

Guide from

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A guide to Budget 2013 – Tax Rates and Allowances

A SIMPLE GUIDE TO THE TAX RATES AND ALLOWANCES ANNOUNCED IN THE BUDGET 2013

This is a basic guide, prepared by ACCA's Technical Advisory team, for members and their colleagues or clients.

It is an introduction only and should not be used as a definitive guide, since individual circumstances may vary. Specific advice should be obtained, where necessary.

	2013/14	2012/13
	£	£
Income tax rates - (non-dividend income)		
10% lower rate tax - savings rate only	Up to 2,790	Up to 2,710
20% basic rate tax	Up to 32,010	Up to 34,370
40% higher rate tax	32,011 - 150,000	34,371 - 150,000
45% for 2013/14 and 50% for 2012/13 additional rate tax	Above £150,000	Above £150,000
<i>10% starting rate applies to savings income only and will not apply if non-savings income exceeds threshold.</i>		
Income tax rates - (dividend income)		
10% rate	Up to 32,010	Up to 34,370
32.5% higher dividend rate	32,011 - 150,000	34,371 - 150,000
37.5% for 2013/14 and 42.5% 2012/13 additional higher dividend rate	Above £150,000	Above £150,000
Personal allowances		
Personal allowance (age under 65)	N/A	8,105
Personal allowance (age 65 - 74)	N/A	10,500
Personal allowance (age 75 and over)	N/A	10,660
Personal allowance those born after 5 April 1948	9,440	N/A
Personal allowance those born between 6 April 1938 and 5 April 1948	10,500	N/A
Personal allowance those born before 5 April 1948	10,660	N/A
Married couple's allowance (age less than 75 and born before 6 April 1935)	N/A	N/A
Married couple's allowance (age 75 and over)	7,915	7,705
Married couple's allowance – minimum amount	3,040	2,960
Income limit for under 65 personal allowance	100,000	100,000
Income limit for age-related allowances	N/A	25,400

Income limit for personal allowances (born before 6 April 1948)	26,100	N/A
Blind person's allowance	2,160	2,100
Rent-a-room relief	4,250	4,250
<i>Abatement of personal allowance will apply of £1 for every £2 of taxable income in excess of income limit.</i>		

National insurance		
Lower earnings limit, primary Class 1 (per week)	109	107
Upper earnings limit, primary Class 1 (per week)	797	817
Upper accrual point *	770	770
Primary threshold (per week)	149	146
Secondary threshold (per week)	148	144
Employee's primary Class 1 rate between primary threshold and upper earnings limit	12.00%	12.00%
Employee's primary Class 1 rate above upper earnings limit	2.00%	2.00%
Employee's contracted-out rebate - salary-related scheme	1.40%	1.40%
Employee's contracted-out rebate - money-purchase scheme	Abolished	Abolished
Married woman's reduced rate between primary threshold and upper earnings limit	5.85%	5.85%
Married woman's rate above upper earnings limit	2.00%	2.00%
Employer's secondary Class 1 rate above secondary threshold	13.80%	13.80%
Employer's contracted-out rebate, salary-related schemes	3.40%	3.40%
Employer's contracted-out rebate, money-purchase schemes	Abolished	Abolished
Class 2 rate (per week)	2.70	2.65
Class 2 small earning exception (per year)	5,725	5,595
Special Class 2 rate for share fishermen (per week)	3.35	3.30
Special Class 2 rate for volunteer development workers	5.45	5.35
Class 3 rate (per week)	13.55	13.25
Class 4 lower profits limit	7,755	7,605
Class 4 upper profits limit	41,450	42,475
Class 4 rate between lower profits limit and upper profits limit	9.00%	9.00%
Class 4 rate above upper profits limit	2.00%	2.00%
State pension/pension credit		
State pension		
Category A or B basic pension	TBA	107.45
Category B basic pension (lower) - husband's insurance	TBA	64.40
Category C or D - non-contributory	TBA	64.40
Pension Credit		
Standard minimum guarantee - single	TBA	142.70
Standard minimum guarantee - couple	TBA	217.90
Pensions		
Annual allowance	50,000	50,000
Lifetime allowance (reducing to £1.5million from April 2012)	1,500,000	1,500,000
Age at which annuity required	N/A	N/A
Relief's and incentives		
Enterprise Investment Scheme (EIS) - maximum	1,000,000	1,000,000
Venture Capital Trust (VCT) - maximum	200,000	200,000
Enterprise Management Incentive Scheme (EMI) - employee limit	240,000	240,000
Seed Enterprise Investment Scheme (SEIS)	100,000	100,000
Income tax relief on EIS schemes	30%	30%
Income tax relief on VCT schemes	30%	30%
Income tax relief on SEIS schemes	50%	50%

Individual Savings Account (ISA):			
	- total maximum investment	11,520	11,280
	- maximum cash element of ISA	5,760	5,640
Junior ISA investment limit		3,720	3,600
Child value of CFT limit		3,720	3,600
Capital gains tax			
Rate	- basic rate tax payer	18%	18%
	- higher rate tax payer (from 23 June 2010)	28%	28%
Individuals		10,900	10,600
Certain trusts for disabled persons		10,900	10,600
Other trusts		5,450	5,300
Entrepreneurs Relief lifetime limit		10,000,000	10,000,000
Entrepreneurs Rate		10%	10%
Chattels exemption (5/3 taxable on excess)		6,000	6,000
Working and Child tax credits rates			
Working tax credit			
Basic element		1,920	1,920
Couple and lone parent element		1,970	1,950
30 hour element (16 hour element from April 2011)		790	790
Disabled worker element		2,855	2,790
Severe disability element		1,220	1,190
50+ return to work payment (16-29 hours)		Removed	Removed
50+ return to work payment (30+ hours)		Removed	Removed
Childcare element of the Working tax credit			
Maximum eligible cost for one child (per week)		175	175
Maximum eligible cost for two or more children (per week)		300	300
Percentage of eligible costs covered		70.00%	70.00%
Child tax credit			
Family element		545	545
Family element, baby addition		Nil	Nil
Child element		2,720	2,690
Disabled child element		3,015	2,950
Severely disabled child element		1,220	1,190
Income threshold and withdrawal rates			
First income threshold		6,420	6,420
First withdrawal rate		41.00%	41.00%
Second income threshold		Withdrawn	Withdrawn
Second withdrawal rate		41.00%	41.00%
First threshold for those entitled to Child tax credit only		15,910	15,860
Income disregard		5,000	10,000
Income fall disregard		2,500	2,500
Child benefit/Guardian's allowance rates			
Eldest/only child		20.30	20.30
Other children		13.40	13.40
Guardian's allowance		15.90	15.55
A new income tax charge will apply to taxpayers with income exceeding £50,000 in a tax year, when child benefit is also received by them or their partner. The charge will reduce the financial benefit of receiving child benefit for those with income between £50,000 and £60,000 and remove it completely for taxpayers with income above £60,000.			

Inheritance tax		
Single persons nil rate band	1 - 325,000	1 - 325,000
Single persons 40% band	over 325,000	over 325,000
Married couples or civil partnerships allowance nil rate band	650,000	650,000
Overseas domiciled spouse exemption	55,000	55,000
Gifts to charities	Exempt	Exempt
Small gifts to same person	250	250
Marriage/civil partnership gifts by:		
	5,000	5,000
	2,500	2,500
	1,000	1,000
<i>From 6 April 2012 a reduced rate of IHT of 36% will be introduced where 10% or more of the net estate is left to charity.</i>		
Business Property Relief		
Business or interest in a business and transfer if unquoted shareholdings	100%	100%
Transfers out of a controlling shareholding in quoted companies, land and buildings, plant and machinery used in a qualifying company or partnership	50%	50%
Taxation of trusts		
Trust tax rate excluding dividend income	50.00%	50.00%
Dividend trust rate	37.50%	42.50%
Basic rate trust income tax band	1,000	1,000
Corporation tax		
Normal main rate (profits above £1,500,000)	23%	24%
Small companies rate (profits below £300,000)	20%	20%
Margin relief fraction	3/400	1/100
Capital Allowances		
Main writing down allowance	18%	18%
Special rate writing down allowance	8%	8%
Annual Investment Allowance	250,000	25,000
First year allowances for certain energy-saving/water efficient products	100%	100%
Research and Development Tax Credit Rates		
SME Rate	225%	225%
Large company rate	130%	130%
<i>For large companies the tax credit is 130% or 10% above the line of tax credit</i>		
Patent Box		
<i>The Patent box regime will phased in from April 2013 with companies able to claim the benefit of 60% for 2013/14, 70% for 2014/15, 80% for 2015/16, 90% for 2016/17 and 100% from 2017/18 onwards</i>		
VAT		
Standard rate (increased to 20% from 4 January 2011)	20%	20%
Registration threshold	79,000	77,000
Deregistration threshold	77,000	75,000
Cash accounting scheme	1,350,000	1,350,000
Annual accounting scheme	1,350,000	1,350,000
Flat rate scheme	150,000	150,000
Flat rate scheme exit threshold	230,000	230,000
<i>The standard rate increased to 20% from 4 January 2011</i>		

Stamp duty land tax (SDLT)		
0% residential	0 - 125,000	0 - 125,000
1% residential	125,001 - 250,000	125,001 - 250,000
3% residential	250,001 - 500,000	250,001 - 500,000
4% residential	500,001 - 1,000,000	500,001 - 1,000,000
5% residential	1,000,001 - 2,000,000	1,000,001 - 2,000,000
7% residential	over 2,000,000	over 2,000,000
15% non-residential	over 2,000,000	over 2,000,000
0% non-residential	0 - 150,000	0 - 150,000
1% non-residential	150,001 - 250,000	150,001 - 250,000
3% non-residential	250,001 - 500,000	250,001 - 500,000
4% non-residential	over 500,000	over 500,000
Annual Tax on Enveloped Dwellings		
Property value less than £2,000,000	0	N/A
Property value between £2,000,000 - £5,000,000	15,000	N/A
Property value between £5,000,000 - £10,000,000	35,000	N/A
Property value between £10,000,000 - £20,000,000	70,000	N/A
Property value more than £20,000,000	140,000	N/A
<i>Budget 2012 announced a 15% charge to stamp duty land tax on certain non-natural persons enveloping a residential property where the consideration given exceeds £2m.</i>		
Stamp duty and stamp duty reserve tax		
Standard rate	0.50%	0.50%
Higher rate	1.50%	1.50%
Insurance Premium Tax		
Standard rate	6.0%	6.0%
Higher rate	20.0%	20.0%
<i>IPT increased to 6.0% and 20.0% from 4 January 2011</i>		

ACCA LEGAL NOTICE

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