

# UK Tax Tables

2011/2012



## Income Tax

### Personal Allowance\*

|                  |          |
|------------------|----------|
|                  | <b>£</b> |
| Under age 65     | 7,475    |
| Aged 65 to 74    | 9,940    |
| Aged 75 and over | 10,090   |

### Married Couple's Allowance\*\*

|   |          |
|---|----------|
|   | <b>£</b> |
| Aged 75 and over                            | 7,295    |
| Married Couple's Allowance (minimum amount) | 2,800    |

\*\*Relief is given at 10%

### Allowance Reductions

\*The personal allowance for individuals aged 65 and over is reduced by £1 for every £2 of income over £24,000.

\*The personal allowances are reduced by £1 for every £2 of income over £100,000.

### Other Reliefs

|  |          |
|--|----------|
|  | <b>£</b> |
| Blind person   | 1,980    |
| Life assurance premiums ( <i>Pre March 14, 1984 only</i> ) | 12.5%    |

### Income Tax Rates

|                             |                     |          |            |
|-----------------------------|---------------------|----------|------------|
|                             |                     |          | <b>£</b>   |
| <b>Taxable Income Bands</b> |                     | <b>%</b> | <b>Tax</b> |
| Basic                       | up to £35,000       | 20       | £7,000     |
| Higher                      | £35,001 to £150,000 | 40       | £46,000    |
| Additional                  | over £150,000       | 50       |            |

| <b>Tax on Savings Income</b> | <b>%</b> | <b>Tax on Dividend Income</b> | <b>%</b> |
|------------------------------|----------|-------------------------------|----------|
| Lower (first £2,560)***      | 10.0     | Lower (first £2,560)          | 10.0     |
| Basic (£2,561 to £35,000)    | 20.0     | Basic (£2,561 to £35,000)     | 10.0     |
| Higher £35,001 to £150,000   | 40.0     | Higher £35,001 to £150,000    | 32.5     |
| Additional (over £150,000)   | 50.0     | Additional (over £150,000)    | 42.5     |
| Discretionary Trusts****     | 50.0     | Discretionary Trusts****      | 42.5     |

\*\*\*If an individual's taxable non-savings income is above £2,560 then the 10% savings rate is not applicable.

\*\*\*\*The income tax rate for Discretionary Trusts up to the first £1,000 is taxed at no more than the basic rate.

### Individual Savings Account (ISA)

|  |         |
|--|---------|
| Maximum subscription                   | £10,680 |
| (£5,340 of which can be saved in cash) |         |

### Enterprise Investment Scheme ("EIS")

#### Venture Capital Trusts ("VCT") - Income Tax Relief

A qualifying individual is eligible for income tax relief on a subscription for shares in a qualifying company. Relief is given as a tax credit of 30% of the amount invested up to a maximum of £500,000 for EIS and £200,000 for VCT. The increase to 30% on EIS is subject to approval from the European Union.

In respect of EIS, relief can be claimed in the year of investment or carried back to the previous tax year.

## Pension Contributions - Limits

There is no limit on the contributions an individual may make, but income tax relief will only be given on contributions up to the higher of 100% of "relevant earnings" and £3,600 gross. Total pension inputs include both individual's contributions and employer's contributions. Contributions can be carried back to previous three pension input periods if unused.

|  |           |
|--|-----------|
|  | <b>£</b>  |
| Annual allowance   | 50,000    |
| Lifetime allowance   | 1,800,000 |
| (Lifetime allowance will decrease to £1,500,000 from April 2012) |           |

## Capital Gains Tax

### Annual Exemptions

|             |         |
|-------------|---------|
| Individuals | £10,600 |
| Trusts      | 5,300   |

### Capital Gains Tax

|   |     |
|---|-----|
| Standard rate                                   | 18% |
| Higher rate                                     | 28% |
| Rates for trustees and personal representatives | 28% |

### Entrepreneurs' Relief

|   |     |
|---|-----|
| Lifetime allowance £10 million (effective rate) | 10% |
|---|-----|

#### Notes:

1. The higher rate of Capital Gains Tax is payable for higher and additional rate tax payers
2. There is no liability in respect of certain UK Government Securities.
3. Stockpiled gains in offshore trusts are liable to a supplementary charge of up to 10.8% after 6 years for the 18% standard rate and 16.8% for the 28% higher rate.
4. Gains arising during a period of non-residence may be chargeable on return to the UK within 5 years.

### EIS/VCT - Capital Gains Tax Exemption

Where the conditions for EIS/VCT income tax relief are met then you will also qualify for an exemption from capital gains tax on the subsequent disposal of the shares.

### EIS - Capital Gains Tax Deferral Relief

Chargeable gains can be deferred on selling any asset where there is a qualifying investment in an EIS. The investment must be made at some point during the period 1 year before and 3 years following the chargeable gain.

## Residence and Domicile

### UK Resident & Domiciled Individuals

- Taxable on worldwide income and gains arising in the year.

### UK Resident but Non Domiciled Individuals

- If resident for fewer than 7 out of the last 10 years, you may claim the remittance basis of assessment without the payment of the annual remittance basis charge
- If resident for more than 7 out of the last 10 years, you may claim the remittance basis of assessment on the payment of the annual remittance basis charge of £30,000
- From April 2012 the annual remittance basis charge will increase to £50,000 for individuals who have been resident for 12 or more years
- It is not necessary to claim the remittance basis of assessment or pay the annual remittance basis charge if the unremitted foreign income and gains are less than £2,000 in the tax year
- The remittance basis must be claimed by January 31 following the year end (January 31, 2013 for 2011/2012)
- Where the remittance basis is claimed – no personal allowances or annual capital gains exemptions will be allowed.

## Inheritance Tax

### Exemptions

|                                  | £           |
|----------------------------------|-------------|
| Gifts to spouse                  | No limit*   |
| Annual gifts                     | 3,000       |
| Small gifts per donee            | 250         |
| Gifts on marriage                |             |
| Parent                           | 5,000       |
| Grandparent                      | 2,500       |
| Other                            | 1,000       |
| Normal expenditure out of income | Seek advice |

*\*Provided both UK domiciled/deemed domiciled*

### Cumulative Transfers

|   | %   |
|---|-----|
| First £325,000                                  | Nil |
| Maximum combined threshold for couples £650,000 | Nil |

### Lifetime Transfers

|                               | %       |
|-------------------------------|---------|
| Chargeable lifetime transfers |         |
| ■ Gifts to trust              | 20      |
| ■ 10 yearly charge on assets  | up to 6 |

Gifts to trusts for disabled persons, certain trusts for minors and gifts to an individual are potentially exempt.

### Death Estate

|  | %  |
|--|----|
| Inheritance tax on death estate            | 40 |
| Chargeable lifetime transfers              |    |
| ■ Within 7 years before death (additional) | 20 |

Potentially exempt transfers

|                               |                  |
|-------------------------------|------------------|
| ■ Within 7 years before death | % of IHT payable |
| 0 to 3 years                  | 100              |
| 3 to 4 years                  | 80               |
| 4 to 5 years                  | 60               |
| 5 to 6 years                  | 40               |
| 6 to 7 years                  | 20               |

### Agricultural and Business Property Relief

Reduces the whole or part of the value of agricultural property or relevant business property transferred. The reduction is either 100% or 50%.

## National Insurance Contributions (NIC)

### Class 1 Contributions (not contracted out)

|  | %    |
|--|------|
| <b>Employees</b>                         |      |
| Earnings between £7,225 and £42,475 p.a. | 12   |
| Earnings above £42,475 p.a.              | 2    |
| <b>Employers</b>                         |      |
| Earnings below or equal to £7,072 p.a.   | Nil  |
| Earnings above £7,072 p.a.               | 13.8 |

## National Insurance Contributions (continued)

|   |          |
|---|----------|
| <b>Class 1 Contributions (contracted out)</b>           | <b>%</b> |
| <b>Employees</b>  |          |
| Earnings between £7,225 and £42,475 p.a.                | 10.4     |
| Earnings above £42,475 p.a.                             | 2        |
| <b>Employers</b>  |          |
| Earnings between £7,072 and £42,475 p.a.                |          |
| - Salary related schemes                                | 10.1     |
| - Money purchase schemes                                | 12.4     |
| Earnings above £42,475 p.a.                             |          |
| - Salary related schemes                                | 13.8%    |
| - Money purchase schemes                                | 13.8%    |
| <b>Married Women's Reduced Rate</b>                     |          |
| Earnings between £7,225 and £42,475 p.a.                | 5.85     |
| Earnings above £42,475 p.a.                             | 2        |
| <b>Class 1A Employer</b>                                |          |
| Taxable benefits  | 13.8%    |
| <b>Class 1B Employer</b>                                |          |
| PAYE settlement agreement                               | 13.8%    |
| <b>Class 2 Contributions</b>                            | <b>£</b> |
| Self employed (£2.50 p.w. if earnings over £5,315 p.a.) | 130.00   |
| <b>Class 3 Voluntary Contributions</b>                  | <b>£</b> |
| (£12.60 p.w.)   | 655.20   |
| <b>Class 4 Contributions</b>                            | <b>%</b> |
| Profits between £7,225 and £42,475                      | 9        |
| Profits above £42,475                                   | 2        |
| <b>No NIC Liability for</b>                             |          |
| ■ Children under the age of 16                          |          |
| ■ Men over the age of 65                                |          |
| ■ Women over the age of 60                              |          |

## Employment Benefits

### General rule

- Amount assessable is cost (including VAT) to employer

### Exemptions

- Relocation expenses up to £8,000
- Incidental expenses up to £5 per night in UK
- Incidental expenses up to £10 per night outside UK
- Annual parties not exceeding £150 per employee p.a.

### Company car

- The taxable benefit is based on the price of the car for tax purposes (normally the list price) and accessories multiplied by an appropriate percentage (between 10% to 35%) based on the level of CO2 emissions
- There is a supplementary charge of 3% for diesel cars (not higher than 35%)
- Electric vehicles have a 0% rate

### Car fuel

- The taxable benefit is based on the appropriate percentage (10% to 35%) multiplied by £18,800 (2010/11 £18,000).

## Employment Benefits (continued)

### Loans

- Less than £5,000: no benefit
- Over £5,000: taxable on deemed interest at “official rate”
- Special rules apply for foreign currency loans

### Accommodation

- “Official rate” on excess over £75,000 of cost to employer, plus rateable values
- For non-UK accommodation, market rent only

### Official rate

- 4% at April 6, 2011

## Stamp Duties

**Transfer of Shares** 0.5%

### Transfer of Land and Buildings:

#### Residential in disadvantaged areas

- Up to £150,000 Nil
- £150,001 to £250,000<sup>†</sup> 1%
- £250,001 to £500,000 3%
- £500,001 to £1 million 4%
- More than £1 million 5%

#### Residential

- Up to £125,000 Nil
- £125,001 to £250,000<sup>†</sup> 1%
- £250,001 to £500,000 3%
- £500,001 to £1 million 4%
- More than £1 million 5%

#### Non-Residential

- Up to £150,000 Nil
- £150,001 to £250,000 1%
- £250,001 to £500,000 3%
- More than £500,000 4%

<sup>†</sup> First time buyers can claim relief from SDLT on residential transactions up to £250,000 between March 25, 2010 and March 24, 2012

## Corporation Tax

Main rate (profits > £1,500,000)\* 26%

Small profits rate (profits < £300,000)\* 20%

\* Limits are reduced proportionately for the number of associated companies

Close investment-holding companies are liable to corporation tax at the main rate.

Marginal relief is given at 3/200 for profits between £300,001 and £1,500,000.

The main rate of corporation tax will reduce by 1% for each of the next 3 years such that the rate will be 23% from April 2014.

## Capital Allowances

|  |      |
|--|------|
| Plant and machinery                        |      |
| ■ Main rate                                | 20%  |
| ■ Special rate                             | 10%  |
| Energy saving and water efficient products | 100% |
| Enterprise zone buildings                  | 100% |
| Scientific research                        | 100% |

### Annual Investment Allowances

**First £100,000 of expenditure** 100%

*Any further expenditure over the £100,000 limit will receive writing down allowances at the above rates.*

## Value Added Tax

|                      |     |
|----------------------|-----|
| <b>Standard Rate</b> | 20% |
| <b>Lower Rate*:</b>  | 5%  |
| <b>Zero rate*:</b>   | 0%  |

*\*On a limited range of goods and services*

### Registration threshold

(from April 1, 2011): £73,000

Taxable supplies at the end of any month exceed £73,000 in the past 12 months or will at any time exceed £73,000 in the next 30 days.

Different registration thresholds apply for supplies from other EU Member States.

## Tax Deadlines 2011/2012

### Income Tax and Capital Gains Tax

- July 31, 2011: 2nd payment on account for 2010/2011
- Oct 5, 2011: Notify HMRC if no return issued but tax to pay
- Oct 31, 2011: Submit non electronic 2010/2011 tax return
- Jan 31, 2012: Submit tax return electronically. Final payment (incl. CGT) for 2010/2011, plus first payment on account for 2011/2012
- Corporation tax – large companies tax payable quarterly from month 7 within accounting period, final payment 9 months and 1 day after year end. All other companies, full payment 9 months and 1 day after year end
- PAYE & NIC due 19th of each month, or by the 22nd of each month if made by electronic payment (unless quarterly payments applicable).  
Class 1A NIC due July 19, 2011, or July 22 for electronic payment.  
PAYE forms P35 and P14 due May 19, 2011; Form P60 due May 31, 2011;  
Forms P11D and P9D due July 6, 2011.

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