:	
Chargeable lifetime transfers [†]	20%	Chargeable lifetime transfers [†]	20%
Death [‡]	40%	Death [‡]	40%
Trust periodic charge	6%	Trust periodic charge	6%

* The nil rate band may be increased by up to 100% on death if the deceased is a the widow, widower or surviving civil partner of a person who did not use their full nil rate band on death.

[†] These include most gifts into discretionary trusts, accumulation and maintenance trusts, and interest in possession trusts.

[‡] The death charge also applies to gifts made in the 7 years before death, except that tapering relief reduces the rate of tax on gifts between 3 and 7 years before death and any tax paid on the gift as a chargeable lifetime transfer is deducted.

Main exempt transfers

	£ max
<i>Transfers between spouses or civil partners</i>	No limit
<i>Annual exemption</i>	3,000
<i>Small gifts</i>	250
<i>Gifts to charities</i>	No limit
<i>Normal expenditure out of income</i>	Varies
<i>Gifts in consideration of marriage or registration of a civil partnership</i>	
From parent	5,000
From grandparent or between partners	2,500
From others	1,000
<i>Other gifts</i>	
Potentially exempt transfers	- exempt if donor survives 7 years

Reliefs

Business or farming assets may attract relief at either 100% or 50%, depending upon the circumstances.