PENSIONS

Annual and Lifetime Limits

Annual contributions to registered pension schemes of up to 100% of earnings obtain tax relief, subject to a cap of £50,000. If part of the £50,000 relief is not used in a year it may be carried forward for up to 3 years, provided the individual was a member of a registered pension scheme in the year to which the unused relief relates.

A lifetime allowance of £1.5 million applies to scheme benefits. A tax charge arises when benefits are taken and these limits are exceeded.

From 6 April 2014 the annual contribution limit will be reduced to £40,000 and the lifetime allowance to £1.25 million.

Inheritance tax and pensions

Interests under pension schemes that do not come to an end on the death of the person entitled may form part of the death estate.

CORPORATION TAX

Rates

	Year from 1 April 2013 %	2012 %
Small companies rate	20	*20*
Main rate	23	*24*
Marginal relief fractions for profits between marginal limits are: £300,001 – £1,500,000	3/400	*1/100*
Effective rates of tax on such profits are: £300,001 – £1,500,000	23.75	*25*

The main rate of corporation tax will be 21% for the year from 1 April 2014 and 20% for the year from 1 April 2015.

Limits

	£	£
Small companies rate limit	300,000	*300,000*
Upper marginal relief limit	1,500,000	*1,500,000*

Marginal relief limits are divided equally between associated companies.

Tax payments

Quarterly payments on account – for large companies (including members of large groups)	Period from start of accounting period
First	6 months and 14 days
Second	9 months and 14 days
Third	12 months and 14 days
Fourth	15 months and 14 days

Small and medium companies	Period from end of accounting period
Due date	9 months and 1 day

Growing companies do not have to pay by instalments in the period in which they become large if their profits are less than £10 million.

Tax returns

The filing date is twelve months after the end of the accounting period. Special rules apply for periods of account of longer than twelve months.

CAPITAL ALLOWANCES

First year / Initial allowances (note 1)

	%
Plant and machinery:	
– Annual Investment Allowance ("AIA") (limited to £250,000 of expenditure (note 2))	100
– Expenditure above AIA cap	N/A
Designated energy saving plant and machinery (note 3)	100
New low emission cars (note 4)	100
Equipment for re-fuelling vehicles with natural gas, biogas or hydrogen fuel	100
Environmentally beneficial plant and machinery (note 3)	100
Research and development	100
Expenditure on renovation or conversion of:	
– underused space above certain commercial premises to residential use (being withdrawn after April 2013)	100
– vacant business properties in disadvantaged areas	100

Annual writing down allowances ("WDA")

	% of reducing balance
Special rate pool	8
– Long life assets (life of more than 25 years)	
– Integral features of a building	
– Motor cars (note 4)	
– Thermal insulation	
– Solar panels	
Main rate pool	18
– Other plant and machinery	
– Motor cars (note 4)	
Patents and know-how	25

Notes:

(1) The general exclusion to first year allowances for expenditure incurred on railway assets and ships will be removed from April 2013.

(2) Prior to January 2013, the Annual Investment Allowance was capped at £25,000.

(3) Loss making companies investing in qualifying environmentally beneficial and energy saving technologies can surrender losses from qualifying expenditure for a cash payment of 19% of the expenditure, subject to a cap of the higher of £250,000 and the company's PAYE/NIC liability.

(4) Low emission cars are those with carbon dioxide emissions below 95g/km from April 2013, previously 110g/km. From April 2013 leased business cars are not eligible for the first year allowance. From April 2015 the carbon dioxide emissions threshold will be reduced to 75g/km. From April 2013, the carbon dioxide emissions threshold for the main rate of capital allowances for business cars is 130g/km, prior to this the threshold is 160g/km. Motor cars purchased before April 2009 continue to have writing down allowances at the main rate limited to a maximum of £3,000 per annum for cars costing more than £12,000.

CAR & FUEL BENEFITS

Company car benefits

The benefit is calculated using a percentage of list price when new. This percentage is determined by the rate of CO_2 emission. The taxable benefit in kind (cash equivalent) is nil for cars which do not emit CO_2 and 5% of list price for cars with CO_2 emissions up to 75g/km. If emissions exceed 75g/km but are less than 95g/km for the year, the appropriate percentage is 10%. If emissions are equal to 95g/km for the year, the appropriate percentage is 11%. For each 5g/km by which emissions exceed the relevant threshold the percentage is increased by 1%, up to a maximum of 35% (for emissions of 215g/km or more for 2013/14 and 220g/km or more in 2012/13). For diesel cars there is a 3% supplementary charge but the maximum charge will still not exceed 35%.

Notes:

1 There is no cap on the list price of the car for calculating the benefit.

2 Special rules apply for alternative fuel cars and employee capital contributions.

3 For vehicles that meet the definition of company van the benefit remains at £3,000 unless the van does not emit CO_2 in which case there is nil benefit.

Fuel benefit scale rates

The benefit is calculated by applying the percentage as determined for car benefits to the fixed amount of £21,100 (fixed £564 for vans) for 2013/14 and £20,200 (fixed £550 for vans) for 2012/13. The fuel benefit scale charge is reduced to nil if the employee is required to, and does, make good the cost of all fuel provided for private use.

Authorised annual mileage rates

Tax free mileage allowances are 45p per mile on the first 10,000 miles, and 25p thereafter.

VALUE ADDED TAX

Rates

	%
Standard	20.0
Reduced	5.0

Thresholds

	From 1 April 2013 £	1 April 2012 £
Registration threshold (for supplies in previous 12 months or next 30 days)*	79,000	*77,000*
Deregistration threshold*	77,000	*75,000*
Cash accounting scheme	1,350,000	*1,350,000*
Annual accounting scheme	1,350,000	*1,350,000*
Flat rate scheme	150,000	*150,000*
De minimis limits for partial exemption (provided exempt input tax is less than 50% of total input tax)	625 pcm	*625 pcm*

Partially exempt businesses with residual input tax are required to apply an annual adjustment.

* Not available to non-established taxable persons.

STAMP DUTY

Shares and marketable securities - standard rate	0.5%
- higher rate	1.5%

Instruments executed after 12 March 2008 where stamp duty would be £5 are exempt.

STAMP DUTY LAND TAX

Land and buildings	On whole of the consideration	
Consideration (incl VAT where applicable)	Residential %	Commercial %
£0 – £125,000	Nil	Nil
£125,001 – £150,000	1	Nil
£150,001 – £250,000	1	1
£250,001 – £500,000	3	3
£500,001 – £1,000,000	4	4
£1,000,001 – £2,000,000	5	4
More than £2,000,000	7*	4

* SDLT of 15% is charged on residential properties purchased by certain non-natural persons for more than £2m.

Transfers of residential property in designated disadvantaged areas are exempt up to a value of £150,000. Gifts, testamentary dispositions and certain other transactions are exempt.

The rate of SDLT for bulk purchases of residential property acquired as one transaction is determined by the average consideration of the bulk purchase (subject to a minimum of 1%).

Lease rentals and premiums

On leases the charge is 1% of the discounted rental value under the lease on the excess over £125,000 (£150,000 for commercial).

Returns and payments

Land transaction returns must be filed within 30 days of the effective transaction.
Duty is payable within 30 days of the effective transaction.

ANNUAL TAX ON ENVELOPED DWELLINGS

Property Value	Annual Tax
£2 million - £5 million	£15,000
£5 million - £10 million	£35,000
£10 million - £20 million	£70,000
£20 million and over	£140,000

The tax is payable by a company or other corporate body owning a high value residential property on 1 April 2013. The return is due by 1 October 2013 and payment of the tax is due by 31 October 2013, or within 30 days of purchase if later. For the year beginning 1 April 2014 and for future years, the return and payment are due by 30 April.

TAX DATES: RETURNS & PAYMENTS

Personal and trust tax returns

2012/13 paper return	By 31 October 2013
2012/13 online return	By 31 January 2014

Tax payments	2013/14	2012/13
First interim income tax payment	31 January 2014	*31 January 2013*
Second interim income tax payment	31 July 2014	*31 July 2013*
Final balancing income tax payment	31 January 2015	*31 January 2014*
Capital gains tax payment	31 January 2015	*31 January 2014*

Professional advice should be sought before taking any action based on this budget summary.

DIXON WILSON
CHARTERED ACCOUNTANTS

TAX DATA 2013/2014

BUDGET EDITION

20 MARCH 2013

22 CHANCERY LANE
LONDON
WC2A 1LS

TELEPHONE 020 7680 8100
E-MAIL dw@dixonwilson.co.uk

19 AVENUE DE L'OPERA
75001 PARIS

TELEPHONE +33 1 47 03 12 90
E-MAIL dw@dixonwilson.fr

www.dixonwilson.com

INCOME TAX

Rates: individuals

	Taxable income £	Dividend income %	Other savings %	Other %
2013/14				
Starting rate band for savings	0-2,790	10	10	N/A
Basic rate band	0-32,010	10	20	20
Higher rate band	32,011-150,000	32.5	40	40
Additional rate band	Excess	37.5	45	45
2012/13				
Starting rate band for savings	0-2,710	10	10	N/A
Basic rate band	0-34,370	10	20	20
Higher rate band	34,371-150,000	32.5	40	40
Additional rate band	Excess	42.5	50	50

Dividends are deemed to be the top slice of income in computing the tax liability, followed by other savings income.

If the remittance basis of taxation is claimed, foreign dividend income is taxed at the rate applicable to other income.

Allowances: individuals

	2013/14 £	%	2012/13 £	%
Born after 5 April 1948				
Personal	9,440	100	*8,105*	*100*
Born prior to 6 April 1948				
Personal	10,500	100*	*10,500*	*100*
Born prior to 6 April 1938				
Personal	10,660	100*	*10,660*	*100**
Married Couple	7,915	10*	*7,705*	*10*
Other				*
Blind Person's Allowance	2,160	100	*2,100*	*100**

* The additional age related allowances are reduced by 50% of the excess of the total income above £26,100 (£25,400 for 2012/13). The minimum Married Couple's allowance after such reduction, if applicable, is £3,040 (£2,960 for 2012/13). The Married Couple's allowance is only available where either spouse was born before 6 April 1935.

The government has announced that age related personal allowances will be not be increased from 2012/13 onwards.

Personal allowances for those with taxable income in excess of £100,000 are reduced by £1 for every £2 of taxable income in excess of £100,000.

Rates: UK trusts

	Dividend income %	Other savings income %	Other income %
Life interest trusts and estates in administration	10	20	20
Discretionary trusts, subject to a standard rate band of £1,000	37.5	45	45

For 2012/13, the rates of taxation for discretionary trusts are 50% for savings and other income and 42.5% for dividends.

CAPITAL GAINS TAX

	%
Gains of individuals	
Gains falling within remaining basic rate band (note 1)	18
Gains exceeding basic rate band	28
Gains in UK trusts and estates in administration	28
Gains in self settlements and certain offshore trusts (note 2)	28

Notes:

(1) The remaining basic rate band is calculated as £32,010 (£34,370 for 2012/13) less taxable income and any gains on which entrepreneurs' relief has been claimed.

(2) Capital payments from certain offshore trusts are chargeable at rates applicable to individuals plus a maximum supplementary charge of 60% of the tax.

Annual Exemption

	2013/14 £	2012/13 £
Individuals	10,900	*10,600*
Trustees	5,450	*5,300*

The annual exemption available to trusts is normally divided equally between all those UK resident trusts made by the same settlor after 6 June 1978. The minimum exemption per trust is one tenth of the full annual exemption for individuals.

Indexation Allowance

Companies receive Indexation Allowance on capital gains as a percentage of base cost, calculated with reference to increases in the Retail Price Index since 31 March 1982 or, if later, the date of acquisition.

Entrepreneurs' Relief

Gains made by individuals and by trustees (where a life interest beneficiary has a qualifying interest in the business) on the disposal of the whole or part of a business or relevant shareholding will qualify for this relief as follows:

– Claims may be made on more than one occasion up to a lifetime limit of £10million for disposals occurring on or after 6 April 2011.
– Taxable gains are charged at a rate of 10%.
– The asset must have been a qualifying asset for at least one year, and be disposed of within 3 years of ceasing to qualify.

Assets which qualify for Entrepreneurs' Relief include:

– Trading businesses or part of a trading business undertaken personally or in partnership. Property letting and certain other activities are not trading businesses for these purposes.
– Assets used in a trading business carried on by an individual or by a partnership in which the taxpayer has an interest where that business has ceased.
– Certain other assets disposed of at the same time as selling a business, or part of a business.
– Shareholdings in trading companies or holding companies of a trading group where the taxpayer is a director or employee and holds 5% or more of the share capital.

RESIDENT NON-UK DOMICILIARIES

Resident non-UK domiciliaries can claim the remittance basis such that their foreign income and gains are only subject to UK taxation to the extent that they are remitted to the UK.

No remittance basis charge is payable by resident non-UK domiciliaries who:

– have been resident in the UK for fewer than 7 out of the previous 9 tax years; or
– have unremitted foreign income and gains of less than £2,000; or
– are under the age of 18 for the whole tax year; or
– are dual resident and protected by a double taxation agreement.

Resident non-UK domiciliaries who have been resident for at least 7 of the previous 9 tax years are subject to an annual remittance basis charge of £30,000.

Resident non-UK domiciliaries who have been resident for at least 12 of the previous 14 tax years are subject to an annual remittance basis charge of £50,000.

In most cases, remittance basis users will not be entitled to the annual income tax allowances and capital gains tax annual exempt amount.

When the remittance basis is not claimed, resident non-UK domiciliaries will be subject to UK taxation on their worldwide income and gains (including deemed income and gains).

INVESTMENTS AND SAVINGS

Enterprise Investment Schemes and Venture Capital Trusts

Income tax relief and maximum qualifying investment per year	%	£
Seed Enterprise Investment Scheme ("SEIS")	50	100,000
Enterprise Investment Scheme ("EIS")	30	1,000,000
Venture Capital Trust ("VCT")	30	200,000

The minimum period of ownership necessary to avoid withdrawal of income tax relief is three years for EIS and SEIS investments, and five years for VCT investments.

Capital gains tax relief

Any gain on investment in an EIS or SEIS company on which income tax relief has been given will be exempt from capital gains tax on a subsequent disposal after three years, subject to certain conditions. All gains on the disposal of shares in VCTs are exempt, up to the maximum qualifying investment.

Capital gains realised in 2012/13 are exempt from capital gains tax if reinvested into shares on which SEIS income tax relief has been obtained. For 2013/14 the relief is reduced so that only 50% of gains reinvested are exempt. The SEIS subscription must be made in the same year as the gain, or the following year if a claim is made to carry back the SEIS income tax relief. This relief does not currently extend to gains realised after 5 April 2014 and will be withdrawn in circumstances where the related SEIS income tax relief is withdrawn.

Capital gains tax deferral (EIS only)

Tax on capital gains can be deferred if the gains are reinvested into a subscription for qualifying (broadly, EIS) shares, without limit. Gains eligible to be reinvested are those realised within three years before and one year after the date of the subscription for the EIS shares. The deferred tax falls due when the related EIS shares are either disposed of or cease to be qualifying shares.

Individual Savings Accounts (ISAs)

For 2013/14, the annual ISA limit is £11,520 (2012/13 - £11,280), up to £5,760 (2012/13 - £5,640) of which can be invested in cash.

The account is free of all income tax and capital gains tax. Withdrawals may be made from the account at any time without loss of tax relief.

The Junior ISA limit is £3,720 (2012/13 - £3,600) per tax year. The account belongs to the child and is tax free. Withdrawals cannot normally be made until the child is 18.

INHERITANCE TAX

Rates

Gross cumulative chargeable transfers	Transfers on death %	Lifetime transfers %
£0-£325,000	Nil	Nil
Excess	40	20

Subject to certain provisions, any unused proportion of the nil-rate band is carried forward to the second death for married couples and civil partners.

From 6 April 2012 a reduced rate of 36% applies to taxable estates where 10% or more of the estate is left to charity.

Potentially exempt transfers

Inheritance tax does not generally arise on lifetime transfers between individuals provided that the donor survives the gift by at least 7 years.

Reduced tax charge on gifts within seven years of death:

Years before death	0 – 3	3 – 4	4 – 5	5 – 6	6 – 7
% of full tax charge at death	100	80	60	40	20

Credit is given for tax paid on lifetime transfers within seven years of death.

If the value of the lifetime transfer falls within the nil rate band, the above relief may have no effect.

Trusts

Transfers to trusts (other than charitable trusts, trusts for people who are disabled and trusts established on death) are taxed as lifetime transfers.

Discretionary trusts and most trusts created on or after 22 March 2006 are subject to a 6% IHT charge every 10 years, and exit charges. From 6 April 2008 existing A&M trusts which do not provide that assets will pass to a beneficiary absolutely at 18 will be subject to an IHT charge every 10 years, subject to special rules for trusts that provide for assets to go to a beneficiary absolutely by age 25.

Interest in possession trusts in existence on 22 March 2006 will be subject to an IHT charge every 10 years, and exit charges, where changes to beneficiaries' entitlements are made after 5 October 2008, and in certain situations following the death of the life tenant. Charges may arise in other circumstances.

Exemptions and reliefs

	£
Normal expenditure out of income	Exempt
Annual exemption	3,000
Small gifts to same person – per year	250
Spouses and civil partners both with UK domicile	Exempt
Spouses and civil partners where donee is not UK domiciled (for transfers before 6 April 2013 - £55,000)	325,000
Marriage gifts made by:	
– parent	5,000
– grandparent	2,500
– other person	1,000
Gifts to charities and qualifying political parties	Exempt
Transfers of qualifying heritage assets (subject to various undertakings)	Exempt

Agricultural property relief	%
Transfers with vacant possession (or right to obtain within 12 months)	100
Land let under a tenancy for more than 12 months made on or after 1 September 1995	100
Most other cases	50

Business property relief (subject to exclusions)	
Unincorporated businesses	100
Unquoted shares	100
Quoted shares (controlling holding)	50
Land, buildings, machinery or plant used by qualifying businesses	50

Tax payments on chargeable lifetime transfers:

Between 6 April and 30 September 2013	30 April 2014
Between 1 October 2013 and 5 April 2014 and transfers becoming chargeable on death	Six months after end of month of transfer/death

Pre-owned assets

A charge to income tax may arise on benefits received by individuals having free or low cost enjoyment of assets they formerly owned or funded, subject to some exemptions, including a de minimis of £5,000 a year of the taxable value of the benefit.

For land and buildings the taxable benefit is the open market rent. For chattels and intangible property, the taxable benefit is determined by applying a rate of interest to the capital value of the asset. The interest rate is set at 5%. Most assets are to be revalued every 5 years.

NATIONAL INSURANCE CONTRIBUTIONS

	2013/14		2012/13	
	Weekly earnings £	Rate %	Weekly earnings £	Rate %
Class 1				
Primary contributions (employees)	0-149	Nil	*0-146*	*Nil*
	150-797	12.0	*147-817*	*12.0*
	Over 797	2.0	*Over 817*	*2.0*
Secondary contributions (employers)	Over 148	13.8	*Over 144*	*13.8*
Class 1 rebate for contracted out schemes				
Primary contributions (employees)	109-770	1.4	*107-770*	*1.4*
Secondary contributions (employers)	109-770	3.4	*107-770*	*3.4*
Class 1A /1B (employers) on benefits in kind	No limit	13.8	*No limit*	*13.8*
	Annual profits £	Weekly charge £	Annual profits £	Weekly charge £
Class 2 (self-employed)	Over 5,725	2.70	*Over 5,595*	*2.65*
	Annual profits £	Rate %	Annual profits £	Rate %
Class 4 (self-employed)	7,755-41,450	9.0	*7,605-42,475*	*9.0*
	Over 41,450	2.0	*Over 42,475*	*2.0*

Individuals not otherwise liable to make National Insurance contributions can choose to pay Class 3 voluntary contributions for 2013/14 of £13.55 per week (2012/13 £13.25 per week) to maintain entitlement to benefits.

From April 2014 an annual allowance of £2,000 will be available to offset against an employer's Class 1 Secondary National Insurance liability.

Class 1 contracted out rebates are for salary related schemes only. The contracted out rebate for money purchase schemes was abolished with effect from 6 April 2012.

Notification of self-employment and liability to Class 2 must be made to HM Revenue & Customs within 3 months of commencing trading.