

*Summary
and
Review*

Edwards

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MAIN FEATURES

Economic Review

- Economy forecast unchanged
- Growth expected to decrease in 2011
- Public borrowing to fall

Personal

- 50% additional higher rate confirmed
- Furnished holiday lettings rules withdrawn
- Pension relief to be restricted for high earners
- Inheritance tax relief frozen

Business Measures

- Annual Investment Allowance increased
- Entrepreneurs relief increased

Anti-Avoidance Measures

- Action against Employee Benefit Trusts
- Increases in penalties for offshore tax evasion
- Review of HMRC powers

VAT and Stamp Duties

- Temporary increase in SDLT for first time buyers
- Increase in SDLT on properties over £1 million

BUDGET 2010

Economic Review

UK output returned to modest growth in the final quarter of 2009. The Government's forecast for GDP growth remains largely unchanged from the 2009 Pre-Budget Report with slightly lower growth in 2011 reflecting weaker growth in UK export markets.

Public sector net borrowing in 2009-10 is now projected to be £11 billion lower than forecast in the Pre-Budget Report. That contributes to a fall in the net financing requirement in 2009-10 and 2010-11.

Forecast and policy changes result in a lower expected borrowing and debt in each year of the forecast period relative to Budget 2009. The Budget forecast indicates that:

- Public sector net borrowing declining to 5.2 per cent of GDP in 2013-14 and 4.0 per cent in 2014-15;
- cyclically-adjusted or 'structural' net borrowing falling from 8.4 per cent of GDP in 2009-10 to 2.5 per cent in 2014-15, a reduction of more than two-thirds over the forecast horizon; and
- net debt projected at 74.5 per cent of GDP in 2013-14, £100 billion lower than in the Budget 2009 forecast, and peaking in 2014-15 at 74.9 per cent of GDP.

Budget 2010 announces certain measures to promote sustainable growth including:

- support for small and growing businesses, through new lending commitments from RBS and Lloyds Banking Group, continuing Time to Pay arrangements, a temporary increase in the level of small business rate relief for half a million businesses, a doubling of the Annual Investment Allowance and Entrepreneurs' Relief, the launch of UK Finance for Growth, and the creation of a small business credit adjudicator;
- investment in skills and innovation, including a fund for the teaching costs of 20,000 extra undergraduate Higher Education places in September 2010;
- investment in infrastructure, including additional funding for transport and local roads and creating a Green Investment Bank; and
- support for employment through extending the Young Person's Guarantee .

Targeted support for households and individuals, including:

- increased support through tax credits for families with children aged one and two;
- continuing to provide an additional payment for pension households alongside the Winter Fuel Payment;
- two-year stamp duty relief for first time buyers for property purchases up to £250,000 alongside an additional 5 per cent rate of stamp duty for residential property purchases over £1 million from 2011-12;

The Government is committed to ensuring that the supply of lending to the economy supports the recovery.

- the agreement of Lloyds Banking Group and The Royal Bank of Scotland to lend £105 billion to homebuyers and businesses over the next 12 months. £41 billion of this will be lent to small businesses;
- the creation of a new Small Business Credit Adjudicator with statutory powers to enforce its judgements. The Adjudicator will work closely with an expanded Financial Intermediary Service to ensure that small businesses are treated fairly when applying for loans; and
- Steps to help companies diversify sources of finance to non-bank lending channels.

Conclusion

The Chancellor was constrained in what he could do given the fragile nature of the economy. The economic focus is concentrated upon reducing government borrowing and therefore it was difficult to include positive tax reliefs in the Budget, which many may have expected in view of the forthcoming election.

The balance has been achieved largely by the freezing of allowances and reliefs and the announcement of various savings within government departments.

The government investment in certain UK banks is being used to influence borrowing to businesses to try and inject some stimulus in the economy.

PERSONAL

Additional Rate Income Tax and Personal Allowances

- From 2010-11, there will be an additional higher rate of 50 per cent for taxable income above £150,000;
- From 2010-11 the basic personal allowance for income tax will be gradually reduced to nil for individuals with “adjusted net incomes” above £100,000;
- From 2010-11 there will be increases to the trust rate and dividend trust rate to match those for income tax; and
- The measure includes new powers to vary the income tax rates for the charges that apply to registered pension schemes.

Edwards View

This reflects the implementation of previously announced increases in tax rates and the reduction of allowances. There had been comment that the Chancellor needed to raise taxes to a greater extent, but it seems that the proposed increases have been carefully targeted to hit a small percentage of the working population probably in view of the forthcoming election.

Pensions

- The measure will recover tax relief above the basic rate on pension contributions made by or on behalf of individuals with high income.
- For people with income of £150,000 or over but below £180,000, tax relief on pension contributions (including the value of employer contributions for those in employment) will reduce gradually from marginal rate to basic rate as income increases. Where income is £180,000 or over, tax relief on pension contributions will be restricted to basic rate.

Edwards View

The change is linked to the increases mentioned in the previous paragraph to ensure that the Treasury actually collect the increases in tax as high earners will not be able to deflect the increase by merely making a large pension contribution.

PERSONAL

Furnished Holiday Lettings

- Furnished holiday lettings (FHL) rules are withdrawn from 6 April 2010, (or from 1 April 2010 for companies). This will mean the tax treatment of furnished holiday lettings will be the same as for other property rental businesses.

Edwards View

The favourable tax treatment afforded to furnished holiday lettings has been withdrawn. This change was forced upon the government due to the influence of European legislation.

Bank Payroll Tax

- Finance Bill 2010 will introduce a new tax, the bank payroll tax (BPT). It will be payable by a taxable company on bonuses if and to the extent that bonuses awarded by the taxable company exceed £25,000. The rate of BPT will be set at 50 per cent.

Edwards View

A targeted attack upon the bonus culture that prevails in the banking industry.

Venture Capital Schemes

- New legislation will exclude shares in a company from qualifying for the purposes of the EIS or VCT legislation if it is reasonable to assume that the company would be treated as an “enterprise in difficulty” for the purposes of the European Commission’s Rescue and Restructuring Guidelines.

Edwards View

A necessary change to ensure the tax relief given to such investments schemes would not be considered to be state aid.

PERSONAL

Enterprise Management Incentives

- A company granting EMI options will now be required to have a “permanent establishment” in the UK.

Edwards View

EMI options give an element of tax relief for shares made available to employees. The easing of the rules allows such companies to trade abroad so long as they are actually based in the UK. Previously the company had to trade wholly or mainly in the UK.

UK Real Estate Investment Trusts and Stock Dividends

- A change will be made to allow UK REITs to issue stock dividends in lieu of cash dividends for the purpose of the distribution requirement. The distribution requirement will be taxed in the same way as the recipients of property income distributions paid in cash.

Edwards View

A change which should make it easier to satisfy the rule that states that trusts should distribute at least 90% of its income.

Capital Gains Tax: Increase in Lifetime Limit on Entrepreneurs’ Relief

- Where individuals or trustees make qualifying gains above the previous £1 million limit before 6 April 2010, no additional relief will be allowed for the excess above the old limit. But if they make further qualifying gains after 5 April 2010, they will be able to claim relief on up to a further £1 million of those additional gains, giving relief on accumulated qualifying gains up to the new limit of £2 million.

Edwards View

One of the few give-away reliefs within the budget, a useful increase in the relief available to business proprietors on the sale of their business.

PERSONAL

Individual Savings Account Limits

- From 6 April 2010 the ISA annual subscription limits are being increased for all savers to £10,200 of which £5,100 can be saved in cash.

Edwards View

ISA accounts are extremely popular and the increase in the maximum that can be saved annually will be taken up by many savers.

Income Tax Adjustments between Settlers and Trustees

- Settlers (people who set up a trust) may receive repayments of tax on trust income if they are liable to income tax at a lower rate than the trustees. This measure will require Settlers to pay any such repayments of tax they receive to the trustees.

Edwards View

The government has been somewhat obsessed with Trusts in recent years, trying to ensure there are no income tax advantages to be gained in creating a trust. This further measure appears designed to ensure that no advantage exists.

Inheritance Tax: Nil Rate Band

- Legislation is to be introduced in Finance Bill 2010 to freeze the limit of the inheritance tax (IHT) nil rate band for the tax year 2010-11 at the current level of £325,000. This will now be extended to cover the tax years 2011-12 to 2014-15.

Edwards View

The Chancellor took the opportunity to announce the freezing of the exemption limit for a five year period, which over time will inevitably bring more people into the Inheritance Tax net.

PERSONAL

Employer-Supported Childcare

- Employees at or near the National Minimum Wage (NMW) cannot normally take advantage of salary sacrifice arrangements if the result would be to depress the level of their income below NMW rates. The measure introduces an exception in the case of relevant low-paid employees where the childcare voucher scheme is provided through a salary sacrifice arrangement.

Edwards View

The government is anxious to provide funding and relief for child care facilities but it was considered that the tax relief provisions were biased towards professional and middle management employees. This small step is an attempt to redress the balance.

Taxable Benefit Charges on Zero-Emission Vehicles

- Amendments to the legislation will include a revised definition of a qualifying low emissions car. It will also introduce a reduced appropriate percentage of 5 per cent for company cars which produce ultra low CO² emissions with an approved figure of 75g per kilometre or less and include a new appropriate percentage of 0 per cent for all cars which cannot produce CO² engine emissions under any circumstances when driven and to remove the reference to wholly electrically propelled cars.
- Also the cash equivalent of the chargeable benefit for vans will be amended to include a cash equivalent of £0 where the van cannot produce CO² engine emissions under any circumstances when driven.

Edwards View

Tax relief has been effective in influencing the adoption of energy efficient vehicles and this is obviously a further step in that direction to try and encourage the use of ultra efficient vehicles.

BUSINESS MEASURES

Corporation Tax Main Rates

- The main rate of CT will remain at 28 per cent and the main rate of CT for ring fence profits will remain at 30 per cent.

Edwards View

Many commentators had suggested that the government might increase Corporation Tax rates and it was therefore welcome to learn that rates were to be held at the present level.

Corporation Tax Small Profits Rate

- Legislation will be introduced in Finance Bill 2010 to maintain the small profits rate at 21 per cent.

Edwards View

The lower rate on profits below £300,000 was also maintained.

Capital Allowances: Plant and Machinery: Increase in the Amount of the Annual Investment Allowance

- With effect from 1 April 2010 (CT) or 6 April 2010 (income tax) the maximum amount of the AIA will be increased from £50,000 to £100,000 a year for expenditure incurred on or after that date.

Edwards View

This was one of the few headline measures that were included in the Budget which were directly linked to the stimulation of business investment and be welcomed.

BUSINESS MEASURES

Enhanced Capital Allowances for Energy-Saving and Water Efficient Technologies

- Two schemes exist that provide 100 per cent first year allowances for expenditure on certain energy-saving and water efficient technologies.
- The energy efficient scheme List will be revised to include two new sub-technologies: Permanent Magnet Synchronous Motors and Biomass fired warm air heaters.

Edwards View

A further expansion of the detailed list of energy efficient technologies although it is not clear how effective this will be given the increase in the Annual Investment Allowance, which effectively gives 100% relief any way.

Release of Loans to Participators in Close Companies

- This measure prohibits any deduction being brought into account for loan relationship purposes for the release or write off of such a loan (in whole or in part) on or after 24 March 2010.

Edwards View

In view of the proposed increase in the higher tax rate it has been suggested that loans to participators may become prevalent. This closure of a potential loophole will ensure that businesses cannot also benefit from the write-off of the loan being a deduction for tax purposes.

Extending UK Charity Tax Reliefs

A new definition of an organisation eligible for charity tax reliefs and exemptions will be introduced, applicable to all UK charitable tax reliefs and exemptions administered by HMRC. An eligible organisation must be:

- set up for charitable purposes only, within the meaning of the Charities Acts 2003 and 2006;
- located in a Member State of the EU or other territory specified in regulations by HMRC (Iceland and Norway will be specified as soon as possible after Finance Bill 2010 receives Royal Assent);

BUSINESS MEASURES

- regulated by any body in their home country with an equivalent function to the Charity Commission or any similar regulator, as required by the law of the home country; and
- supervised by “managers” (trustees, directors and other persons with a management function) who are “fit and proper” persons.

Edwards View

An interesting expansion to embrace tax reliefs to EU charities and reflects another area of UK legislation which has been affected by the influence of European Law, which largely seeks to ensure that bodies should not be given an unfair advantage by granting tax reliefs. Unlike other areas where this has occurred relief has been extended rather than withdrawn altogether.

Zero-Emission Goods Vehicles

Expenditure incurred on a new (and not second hand) zero-emission goods vehicle will qualify for the new 100 per cent FYA if:

- The vehicle cannot under any circumstances produce CO² emissions when driven;
- It is of a design primarily suited to the conveyance of goods or burden; and
- The expenditure is incurred on or after 1 April 2010 (CT) or 6 April 2010 (income tax) and before 1 April 2015 (CT) or 6 April 2015 (income tax).

The Energy Saving and Water Efficient Enhanced Capital Allowance schemes allow businesses investing in designated technologies that reduce energy consumption, save water or improve water quality to write off 100 per cent of the cost against the taxable profits of the period during which the investment was made.

Edwards View

This relief matches the legislation that ensures there is no benefit arising on the provision of zero-emission vehicles, which if they were to become readily available could make them economically attractive in certain circumstances.

ANTI- AVOIDANCE MEASURES

Share Incentive Plans (SIP)

Provisions will be amended so that CT deductions will not be allowed where a payment to a SIP trust is made as part of a tax avoidance scheme, where the main purpose or one of the main purposes of the company in making the payment is to obtain a CT deduction.

Edwards View

Schemes have been established where the shares in the scheme have little real value and therefore the only motivation for the arrangement was to create a tax deduction for the contribution to the scheme, this measure will exclude the tax relief.

Company Share Option Plans (CSOP)

- A new measure will counter avoidance by restricting the type of shares which can be used in CSOP. Shares in a company which is under the control of a listed company will no longer be shares to which an approved CSOP scheme could apply.

Edwards View

Arrangements had been put in place whereby the income arising within a CSOP could be controlled through the use of a linked company; this was considered to be against the spirit of the relief.

Transactions in Securities

- Existing legislation provides for the counteraction of an income tax advantage when a person enters into certain transactions in securities involving the receipt of an abnormal amount of dividend with a view to obtaining that income tax advantage. The replacement legislation is targeted only at close companies including overseas companies.
- The new legislation now makes clear how the tax advantage is to be quantified but will continue to counteract it in the same way.

Edwards View

H M Revenue and Customs has been particularly active in recent years in attacking schemes which seek to convert income into capital, which is generally taxable at lower tax rates. The present legislation is however complex and cumbersome to put into effect. The changes are designed to make it somewhat easier to attack those areas where it is believed an advantage has been obtained.

ANTI- AVOIDANCE MEASURES

Disclosure of Tax Avoidance Schemes

The new and amended provisions:

- introduce a new “trigger point” for the disclosure of actively marketed schemes – the point at which a promoter first communicates a fully designed scheme to a third party for the purpose of obtaining clients of that scheme;
- include a new requirement for a person who introduces a client to a notifiable scheme to provide HMRC with the name and address of the promoter who provided them with details of that scheme;
- increase the penalties for failure to comply with a disclosure obligation, subject to determination by the Tribunal; and
- introduce a new requirement for promoters to provide HMRC with periodic information about clients who implement a notifiable scheme for SRNs issued on or after the date the regulations come into force.

Edwards View

The government has been mounting a concerted attack upon tax avoidance schemes and these changes represent another turn of the screw.

Tackling Offshore Tax Evasion

- The mechanics of the penalty framework will remain the same, but the absolute level of the percentage used to determine the tax-geared penalty will be determined by the jurisdiction in which the non-compliance arises.
- Where the non-compliance arises in a jurisdiction which has not agreed to exchange information with the UK, the penalty percentages will be double those set out in the existing Schedules.

Edwards View

A further attack on evasion. There have been two disclosure opportunities in recent years and it is therefore felt that anyone who continues to evade tax by keeping funds offshore should be subject to severe penalties. The revised penalty regime allows for penalties up to an eye watering 200%.

ANTI- AVOIDANCE MEASURES

Security for Payment of PAYE

- Provisions allowing HMRC to require security in the matters that can be covered in PAYE regulations will be introduced. It will also set out the new offence of failing to provide security. Similar provisions will be made for National Insurance Contributions through regulations using existing powers.

Edwards View

This change matches that which already exists for VAT and allows the Revenue to seek a security payment where there is a risk to the collection of PAYE and follows a raft of other changes introducing interest and penalties for the late payment of PAYE.

VAT AND STAMP DUTY

Stamp Duty Land Tax: Rates and Thresholds

- A measure will be included in Finance Bill 2010 to add a new rate of 5 per cent for transactions in residential property where the consideration for the transaction exceeds £1 million.

Edwards View

A measure which has been introduced purely to fund the relief being given to first time buyers.

Stamp Duty Land Tax: First Time Buyers

- Finance Bill 2010 will introduce relief from stamp duty land tax for purchases of residential property up to £250,000 where the purchaser or all the purchasers are first time buyers.

Edwards View

A positive measure which it is hoped will stimulate the housing market.

VAT: Increased Turnover Thresholds

The increase in the taxable turnover threshold means that a person will have to apply for registration if:

- At the end of any month, the value of the taxable supplies made in the past 12 months or less has exceeded £70,000; or
- At any time there are reasonable grounds for believing that the value of taxable supplies to be made in the next 30 days alone will exceed £70,000.

Edwards View

The increase follows the normal annual increase and keeps a number of small businesses out of the VAT net. There were comments which suggested that the limit may be frozen to increase the tax take.

VAT AND STAMP DUTY

Reverse Charge for Emissions Allowances

- Currently, taxpayers purchasing certain specified supplies of mobile phones or computer chips are required to account for and pay the VAT on their purchases instead of the supplier. The new measure will also apply the rule to supplies of services, as well as goods.

Edwards View

This measure is designed to combat fraud.

VAT: Lennartz Accounting

- Under existing arrangements, VAT on immovable property, boats and aircraft is recoverable upfront and in full on both the business and private use of the asset (subject to any partial exemption restriction). VAT is then payable over subsequent years in respect of the private use of the asset. Changes introduced by this will ensure that VAT recovery is restricted only to the business use of the asset.

Edwards View

The rules have been tightened to ensure VAT cannot be recovered on assets purchased by a business that are also available for private use.

RATES OF INCOME TAX

	2009/10			2010/11		
	Rate %	Band £		Rate %	Band £	
Lower rate band	10	0 – 2,440		10	0-2,440	
Basic rate band	20	0 – 37,400		20	37,400	
Higher rate band	40	Over 37,400		40	Over 37,400	
Additional rate				50	Over 150,000	
Dividend rate	32.5	Over 37,400		32.5 42.5	Over 37,400 Over 150,000	

PERSONAL ALLOWANCES

	2009/10 £	2010/2011 £
Personal		
- Single person's	6,475	6,475
Age		
- Single persons	65 to 74 75 and over	9,490 9,640
- Married couple's	75 and over	6,965
	Minimum amount	2,670
Age relief (income limits)	22,900	22,900
Blind person (available to each qualifying spouse)	1,890	1,890

Married couple's allowance is given at 10% tax rate

From 2010-2011 all Personal allowances are reduced by £1 for every £2 of income in excess of £100,000

TAX CREDITS

	2009/10 £	2010/2011 £
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
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
Percent of eligible costs covered	80%	80%
50+ return to work payment (16-29 hours)	1,300	1,320
50+ return to work payment (30+ hours)	1,935	1,965
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
First withdrawal rate (per cent)	39%	39%
Second income threshold	50,000	50,000
Second withdrawal rate (per cent)	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		
Eldest/only child	20.00	20.30
Other children	13.20	13.40
Guardian's Allowance	14.10	14.30

PENSIONS

Year	Annual Limit £	Lifetime Limit £
2007/08	225,000	1,600,000
2008/09	235,000	1,650,000
2009/10	245,000	1,750,000
2010/11	255,000	1,800,000

These are the contribution limits to a registered scheme.

Special rules now apply to restrict relief for those whose relevant income is over £130,000 and where irregular contributions only have been made. See main narrative for complete details

CAPITAL GAINS TAX

Annual Exempt Amount	2009/10 £	2010/11 £
Exemption limit:		
- Individuals	10,100	10,100
- Trusts (maximum)	5,050	5,050

The standard rate of Capital Gains Tax is 18%. This rate is applied to Capital gains in excess of the above Annual Exempt Amount.

Entrepreneurs Relief Cap	1,000,000	2,000,000
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For sales of certain business assets on which Entrepreneurs Relief is available the effective rate is 10% of the Capital Gain.

STAMP DUTY

Consideration Paid:	2010/11 Rate £
Residential	
Up to £125,000	0%
Up to £250,000 First Time Buyers	0%
£125,000-£250,000	1%
£250,000-£500,000	3%
Over £500,000	4%
Over £1,000,000	5%
Non-Residential/Residential in Disadvantaged Area	
Up to £150,000	0%
£150,000-£250,000	1%
£250,000-£500,000	3%
Over £500,000	4%
Proposed Duty on Rent Net Present Value of Rent	
Residential	
£0 - £125,000	0%
Over £125,000	1%
Non Residential	
£0 - £150,000	0%
Over £150,000	1%

The relief for First Time Buyers on residential transactions up to £250,000 runs from 25 March 2010 to 25 March 2012

INHERITANCE TAX

Band (£)	Rate on death from 6 April 2010
0 - 325,000	0%
Over 325,000	40%

Rates on transfers within 7 years of death are as follows: -

Years between gift and death	Proportion of full charge
0-3	100%
3-4	80%
4-5	60%
5-6	40%
6-7	20%
Over 7	Nil

VEHICLES AND CAR FUEL BENEFIT CHARGES 2010/11

Car benefit charge

Tax Year 2009/10 Emission Rate	Benefit Percentage	Tax Year 2010/11 Emission Rate	Benefit Percentage
120	10%	120	10%
130	15%	130	15%
135	15%	135	16%
140	16%	140	17%
145	17%	145	18%
150	18%	150	19%
155	19%	155	20%
160	20%	160	21%
165	21%	165	22%
170	22%	170	23%
175	23%	175	24%
180	24%	180	25%
185	25%	185	26%
190	26%	190	27%
195	27%	195	28%
200	28%	200	29%
205	29%	205	30%
210	30%	210	31%
215	31%	215	32%
220	32%	220	33%
225	33%	225	34%
230	34%	230	35%
235	35%	235	35%

Establish vehicle CO2 emission (source log book or SMMT)

1. Round down to nearest 5kg/CO2km.
2. Look up emissions figure in table above.
3. Multiply percentage by list price of car to calculate benefit.
4. Deduct Capital Contribution by employee

There is usually a 3% loading to all diesel cars but see below

VEHICLES AND CAR FUEL BENEFIT CHARGES 2009/10

Scale Adjustments

Type of Fuel	Standard Adjustment
Petrol	None
Diesel (not Euro IV)	+ 3%
Diesel (Euro IV) registered up to 1.1.06	No supplement
Electric only	- 6%
Hybrid electric	- 3%
Gas only	- 2%
Bi-fuel with CO2 emissions figure for gas	- 2%
Bi-fuel conversion, or other bi-fuel not within type B	None
E85 Fuel	- 2%

NB All above figures subject to overall maximum of 35%

Fuel Scale Charges Rate

2009/2010

The taxable benefit in respect of fuel provided by an employer is the “appropriate percentage” of £16,900

2010/11

The taxable benefit in respect of fuel provided by an employer is the “appropriate percentage” of £18,000

The “appropriate percentage” is the figures used to determine the taxable benefit for the provision of the car.

Car Mileage Rates Authorised Rate per Mile

Type of Vehicle	First 10,000 miles in tax year	Each mile over 10,000 miles in tax year
Cars and vans	40p	25p
Motorcycles	24p	24p
Bicycles	20p	20p
Passengers	5p	5p

CORPORATION TAX

	Profit Band	Year commencing 1 April 2009		2010
Normal rate	over £1,500,000	28%		28%
Small companies rate	£0 - £300,000	21%		21%
Marginal small company relief				
Profit Band	£300,001-£1,500,000			

A rise in the small companies rate to 22% has been deferred until 2011-12

VAT

	2009/10	2010/11
Standard rate	17.5%*	17.5%
VAT as a fraction of the Inclusive price	7/47	7/47
Annual turnover limits		
- Registration (last 12 months Or next 30 days)	£68,000	£70,000
- De-registration	£66,000	£68,000

*The Vat rate in 2009/10 was 15% up to 31 December 2009 and reverted to 17.5% from 1 January 2010

NATIONAL INSURANCE CONTRIBUTIONS 2010/11

Class 1 employed

Lower earnings limit	£97 a week
Upper earnings limit (for employees only)	£844 a week
Upper Accruals Point	£770 a week

Rate payable on all earnings

	Employees %	Employers %
Not contracted out		
Weekly earnings		
- Below £110	Nil	-
- £110 - £844	11%	-
- Over £844	1%	
Employer's earnings		
Threshold £110	-	12.8%
- Over £844 (no upper limit for Employer's contributions)	-	12.8%
Contracted out		
Weekly earnings		
- Below £110	Nil	-
- £110 - £844	9.4%	
- Over £844	1%	-
Employer's earnings		
Threshold £110 (salary related)	-	-
Threshold £110 (money purchase)	-	-
- Up to £844 (salary related)	-	9.1%
- Up to £844 (money purchase)	-	11.4%
- Over £844	-	12.8%
Class 1A & Class 1B	-	12.8%
Self Employed	NIC	
Class 2	£	
Annual earnings		
- Below £5,075	Nil	
- Over £5,075	2.40	
Class 3 (Voluntary)	12.05	
Class 4		
- Profits over £5,715		
- To £43,875	8%	
- Over £43,875	1%	

BUDGET 2010

We trust that you will find the Edwards Budget Summary 2010 of interest. It is merely a synopsis of the key features likely to affect individuals and businesses.

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