



Heaton Lumb Lisle

Chartered Accountants



FACT SHEET NO 1

THE BUDGET

24TH MARCH 2010

PERSONAL TAXATION - RATES AND ALLOWANCES

2010/2011		2009/2010	
Taxable Income	Rate	Taxable Income	Rate
* 1 - 2440 (Savings only)	10%	1 - 2440 (Savings only)	10%
0 - 37400 (Earned/Pension)	20%	0 - 37400 (Earned/Pension)	20%
37401 - 150000	40%	Over 37400	40%
Over 150000	50%		

* The new 10% starting rate for savings income only applies when the taxable non-savings income is below £2440.

ALLOWANCES

Personal Allowances:-	2010/11	2009/10
Personal Allowance	6475	6475
Reduction of relief by £1 for every £2 of income over	100000 **	N/A
Blind Person's Allowance	1890	1890
Age Allowances:-		
Single Person (Over 65)	9490	9490
Married Couples Allowance (over 65 at 5/4/2000 – in 2010/11 see over 75 relief)	N/A	6865 ***
Higher Allowance Single Person (Over 75)	9640	9640
Higher Married Couples Allowance (over 75 at 5/4/2000)	6965 ***	6965 ***
Reduction of relief by £1 for every £2 of income over	22900	22900
Other Allowances:-		
Rent-a-Room Relief	4250	4250
Inheritance Tax Threshold - with effect from 6th April - (frozen until 2014/15)	325000	325000
Capital Gains Tax Exemption Limit		
- Individuals	10100	10100
- Trustees	5050	5050
Pension Scheme Contribution Limits		
- Annual (frozen until 2015/16)	255000	245000
- Lifetime (frozen until 2015/16)	1800000	1750000
Self Employed NIC Contributions		
- Class 2	2.40 p.w.	2.40 p.w.
- Class 4		
Lower	5715	5715
Upper	43875	43875
Rate up to Upper Limit	8%	8%
Rate above Upper Limit	1%	1%
Class 2 NIC Small Earnings Exemption	5075	5075
Wife's Wages Limit	109.95 p.w.	109.95 p.w.
National Minimum Wage (from 1st October)		
16-17	T.B.A p.h.	3.57 p.h.
18-21	T.B.A p.h.	4.83 p.h.
over 21	T.B.A p.h.	5.80 p.h.
** The effective tax rate on income between £100000 and £112950 is 60%		
*** Tax relief is restricted to	10%	10%

CORPORATION TAX

From	1st April 2010	1st April 2009
Small Co's Rate	0 - 300000 21%	0 - 300000 21%
Marginal Relief	300001 - 1500000 29.75%	300001 - 1500000 29.75%
Main Rate	1500000+ 28%	1500000+ 28%

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Pudsey Office
Thorpe House
61 Richardshaw Lane
Pudsey LS28 7EL.
Tel: 0113 255 3281
pudsey@hllca.co.uk

Bradford Office
12 Albion Road
Idle Village
Bradford BD10 9PY.
Tel: 01274 611510
bradford@hllca.co.uk

VALUE ADDED TAX

The Annual VAT Registration turnover limit is increased to £70,000 (£68,000) and the De-registration limit is increased to £68,000 (£66,000) from 1st April 2010.

VAT Scales Rates in respect of private fuel will increase, from the first VAT Return after 1st May 2010. Details will be included with the next VAT Return issued.

From April 2010 all VAT Returns, for businesses with turnover in excess of £100,000, must be filed on line and payment made electronically.

ENTREPRENEURS RELIEF

The lifetime limit for entrepreneurs relief is increased to £2M (£1M) per taxpayer with effect from 6th April 2010.

INDIVIDUAL SAVINGS ACCOUNTS (ISA's)

From 6th April 2010 the ISA limit will increase to £10,200 (£7,200) 50% of which can be in cash.

RELIEF FOR TRADING LOSSES

Losses up to £50,000 p.a. incurred by companies for accounting periods ending between 24th November 2008 and 23rd November 2010 and by sole traders/partnerships for tax years 2008/2009 and 2009/2010 can be carried back and set off against profits in the previous 3 years.

CAPITAL ALLOWANCES

Where plant & machinery and commercial vehicles are purchased after 1st April 2010 for companies and 6th April 2010 for other businesses 100% allowances will be available up to £100,000 pa (£50,000).

The list of energy saving and water efficient assets qualifying for enhanced allowances has been extended. Details will be published later this year at www.eca.gov.uk

Tax allowances for business cars will be calculated by reference to their CO² emissions. Those with emissions of up to 110g/km qualify for 100%, between 111g/km and 160g/km 20% and all others 10%.

ALREADY ANNOUNCED

- ◆ Industrial and Agricultural Buildings Allowances will be phased out over a 3 year period from April 2008.
- ◆ The enhanced R & D allowance is increased to 175% (150%)
- ◆ The Revenue approved mileage rates for re-imbursment of fuel in company cars has changed.
- ◆ Directors wishing to pay a minimal wage in order to pay NI contributions need to continue to receive £5,760 – the rates have remained unchanged this year.
- ◆ Tax relief surrounding furnished holiday lets (FHL) will cease on 6th April 2010 – thereafter FHL income will be treated as normal rental income.
- ◆ The Business Payment Support Service (BPSS), which enables tax to be paid by instalments in cases of hardship has been extended.
- ◆ Stamp Duty threshold for 1st time buyers of residential property has been doubled to £250,000 until 25th March 2012.

A 'LOOK AHEAD'

April 2011 - For individuals with taxable income in excess of £130,000, or £150,000 including employer pension contributions, relief for pension contributions will be tapered so that those earning over £180,000 will receive basic rate relief only. However, there are anti avoidance measures to prevent individuals increasing their pension contributions in excess of their normal regular pattern prior to implementation.

National Insurance Contributions for employers, employees and the self-employed will all increase by 1% on all earnings above £6475.

A TIMELY REMINDER

Do not forget the important filing dates this year:-

19th April	Payment of final 2009/10 PAYE liability
19th May	File 2010 P35 (CIS36) and P14's
6th July	Forms P11d
19th July	Payment of Class 1A NIC
31st July	Second payment on account for 2010/11

THIS SUMMARY HAS BEEN PREPARED VERY RAPIDLY AND MAY CONTAIN CERTAIN ERRORS FOR WHICH WE CANNOT BE HELD RESPONSIBLE