

From 6th April 2011 (1st April for Corporation Tax) the following rates and allowances will apply.

Personal allowance

Age under 65 - £7,475

Age 65-74 - £9,940 (reduced by 50% of income over £24,000)

Age 75+ - £10,090 (reduced by 50% of income over £24,000)

Basic rate of Income Tax

20% on taxable income up to £35,000

Higher rate of Income Tax

40% on taxable income between £35,001 and £150,000

Maximum wage/salary free of NIC

£7,070p.a.

Corporation Tax

Small Profits rate - 20%

Main rate - 26%

Car fuel benefit

The benefit of free fuel for private use in a company car is calculated using the same percentage as that used for the car benefit, applied to a standard figure of £18,800 (2010/11:£18,000). The taxable amount is therefore between £940 (min) and £6,580 (max). There is no tax on charging an emission-free electric car.

Tax-free mileage allowances 2011/12

	Higher Rate	Lower Rate
All cars	45p	25p
Motorcycles	24p	24p
Bicycles	20p	20p
Business passengers	5p	5p

Higher rate (which is 40p for cars in 2010/11) is allowed up to 10,000 business miles.

Fuel-only allowances for company cars

From 1.3.2011 (from 1.12.2010)

	Petrol	Diesel	LPG
Up to 1400cc	14p (13p)	13p (12p)	10p (9p)
1401-2000cc	16p (15p)	13p (12p)	12p (10p)
Over 2000cc	23p (21p)	16p (15p)	17p (15p)

These figures usually change of 1st June and 1st December each year.

Car benefit assessment

Charges are based on a percentage of the initial list price of the car, including accessories, delivery charges and VAT. The percentage depends on the carbon dioxide emissions rating of the car, and whether the engine runs on petrol or diesel. The taxable benefit on an electric car (no emissions) is nil.

Ratings	Petrol	Diesel
1-75g/km	5%	8%
76-120g/km	10%	13%
121-125g/km	15%	18%
Over 125g/km	+1% for each extra 5g/km (130,135 etc.)	
Maximum	35%	35%

Special rules apply to older cars which do not have a CO2 rating and employee contributions for private use are deducted from the taxable figure.

Company vans are charged at £3,000 if private use is more than home-to-work travel. An additional amount of £550 is charged if fuel is provided free for private use. There is no taxable benefit on an electric van.

Don't hesitate to call to discuss anything contained in this update or any other queries you may have.

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