

Highlights from the Chancellor of the Exchequer's Emergency Budget on 22 June 2010

- **Income Tax**

From 6 April 2011:

- a) Personal Allowances for those under 65 is increased by £1,000 to £7,475.
- b) Basic rate band threshold will be reduced by £2,500 from £37,400 to £34,900. *

- **VAT**

Increased from 17.5% to 20% from 4 January 2011.

- **Capital Gains Tax**

- a) 18% rate retained for basic rate taxpayers.
- b) New 28% rate effective from 23 June 2010 for higher rate taxpayers.
- c) Entrepreneurs' relief to be extended from £2 million to £5 million from 23 June 2011. The effective rate will be 10% for those qualifying for the entrepreneurs' relief.
- d) Annual exemption remains at £10,100.

- **Corporation Tax**

- a) Small companies rate to be reduced from 21% to 20% from 2011.
- b) Main corporation tax rate of 28% to be reduced by 1% for each of the next four years, starting in 2011/12.

- **National Insurance**

From 6 April 2011:

- a) Employers will pay 13.8% on employees earnings above £131 per week (£6,612 per year) *
- b) Employees will pay:
 - i) 12% on wages/salaries between the bands £5,720 and £42,225 per year. *
 - ii) 2% on wages/salaries above £42,225 *
- c) Self-employed under 65 year will pay:
 - i) 8% on profits between the bands £5,715 and £42,225 per year. *
 - ii) 2% on profits above £42,225 *

* The final figures will be confirmed in the 2010 Autumn statement.

- **Insurance Premium Tax**

- a) Standard rate increased from 5% to 6% from 4 January 2011.
- b) A Higher rate applies to travel insurance and extended warranties, this will increase from 17.5% to 20% from 4 January 2011.

For further details on the taxation services provided by Argenta Taxation Consultants Ltd please contact either:

Stephen Hopwood
Director

Direct tel: 020 7825 7255
E-mail: stephen.hopwood@argentapl.com

Simon Braidley
Tax Manager

Direct tel: 020 7825 7265
E-mail: simon.braidley@argentapl.com

Argenta Taxation Consultants Ltd
Fountain House
130 Fenchurch Street,
London
EC3M 5 DJ