

# Tax Facts 2011/12

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# National Insurance Contributions 2011/12

## Class 1

Pay Frequency	Lower Earnings Limit	Secondary Earnings Threshold	Primary Earnings Threshold	Upper Accrual Point	Upper Earnings Limit
Weekly	<b>£102.00</b>	<b>£136.00</b>	<b>£139.00</b>	<b>£770.00</b>	<b>£817.00</b>
Monthly	<b>£442.00</b>	<b>£589.00</b>	<b>£602.00</b>	<b>£3,337.00</b>	<b>£3,540.00</b>
Annual	<b>£5,304.00</b>	<b>£7,072.00</b>	<b>£7,225.00</b>	<b>£40,040.00</b>	<b>£42,475.00</b>

<i>Table Letter</i>
<i>Employee Earnings above PET up to UAP</i>
<i>Employee Earnings above UAP to UEL</i>
<i>Employee Earnings over UEL</i>
<i>Employee's NIC Rebate</i>
<i>Employer Earnings above SET up to UAP</i>
<i>Employer Earnings above UAP up to UEL</i>
<i>*Employer's NIC Rebate</i>

## Not Contracted Out

Standard	A	12%	12%	2%	0%	13.8%	13.8%	13.8%	0%
Reduced	B	5.85%	5.85%	2%	0%	13.8%	13.8%	13.8%	0%
Over SRA	C	0%	0%	0%	0%	13.8%	13.8%	13.8%	0%
Exemption									
Deferment	J	2%	2%	2%	N/A	13.8%	13.8%	13.8%	0%

## Contracted Out Salary Related scheme (COSR)

Standard	D	10.4%	12%	2%	1.6%	10.1%	13.8%	13.8%	3.7%
Reduced	E	5.85%	5.85%	2%	0%	10.1%	13.8%	13.8%	3.7%
Deferment	L	2%	2%	2%	N/A	10.1%	13.8%	13.8%	3.7%

## Contracted Out Money Purchase scheme (COMP)

Standard	F	10.4%	12%	2%	1.6%	12.4%	13.8%	13.8%	1.4%
Reduced	G	5.85%	5.85%	2%	0%	12.4%	13.8%	13.8%	1.4%
Deferment	S	2%	2%	2%	N/A	12.4%	13.8%	13.8%	1.4%

\*NI contributions should be shown on the payslip net of NIC rebates where applicable

## Class 1A

Paid by Employer only on most taxable benefits provided in 2010/11 at 12.8%

Payment due no later than 19 July following end of tax year in which the benefits were provided. Please note that the class 1 A rate rises to 13.8% on benefits provided during the 2011/12 year for settlement with HMRC by 19th July 2012.

## Class 1B

Paid by Employer only due on PAYE Settlement Agreements (PSAs) at 12.8%

Payment due no later than 19 October following end of tax year in which the benefits were provided. Please note that the class 1B rate rises to 13.8% on PSA's operated in 2011/12 for settlement with HMRC by 19th October 2012.

## Other Classes of NI

Class	2010/11	2011/12
Class 2 Flat rate for self-employed	£2.40	£2.50
Class 2 small earnings exception per year	£5,075	£5,315
Special Class 2 rate for share fishermen	£3.05	£3.15
Special Class 2 rate for volunteer development workers	£4.85	£5.10
Class 3 Voluntary	£12.05	£12.60
Class 4 lower profits limit per year	£5,715	£7,225
Class 4 upper profits limit per year	£43,875	£42,475
Class 4 rate between lower profits limit and upper profits limit	8%	9%
Class 4 rate above upper profits limit	1%	2%

## Statutory Sick Pay (SSP)

	2010/11	2011/12
Minimum average earnings	£97.00	£102.00
Standard rate	£79.15	£81.60

## Statutory Maternity Pay (SMP)

	2010/11	2011/12
Minimum average earnings	£97.00	£102.00
Standard rate	90% of average earnings	90% of average earnings
Higher rate	Lesser of £124.88 and 90% of average earnings	Lesser of £128.73 and 90% of average earnings

## Statutory Paternity Pay (SPP)

	2010/11	2011/12
Minimum average earnings	£97.00	£102.00
Standard rate	Lesser of £124.88 and 90% of average earnings	Lesser of £128.73 and 90% of average earnings

## Statutory Adoption Pay (SAP)

	2010/11	2011/12
Minimum average earnings	£97.00	£102.00
Standard rate	Lesser of £124.88 and 90% of average earnings	Lesser of £128.73 and 90% of average earnings

The new rates of SMP, SPP and SAP are payable in the first full week starting on or after 3 April 2011. The rate of NI compensation on SMP recoverable under Small Employer's Relief reduces to 3%. Fathers may now take a portion of a mother's unused maternity leave should she return to work early. If the mother has not been paid the full 39 weeks SMP then the father may be entitled to payment of Additional Statutory Maternity Pay at these rates.

## National Minimum Wage

October 2010

Adult rate (21 and over)	£5.93
Development rate (including 18-20 year olds)	£4.92
Under 18 but over compulsory school age	£3.64

The accommodation offset rose to £4.61 per day.

# Income Tax

## Income Tax Bands

	2010/11	2011/12
Basic rate: 20%	£0-£37,400	£0-£35,000
Higher rate: 40%	£37,401-£150,000	£35,000-£150,000
Additional rate: 50%	Over £150,000	Over £150,000

## Income Tax Personal and Age-Related Allowances

	2010/11	2011/12
Personal allowance (age under 65)	£6,475	£7,475
Personal allowance (age 65-74)	£9,490	£9,940
Personal allowance (age 75 and over)	£9,640	£10,090
Married couple's allowance* (age 75 and over)	£6,965	£7,295
Married couple's allowance* – minimum amount	£2,670	£2,800
Income limit for age-related allowances	£22,900	£24,000
Blind person's allowance	£1,890	£1,980

\*Married couple's allowance is given at the rate of 10 per cent.

## Pension Schemes Allowances

	2010/11	2011/12
Annual Allowance	£255,000	£50,000
Lifetime Allowance	£1,800,000	£1,800,000

The Coalition Government has opted not to introduce the proposed restriction on tax relief for high earners proposed by the previous Government, and instead has significantly reduced the maximum annual cash contribution that can be made tax free to a pension scheme. Relief on the contribution is granted at the taxpayers marginal rate of tax.

## Childcare Vouchers

	2010/11	2011/12	2011/12 (Basic Rate)	2011/12 (Higher Rate)	2011/12 (Additional Rate)
Weekly limit	£55.00	£55.00	£28.00		£22.00
Monthly equivalent	£243.00	£243.00	£124.00		£97.00

From 6th April 2011 tax relief for childcare vouchers is restricted for all **new** entrants to a scheme so that all employees, regardless of their marginal rate of tax enjoy the same overall tax saving. Existing members are unaffected by the change.

## Company Cars

### Car Benefits

The charge to tax for a company car is based on a percentage related to the carbon dioxide (CO<sub>2</sub>) emissions as detailed in the table below which is multiplied by the price of the car. For diesel cars, there is a 3% supplement (with a maximum of 35%).

Discounts for certain vehicles running on alternative fuels are abolished from 2011/12 and zero CO<sub>2</sub> emissions cars will have an appropriate percentage of 0%. Provision of a car should be notified to HMRC using form P46(Car). With the cancellation of the fuel discounts the vehicle type should be recorded using the following codes: E (Electrically propelled), D (Diesel), Z (Zero emissions) or A (all other vehicles)

The existing limit on the list price (currently £80,000) is removed from 6 April 2011.

### Car Fuel Benefits

The charge to tax for fuel provided for private use in a company car is based on the same percentage as above, multiplied by a fixed value of £18,800 (£18,000 in 2010/11).

CO <sub>2</sub>	2010/11	2011/12
125	15%	15%
130	15%	16%
135	16%	17%
140	17%	18%
145	18%	19%
150	19%	20%
155	20%	21%
160	21%	22%
165	22%	23%
170	23%	24%
175	24%	25%
180	25%	26%
185	26%	27%
190	27%	28%
195	28%	29%
200	29%	30%
205	30%	31%
210	31%	32%
215	32%	33%
220	33%	34%
225	34%	35%
230	35%	35%
235	35%	35%

## Advisory Fuel Rates for Company Cars

These rates apply to all journeys on or after 1 March 2011.

Engine Size	Petrol	Diesel	LPG
1400 cc or less	14p	13p	10p
1401 cc to 2000 cc	16p	13p	12p
Over 2000 cc	23p	16p	17p

## Private Vehicles

Authorised Mileage Rates from 6th April 2011

		per mile	Notes
Cars	First 10,000 business miles	45p	Use 45p for NICs regardless of business miles
	Additional business miles	25p	
Motor cycles		24p	
Pedal cycles		20p	
Passenger payments		5p	Only if paid by employer

## Change in P46 Procedure and Tax Codes

Where a new employee fails to provide form P45 and also fails to complete form P46 employers are now required to operate tax code OT (month 1) if checking box C. Tax code BR remains applicable if the employee has checked box C. Tax code OT must also be used where an employer processes a payment to a leaver after form P45 has been issued. Tax code D1 is also introduced instructing employers to deduct tax at a flat 50%.

## Penalties for Late PAYE Payments

Penalties for late payment of taxes and deductions collected through the PAYE system are levied:

- the amount of the penalty will depend on the number of defaults in any 12 month period. The first time the taxpayer defaults, they will not receive a penalty;
- a second late payment and any subsequent failures in the default period will attract a penalty of 2 per cent of the tax unpaid rising to 5 per cent of tax unpaid;
- further penalties of 5 per cent of any amounts of tax still unpaid at 6 and 12 months; and
- late payment penalties will not be charged during an agreed time to pay arrangement with HMRC unless the taxpayer defaults or misuses the arrangement.



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