

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%

