

## TAX RATES

The main tax rates as they apply to PSCs and other small companies:

<u>Income Tax</u>		Note	2010/11 £	2009/10 £	2008/09 £
Personal allowance	Tax free (see below)		6,475	6,475	6,035
Starting rate band	10%	1	-	-	-
Basic rate band	20%	1	37,400	37,400	34,800
Higher rate band	40%		112,600	balance	balance
Additional rate	50%		balance	n/a	n/a

From April 2010 the personal allowance is abated at £100,000 of income, at the rate of £1 of allowance for each £2 of income over £100,000 - it abates totally at £112,950 of income (10/11)

### National Insurance

Lower earnings limit	per week		97	95	90
Primary/Secondary threshold	per week		110	110	105
Upper earnings limit	per week		844	844	770
Employees rate	Class 1	2	11%	11%	11%
	Class 1 surcharge		1%	1%	1%
Employers rate	Class 1	3	12.8%	12.8%	12.8%
	Class 1A	4	12.8%	12.8%	12.8%
Self employed	Class 2 - per week £		2.40	2.40	2.30
	Class 4 - %		8%	8%	8%
	Class 4 - due on earnings over and less than		5,715 43,875	5,715 43,875	5,435 43,875
	Class 4 - surcharge - due on earnings over		1% 43,875	1% 43,875	1% 43,875

### Corporation Tax

Small companies rate	Profits up to £300k	21.00%	21.00%	21.00%
Full rate	Profits over £300k	28.00%	28.00%	28.00%
Effective rates (after marginal relief)	£0-£300k	21.00%	21.00%	21.00%
	£300k-£1500k	29.75%	29.75%	29.75%
	Over £1500k	28.00%	28.00%	28.00%

### Capital Gains Tax

Annual exemption	10,100	10,100	9,600
Tax rate	18%	18%	18%

## **TAX RATES – continued**

<u>Inheritance Tax</u>	2010/11 £	2009/10 £	2008/09 £
Exempt Amount	325,000	325,000	312,000
Tax rate	40%	40%	40%
 <u>VAT</u>			
Registration Threshold	70,000	68,000	67,000
VAT rate	17.5%	17.5%	17.5%
Flat rate threshold	150,000	150,000	150,000

1. Rates are applicable to earned income. For income from dividends the basic and starting rate bands are covered by Dividend Tax Credit. For dividend income in the Higher Rate Band there is a surcharge equivalent to 20% which normally makes the effective rate 40%, likewise a surcharge for those in the 50% band in a similar fashion.

2. Rate applies to income per week between Primary/Secondary threshold and upper earnings limit - on income between lower earnings limit and primary/secondary threshold the rate is 0% but there is still a credit for state benefit entitlements.

3. Applicable to all earnings over Primary/Secondary threshold.

4. Applicable to benefits in kind

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