

Budget 2010

Press Notice 2

Rates and allowances in 2010-11

Main changes and other key tax rates and allowances 2010-11

2010-11 rates and allowances for income tax, national insurance contributions, Working and Child Tax Credit rates, Child Benefit rates, Guardian's Allowance rates, state pension and Pension Credit, pension tax, ISAs, capital gains tax, stamp duty land tax, inheritance tax, corporation tax, company taxes payable on profits from UK oil and gas production, capital allowances, R&D tax credits, stamp tax on shares, business rates, VAT, air passenger duty, fuel duty, vehicle excise duty, landfill tax, aggregates levy, climate change levy, tobacco duties, alcohol duties, gambling taxes and landline duty are set out below.

PERSONAL TAX, SUPPORT AND BENEFITS

Income tax

As announced at Budget 2009, from April 2010 a new 50 pence additional tax rate will apply to income above £150,000 and the income tax personal allowance will gradually be withdrawn for those with incomes over £100,000.

Income tax: Bands of taxable income, £ per year		
	2009-10	2010-11
Starting rate for savings	0 – 2,440	0 – 2,440
Basic rate	0 – 37,400	0 – 37,400
Higher Rate	Over 37,400	37,401 - 150,000
Additional rate	N/A	Over 150,000

Income tax rates	2009-10	2010-11
Starting rate for savings	10%	10%
Basic rate	20%	20%
Higher rate	40%	40%
Additional rate	N/A	50%
Basic rate on dividends (effective rate with tax credit)	10% (0%)	10% (0%)
Higher rate on dividends (effective rate with tax credit)	32.5% (25%)	32.5% (25%)
Additional rate on dividends (effective rate with tax credit)	N/A	42.5% (36.1%)

Income tax: Income tax allowances 2010-11		
£ per year (unless stated)	2009-10	2010-11*
Personal allowance:		
Age under 65	6,475	6,475
Age-related allowance (65-74)	9,490	9,490
Age-related allowance (75+)	9,640	9,640
Income limit for age-related	22,900	22,900



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allowances		
Married couples allowance**:		
Age over 75	6,965	6,965
Minimum amount	2,670	2,670
Blind Persons Allowance	1,890	1,890

*From April 2010, the personal allowance will be gradually withdrawn for income over £100,000 at a rate of £1 of allowance lost for every £2 over £100,000 until it is completely removed.

** Available to people born before April 6 1935. Tax relief for this allowance is restricted to 10 per cent.

National Insurance Contributions

Employee and employer rates and thresholds				
Earnings per week (£)	Employee (Class 1 primary)		Employer (Class 1 secondary)	
	2009-10	2010-11	2009-10	2010-11
Below 97* (Lower Earnings Limit)	Nil	Nil	Nil	Nil
97 to 110 (Primary Threshold/ Secondary Threshold)	Nil	Nil	Nil	Nil
110 to 844 (Upper Earnings Limit)	11%	11%	12.8%	12.8%
Above 844	1%	1%	12.8%	12.8%

*£95 in 2009-10

Self-employed rates and thresholds				
Profits per year (£)	Class 2 (per week)*		Class 4	
	2009-10	2010-11	2009-10	2010-11
Below 5,075 (Small Earnings Exception)	Nil	Nil	Nil	Nil
5,075 to 5,715 (Lower Profits Limit)	£2.40	£2.40	Nil	Nil
5,715 to 43,875 (Upper Profits Limit)	£2.40	£2.40	8%	8%
Above 43,875	£2.40	£2.40	1%	1%

*Class 2 NICs are paid at a weekly flat rate of £2.40 by all self-employed persons. Those with profits less than, or expected to be less than, the level of the Small Earnings Exception may apply for exemption from paying Class 2 contributions.

Other Class 1 rates and contracted-out rebates				
	Employee rate		Employer rate (Class 1 only)	
	2009-10	2010-11	2009-10	2010-11
Contracted out rebate - salary related schemes	1.6%	1.6%	3.7%	3.7%
Contracted out rebate - money purchase schemes	1.6%	1.6%	1.4%	1.4%
Reduced rate for married women	4.85%	4.85%	N/a	N/a

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between Primary Threshold and Upper Earnings Limit			
Special Class 2 rates			
	Self-employed rate		
	2009-10	2010-11	
Share fishermen	£3.05	£3.05	
Volunteer development workers	£4.75	£4.85	
Class 3 rate			
Voluntary contributions	£12.05	£12.05	

Working and Child Tax Credits rates

As announced at the 2009 Pre-Budget Report, on 6 April 2010 all elements of the Working Tax Credit (WTC), apart from the childcare element, will increase by 1.5 per cent. The limits on eligible childcare costs in the childcare element remain at £175 for one child and £300 for two or more children. The proportion of childcare costs payable through the childcare element of WTC remains at 80 per cent. The disability elements of the Child Tax Credit will increase by 1.5 per cent. The family element and baby addition remain unchanged. As announced in Budget 2009, the child element of the Child Tax Credit will rise by £20 above indexation in April 2010, an increase of £65 in cash terms. As announced at the 2009 Pre-Budget Report, the threshold for receipt of the maximum Child Tax Credit will rise to £16,190 reflecting the income level at which a family in receipt of the basic and couple or lone parent elements of WTC would have their entitlement to WTC tapered to zero, and the threshold for receiving maximum family element of CTC remains at £50,000. The withdrawal rate for the family element remains at 6.67 per cent, and for the rest of tax credits at 39 per cent.

Working and Child Tax Credits rates		
£ per year (unless stated)	April 2009	April 2010
Working Tax Credit		
Basic element	1,890	1,920
Couple and lone parent element	1,860	1,890
30 hour element	775	790
Disabled worker element	2,530	2,570
Severe disability element	1,075	1,095
50+ Return to work payment (16-29 hours)	1,300	1,320
50+ Return to work payment (30+ hours)	1,935	1,965
Childcare element of the Working Tax Credit		
Maximum eligible cost for one child	£175 per week	£175 per week
Maximum eligible cost for two or more children	£300 per week	£300 per week
Percentage of eligible costs covered	80%	80%
Child Tax Credit		
Family element	545	545
Family element, baby addition	545	545
Child element	2,235	2,300
Disabled child element	2,670	2,715
Severely disabled child element	1,075	1,095
Income thresholds and withdrawal rates		
First income threshold	6,420	6,420



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First withdrawal rate	39%	39%
Second income threshold	50,000	50,000
Second withdrawal rate	6.67%	6.67%
First threshold for those entitled to Child Tax Credit only	16,040	16,190
Income disregard	25,000	25,000

Child Benefit and Guardian's Allowance rates

As announced at the Pre-Budget Report 2009, on 12 April Child Benefit and Guardian's Allowance will increase by 1.5 per cent.

Child Benefit rates		
£ per week	Jan 2009	April 2010
Eldest/Only Child	20	20.30
Other Children	13.20	13.40

Guardian's Allowance rates		
£ per week	April 2009	April 2010
Guardian's Allowance	14.10	14.30

State Pension and Pension Credit

As announced at the Pre-Budget Report 2009, on 12 April 2010 the basic State Pension will increase by 2.5 per cent, in line with the Government's commitment to increase it by the higher of September's Retail Prices Index or 2.5 per cent. Pension credit means that no single pensioner need live on less than £132.60 a week in 2010-11 and no couple on less than £202.40

State Pension and Pension Credit		
£ per week (unless stated)	2009-10	2010-11
State Pension		
Category A or B basic State Pension	95.25	97.65
Category B basic State Pension (lower) – spouse or civil partner's insurance	57.05	58.50
Category C or D – non-contributory	57.05	58.50
Category C (lower) – non-contributory	34.15	35.00
Pension Credit		
Standard minimum guarantee – single	130.00	132.60
Standard minimum guarantee – couple	198.45	202.40
Savings Credit threshold – single	96.00	98.40
Savings Credit threshold – couple	153.40	157.25
Savings Credit maximum – single	20.40	20.52
Savings Credit maximum – couple	27.03	27.09

Pensions tax

Pensions tax	2009-10	2010-11
Annual allowance	£245,000	£255,000
Lifetime allowance	£1.75m	£1.8m



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Individual Savings Account

As announced at Budget 2009, from 6 April 2010 the annual ISA investment limit for every adult is £10,200, up to £5,100 of which can be saved in cash. This higher limit has applied for those aged 50 and over since October 2009.

Individual Savings Account	2009-10	2010-11
For those aged under 50	£7,200, up to £3,600 of which can be saved in cash	£10,200, up to £5,100 of which can be saved in cash
For those aged 50 and over	From October 2009, £10,200, up to £5,100 of which can be saved in cash	£10,200, up to £5,100 of which can be saved in cash

TAXES ON CHARGEABLE GAINS, INHERITANCE TAX, ASSETS AND PROPERTY

Capital Gains Tax

Budget 2010 announces an increase in the Entrepreneurs' Relief lifetime limit from the first £1 million to the first £2 million of qualifying gains.

Capital Gains Tax	2009-10	2010-11
Standard rate	18%	18%
Entrepreneurs' Relief effective rate	10%	10%
Annual Exempt Amount	£10,100	£10,100
Entrepreneurs' Relief lifetime limit of gains	£1,000,000	£2,000,000

Stamp Duty Land Tax

Budget 2010 announces a two-year stamp duty land tax relief for first time buyers for residential property purchases up to £250,000.

Stamp duty land tax				
Rate	Residential		Non-residential	
	2009-10	2010-11	2009-10	2010-11
	Total value of consideration			
Zero	£0 - £125,000*	£0 - £125,000*	£0 - £150,000	£0 - £150,000
1%	Over £125,000 - £250,000**	Over £125,000 - £250,000†	Over £150,000 - £250,000	Over £150,000 - £250,000
3%	Over £250,000 - £500,000	Over £250,000 - £500,000	Over £250,000 - £500,000	Over £250,000 - £500,000
4%	Over £500,000	Over £500,000	Over £500,000	Over £500,000
*Starting residential threshold in 2,000 disadvantaged areas is £150,000 **SDLT holiday for residential transactions up to £175,000 applied until 31 December 2009 †First time buyers can claim relief from SDLT on residential transactions up to £250,000 between 25 March 2010 and 25 March 2012				



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Inheritance tax

As announced at the 2009 Pre-Budget Report, the individual nil-rate band will be held at £325,000 in 2010-11.

Inheritance tax	2009-10	2010-11
Rate	40%	40%
Individual nil-rate band	£325,000	£325,000

BUSINESS AND FINANCIAL SERVICES

Corporation tax on profits

Corporation tax on profits	2009-2010	2010-2011
£0 - £300,000	21%	21%*
£300,001 - £1,500,000	Marginal rate	Marginal rate
£1,500,001 or more	28%	28%

* The 2009 Pre-Budget Report announced that a rise in the small companies' rate to 22 per cent would be deferred until 2011-12

Company taxes payable on profits from UK oil and gas production

Company taxes payable on profits from UK oil and gas production	2009-2010	2010-2011
Ring fence corporation tax main rate	30%	30%
Supplementary charge	20%	20%
Petroleum revenue tax	50%*	50%*

* Petroleum Revenue Tax is deductible in computing profits chargeable to ring fence corporation tax and supplementary charge.

Capital Allowances

Budget 2010 announces an increase in the threshold of the Annual Investment Allowance to £100,000

Capital Allowances	2009-10	2010-11
Main writing down allowance	20%	20%
Special rate writing down allowance	10%	10%
Temporary first year-allowance	40%	0
Annual Investment Allowance	£50,000	£100,000

Research and Development Tax Credits

R & D Tax Credit	2009-10	2010-11
SME Rate	175%	175%
Large Company Rate	130%	130%

Stamp taxes on shares

Stamp taxes on shares	2009-10	2010-11
Rate for stamp taxes on shares	0.5%	0.5%

Business rates



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Updated property values for business rates take effect from 1 April 2010 (revaluation for business rates takes place every five years). The multiplier for 2010-11 is reduced to compensate, so that total revenue from business rates remains the same in real terms. The standard multiplier includes a supplement on the small business multiplier to fund small business rate relief (SBRR). Budget 2010 announces a temporary increase in the level of small business rate relief for one year, from 1 October 2010.

Business rates	Rate per pound of a business property's rateable value	
	2009-10	2010-11
Standard multiplier	48.5p	41.4p
Small business multiplier	48.1p	40.7p

VALUE ADDED TAX

Value Added Tax

VAT	Up to 31 December 2009	From January 2010
Standard rate	15%	17.5%
Reduced rate	5%	5%

ENVIRONMENT AND TRANSPORT

Air passenger duty

Air passenger duty	From 1 November 2009	From 1 November 2010
Band A (0-2000m) reduced rate	£11	£12
Band A (0-2000m) standard rate	£22	£24
Band B (2001-4000m) reduced rate	£45	£60
Band B (2001-4000m) standard rate	£90	£120
Band C (4001-6000m) reduced rate	£50	£75
Band C (4001-6000m) standard rate	£100	£150
Band D (>6,000m) reduced rate	£55	£85
Band D (>6,000m) standard rate	£110	£170

Fuel Duty rates

Budget 2009 announced that the main rate of fuel duty would increase by 1pence per litre in real terms on 1 April 2010. This equates to a 2.76 pence per litre increase. Budget 2010 announces that this increase will be implemented in three stages: 1 pence per litre on 1 April 2010, 1 pence per litre on 1 October 2010, and 0.76 pence per litre on 1 January 2011.



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Fuel Duty rates in 2010-11				
Pence per litre (unless stated)	From 1 Sept 2009 to 1 April 2010	From 1 April 2010	From 1 October 2010	From 1 January 2011
Ultra-low sulphur petrol/diesel	56.19p	57.19p	58.19p	58.95p
Sulphur-free petrol/diesel	56.19p	57.19p	58.19p	58.95p
Biodiesel	36.19p	57.19p	58.19p	58.95p
Bioethanol	36.19p	57.19p	58.19p	58.95p
Liquefied petroleum gas used as road fuel	27.67p per kg	30.53p per kg	31.95p per kg	33.04p per kg
Natural gas used as road fuel	22.16p per kg	23.60p per kg	25.05p per kg	26.15p per kg
Rebated gas oil (red diesel)	10.80p	10.99p	11.18p	11.33p
Fuel Oil	10.37p	10.55p	10.74p	10.88p

Vehicle Excise Duties

Vehicle Excise Duty for cars registered on or after 1 March 2001

VED band	CO ₂ emissions (g/km)	Standard rate 2009-10*	Standard rate 2010-11*	First year rate 2010-11*
A	Up to 100	£0	£0	£0
B	101-110	£35	£20	£0
C	111-120	£35	£30	£0
D	121-130	£120	£90	£0
E	131-140	£120	£110	£110
F	141-150	£125	£125	£125
G	151-165	£150	£155	£155
H	166-175	£175	£180	£250
I	176-185	£175	£200	£300
J	186-200	£215	£235	£425
K**	201-225	£215	£245	£550
L	226-255	£405	£425	£750
M	Over 255	£405	£435	£950

*Alternative fuel discount: 2009-10, A-I £20, J-M £15; 2010-11, £10 all cars

**Includes cars emitting over 225g/km registered before 23 March 2006

Vehicle Excise Duty for vans registered on or after 1 March 2001

VED band	2009-10 rate	2010-11 rate
Euro 4* & 5** discount rate	£125	£125
Standard rate	£185	£200

*for Euro 4 compliant vans registered between 1 March 2003 and 31 December 2006

**for Euro 5 compliant vans registered between 1 January 2009 and 31 December 2010

Vehicle Excise Duty for cars and vans registered before 1 March 2001

VED band	2009-10 rate	2010-11 rate
Up to 1549cc	£125	£125
Over 1549cc	£190	£205

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Vehicle Excise Duty for motorcycles

VED band	2009-10 rate	2010-11 rate
Up to 150cc	£15	£15
151-400cc	£33	£33
401-600cc	£48	£50
Over 600cc	£66	£70

Vehicle Excise Duty for Heavy Goods Vehicles

VED band	Standard rate		Reduced Pollution Certificate rate	
	2009-10	2010-11	2009-10	2010-11
A	£165	£165	£160	£160
B	£200	£200	£160	£160
C	£450	£450	£210	£210
D	£650	£650	£280	£280
E	£1,200	£1,200	£700	£700
F	£1,500	£1,500	£1,000	£1,000
G	£1,850	£1,850	£1,350	£1,350

Environmental taxes

Environmental taxes	2009-10	2010-11
Landfill tax		
Standard rate	£40 per tonne	£48 per tonne
Lower rate	£2.50 per tonne	£2.50 per tonne
Aggregates levy		
Aggregates levy rate	£2 per tonne	£2 per tonne
Climate Change Levy		
Electricity	0.470 pence per kilowatt hour (kWh)	0.470 pence per kilowatt hour (kWh)
Natural gas	0.164 pence per kWh	0.164 pence per kWh
Liquified petroleum gas	1.050 pence per kilogram (kg)	1.050 pence per kilogram (kg)
Solid fuel	1.281 pence per kg	1.281 pence per kg

OTHER INDIRECT TAXES AND DUTIES

Tobacco duty rates

Budget 2010 announces that on 24 March 2010 tobacco duty rates will be:

Product	Previous Duty	Duty on 24 March 2010
Cigarettes	24% of the retail price plus £114.31 per thousand cigarettes	24% of the retail price plus £119.03 per thousand cigarettes
Cigars (per kilogram)	£173.13	£180.28
Hand-rolling tobacco (per kilogram)	£124.45	£129.59
Other smoking tobacco and chewing tobacco (per kilogram)	£76.12	£79.26

Alcohol duty rates



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As announced at Budget 2008, alcohol duty rates on beer, wine and spirits will increase by 2 per cent above inflation. Cider duty rates will increase by 10 per cent above inflation. These changes will have effect on 29 March 2010:

Alcohol duties	2009-10	2010-11
Rate £ per litre of pure alcohol		
Spirits	22.64	23.80
Spirits-based RTDs (ready to drink)	22.64	23.80
Wine and made-wine: exceeding 22% abv.	22.64	23.80
Rate £ per hectolitre per cent of alcohol in the beer		
Beer	16.47	17.32
Rate £ per hectolitre of product		
Still cider and perry: exceeding 1.2% - not exceeding 7.5% abv.	31.83	36.01
Still cider and perry: exceeding 7.5% - less than 8.5% abv.	47.77	54.04
Sparkling cider and perry: exceeding 1.2% - not exceeding 5.5% abv.	31.83	36.01
Sparkling cider and perry: exceeding 5.5% - less than 8.5% abv.	207.20	217.83
Wine and made-wine: exceeding 1.2% - not exceeding 4% abv.	65.94	69.32
Wine and made-wine: exceeding 4% - not exceeding 5.5% abv.	90.68	95.33
Still wine and made-wine: exceeding 5.5% - not exceeding 15% abv.	214.02	225.00
Wine and made-wine: exceeding 15% - not exceeding 22% abv.	285.33	299.97
Sparkling wine and made-wine: exceeding 5.5% - less than 8.5% abv.	207.20	217.83
Sparkling wine and made-wine: 8.5% and above - not exceeding 15% abv.	274.13	288.20

Gambling tax rates

As announced at the 2009 Pre-Budget Report, the rate of bingo duty is reduced to 20 per cent. Budget 2010 announces an increase in amusement machine licence duty and gaming duty bands in line with inflation. All other gambling tax rates remain unchanged.

Gambling tax rates	2009-10	2010-11
General betting duty	15 %	15 %
General betting duty – Sports spread bets	10%	10%
General betting duty – Financial spread bets	3%	3%
Bingo duty	22%	20%
Remote gaming duty	15%	15%
Pool betting duty	15%	15%
Lottery duty	12% of ticket value	12% of ticket value

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Gaming Duty bands

Marginal Tax Rate	15% of first	20% of next	30% of next	40% on next
2009-10 bands	£1,929,000	£1,329,500	£2,329,000	£4,915,500
2010-11 bands	£1,975,000	£1,361,500	£2,385,000	£5,033,500

Casinos pay 50 per cent gaming duty on the remainder of their gross gaming yield.

Amusement Machine Licence Duty (AML) rates

Machine Category	Annual licence cost 2009-10	Annual licence cost 2010-11
A	£5,625	£5,805
B1	£2,815	£2,905
B2	£2,215	£2,285
B3	£2,215	£2,285
B4	£2,010	£2,075
C	£830	£860

Landline duty

Landline duty	2009-10	From 1 October 2010
Rate per fixed line	N/A	50 pence

NOTES FOR EDITORS

Section 41 of the Tax Credits Act requires a report to be laid before Parliament each year reviewing the amounts of certain tax credit elements and thresholds. Section 145 of the Social Security Contributions and Benefits Act 1992 requires an annual review of Child Benefit rates. Section 150 of the Social Security Administration Act 1992 requires the weekly rate of Guardian's Allowance to be increased in line with prices.