TAYLOR *and* TAYLOR
FINANCIAL SERVICES LTD

2012 Spring Budget

Budget highlights

- Personal allowance to be increased to £9,205 in 2013/14, and the higher rate threshold reduced by £1,025 to £41,450.
- Age allowance to be frozen from 2013/14 and then phased out.
- Limit on maximum amount of income tax reliefs that can be claimed from 2013/14.
- Additional rate of income tax reduced to 45% from 2013/14.
- 7% SDLT rate for residential properties valued at over £2 million and new measures to counter ownership through corporate entities.
- No changes to main pensions tax reliefs.
- Restrictions on the tax relief available on benefits from regular premium life assurance policies.
- Child benefit to be phased out where income is over £50,000.
- Corporation tax main rate cut to 24% from April 2012 and to 22% by April 2014.
- Voluntary cash basis based on turnover for tax on profits of small unincorporated businesses.
- An increase from £120,000 to £250,000 in the individual grant limit for EMI schemes.
- A further tightening of the car benefit rules through to 2016/17.

CONTENTS

This summary has been prepared very rapidly and is for general information only. The proposals are in any event subject to amendment before the Finance Act is passed. You are recommended to seek competent professional advice before taking any action on the basis of the contents of this publication.

Introduction

The contents of George Osborne's third Budget were so well rehearsed by politicians, pundits and papers that the real thing threatened to be an anti-climax. One wag tweeted that the Budget was replaced by a Chancellor's review of the morning's newspapers. Was there anything left that the Chancellor could surprise us with, especially as he had such little fiscal room for manoeuvre?

The answer was both yes and no. After all the rumours about 50%, 45% or even 47% income tax, Mr Osborne decided to make the change to 45% from April 2013. His 2013/14 increase in the personal allowance allowed him to start phasing out the age allowance – an unexpected revenue-raising ploy.

The stamp duty land tax increase for homes valued at £2 million or more was well telegraphed, and accompanied by some unexpectedly severe anti-avoidance provisions that could affect existing owners.

The impact of the child benefit removal for higher earners was softened by increasing the threshold and phasing it in. However, people with very large incomes could be pained by the proposed new limit on total income tax reliefs.

Businesses should be pleased with the predicted reduction in corporation tax rates and the surprise uplift in the enterprise management incentive (EMI) limit.

There were many anti-avoidance provisions including proposed consultation on a general anti-abuse rule.

PERSONAL TAXATION

Income tax allowances, reliefs and credits

Income tax allowances, reliefs and credits	2012/13	2011/12
Personal (basic)	**£8,105**	£7,475
Personal allowance reduced by 50% of income over	**£100,000**	£100,000
Personal (age 65–74)	**£10,500**	£9,940
Personal (age 75 and over)	**£10,660**	£10,090
Married couples/civil partners (minimum) at 10%*	**£2,960**	£2,800
Married couples/civil partners (maximum) at 10%*	**£7,705**	£7,295
Age-related relief reduced by 50% of income over	**£25,400**	£24,000
Child benefit charge from 7 January 2013		
1% of benefit for every £100 of income over	**£50,000**	N/A
Blind persons	**£2,100**	£1,980
Rent-a-room tax-free income	**£4,250**	£4,250
Venture capital trust (VCT) rate of relief	**30%**	30%
Maximum investment	**£200,000**	£200,000
Enterprise investment scheme (EIS) rate of relief	**30%**	30%
Maximum investment	**£1,000,000**	£500,000
EIS eligible for capital gains tax deferral relief	**No limit**	No limit
Seed EIS (SEIS) rate of relief	**50%**	N/A
Maximum investment	**£100,000**	N/A
SEIS eligible for CGT reinvestment exemption	**£100,000**	N/A
Registered pension scheme:		
• annual allowance	**£50,000**	£50,000
• lifetime allowance	**£1,500,000**	£1,800,000

* Where at least one spouse/civil partner was born before 6 April 1935.

Income tax rates

Income tax rates	2012/13	2011/12
Starting rate of 10% on savings income up to*	**£2,710**	£2,560
Basic rate of 20% on income up to	**£34,370**	£35,000
Higher rate of 40% on income	**£34,371–£150,000**	£35,001–£150,000
Additional rate of 50% on income over	**£150,000**	£150,000
Dividends for:		
• basic rate taxpayers	**10%**	10%
• higher rate taxpayers	**32.5%**	32.5%
• additional rate taxpayers	**42.5%**	42.5%
Trusts:		
• standard rate band generally	**£1,000**	£1,000
• dividends (rate applicable to trusts)	**42.5%**	42.5%
• other income (rate applicable to trusts)	**50%**	50%

* Not available if taxable non-savings income exceeds the starting rate band.

PERSONAL TAXATION continued

Income tax bands, rates and personal allowances

All income tax rates for 2012/13 will remain at their 2011/12 levels. For 2013/14 the personal allowance will rise from £8,105 to £9,205 and there will be a £2,125 reduction in the basic rate limit from £34,370 to £32,245.

From 2013/14, there will be no increase in the age-related personal allowances and their availability will be restricted to people born before 6 April 1948 for the allowance worth £10,500, and 6 April 1938 for the allowance worth £10,660. The aim is to phase out the age-related allowances within a few years.

For 2013/14 the additional rate of tax will be reduced from 50% to 45% (from 42.5% to 37.5% for dividends). The rates of tax for trusts will be similarly reduced.

Cap on unlimited income tax reliefs

A cap will apply to income tax reliefs that individuals will be able to claim from 6 April 2013. The cap will apply only to reliefs that are currently unlimited – e.g. qualifying interest payments. For anyone seeking to claim more than £50,000 in reliefs, a cap will be set at 25% of income (or £50,000, whichever is greater).

Child benefit

Child benefit will be withdrawn for some taxpayers by an income tax charge with effect from 7 January 2013. The charge will only apply to households (regardless of marital status) where a parent or partner has an ‘adjusted net income’ of over £50,000 a year. Where each has an income of over £50,000, the charge will only apply to the person with the higher income.

The charge will be 1% of the amount of child benefit for every £100 of income that exceeds £50,000. A taxpayer whose income is at least £60,000 will be liable to a charge equivalent to the full amount of child benefit. For example, based on a full tax year, child benefit for families with two children is currently £1,752. For a taxpayer whose income is £54,000, the charge will be £700.80, i.e. £17.52 for every £100 earned above £50,000. For a taxpayer whose income is £60,000 or more, the charge will be £1,752.

£ saver

Protect your personal allowance. In 2012/13 your personal allowance is reduced by 50p for every pound your income is over £100,000. If you can reduce your income below £100,000, e.g. by making a pension contribution or choosing tax-efficient investments, you should benefit from the full allowance.

Venture capital trusts (VCTs) and enterprise investment schemes (EISs)

The Finance Bill 2012 will make various changes to VCTs and EISs, which have been subject to extensive consultation. For example, the EIS annual investment limit for individuals will increase to £1 million from 6 April 2012.

The Finance Bill 2012 will also legislate for seed enterprise investment schemes (SEISs), which will offer 50% income tax relief with an annual investment limit for individuals of £100,000. In 2012/13 only, SEIS will also offer a CGT exemption for gains realised on the disposal of assets that are invested in the scheme.

Enterprise management incentive (EMI) and other share schemes

- The individual limit on qualifying EMI options will be increased from £120,000 to £250,000. The change will be made by statutory instrument, as soon as possible.
- Gains made on shares acquired through exercising EMI options after 5 April 2012 will be eligible for CGT entrepreneurs' relief.
- There will be consultation on ways to extend access to EMI for academics who are employed by a qualifying company.

These changes are subject to State aid approval. There will also be a consultation on the Government's response to the Office for Tax Simplification's report on tax advantaged share schemes, with legislation in Finance Bill 2013. The Treasury will conduct a separate internal review on the role of employee ownership in supporting growth.

Company cars and vans

The appropriate percentage of list price subject to tax will increase by 1% for cars emitting more than 75g/km of CO_2 and will apply up to a maximum of 35% in 2014/15. The increase will be 2% up to a maximum of 37% in both 2015/16 and 2016/17.

From April 2015, the appropriate percentage for zero emission and low carbon vehicles will be 13% and will increase by 2% in 2016/17. From April 2016, the Government will remove the 3% diesel supplement, so that diesel cars will be subject to the same level of tax as petrol cars.

> *think ahead*
>
> **Take care in choosing your next company car.** Company car tax scales are being revised for 2012/13 and will change every year for the following four years. If you are swapping your car, make sure you know what tax you will pay now and in the future.

The Government will exclude certain security enhancements from being treated as accessories in calculating the cash equivalent of the benefit on company cars. The changes take effect retrospectively from 6 April 2011.

From 6 April 2012, the car fuel benefit charge (FBC) multiplier for cars will increase from £18,800 to £20,200. The FBC multiplier will increase by 2% above the RPI in 2013/14.

From 6 April 2012, the van FBC multiplier will be frozen at £550, and will increase by the RPI in 2013/14. The van benefit charge will be frozen at £3,000 in 2012/13.

Domicile and residence

As previously announced, from 6 April 2012 there will be changes to the taxation of non-domiciled individuals to:

- Allow them to bring their overseas income and gains to the UK tax-free to make commercial investments in qualifying businesses;
- Increase the existing £30,000 annual charge to £50,000 for those resident in the UK in 12 or more of the last 14 tax years; and
- Reduce the complexity of some aspects of the remittance basis rules.

A new statutory residence test will be introduced with effect from 6 April 2013. From the same date, 'ordinary residence' will be abolished for tax purposes, but overseas workday relief will be retained and placed on a statutory footing.

HMRC will revise its practice on the taxation of non-resident sports people. HMRC will take training days into account when calculating the proportion of worldwide endorsement income that is subject to UK tax.

Taxation of pensions

Several changes to pensions take effect from 6 April 2012, including:

- A reduction in the standard lifetime allowance from £1.8 million to £1.5 million;
- An extension of the commutation rules to allow individuals aged 60 or over to commute funds of up to £2,000 held in personal pensions into a lump sum, regardless of their other pension savings, subject to a maximum of two such commutations in a lifetime; and
- The end of contracting out of the state second pension scheme (S2P) via money purchase occupational schemes and personal pensions.

There will be no change to the £50,000 annual allowance.

Finance Bill 2013 will amend the rules that currently allow employers to pay pension contributions into their employees' family members' pensions as part of their employees' remuneration package. The existing tax and NIC advantages from these arrangements will be removed.

> ### think ahead
> **Maximise pension tax relief while you still can.** There was much talk before the Budget that tax relief on pension contributions would be limited to basic rate. It did not happen, but now we know that 50% tax relief will reduce to 45% in April 2013. Take advantage of the generous carry forward rules introduced in 2011 while you still have the opportunity.

Qualifying recognised overseas pension schemes (QROPS)

Finance Bill 2013 will strengthen reporting requirements and powers of exclusion relating to the QROPS regime, supporting the changes proposed in December 2011. Where a country or territory in which a QROPS is established allows pension schemes to provide tax advantages that are not intended to be available under the QROPS rules, these schemes will be excluded from being QROPS.

Income tax on interest

There will be consultation on proposals for changes to the income tax rules on the taxation of interest and interest-like returns, and the rules on the deduction of tax at source from such amounts. Any changes will be introduced in the Finance Act 2013.

Life insurance qualifying policies

There will be an effective £3,600 annual limit on the total premiums that an individual can pay into qualifying life insurance policies, such as maximum investment plans and other endowment policies, from 6 April 2013. If this limit is exceeded, the affected polices will cease to be qualifying and may give rise to a tax charge on gains.

Transitional provisions will apply to qualifying policies issued on or after 21 March 2012 and before 6 April 2013, and before 21 March 2012 where certain variations are made after this date. These provisions will ensure that income tax relief continues to apply to benefits from these policies, but only in respect of the premiums paid before 6 April 2013 and premiums paid up to the limit on or after this date.

Life insurance chargeable events

With effect from 21 March 2012, the basis for calculating chargeable event gains that may be liable to income tax will be amended to prevent certain avoidance techniques involving interdependent clustered policies and the rules for deductions of earlier gains.

Working tax credit (WTC): working hours rules for carers

From 6 April 2012, a couple where at least one partner is entitled to carer's allowance may also qualify for WTC, including the childcare element, if at least one of the partners works for at least 16 hours a week.

£ *saver*

Foreign currency gains
From 6 April 2012, gains on foreign currency deposits will be exempt from capital gains tax. If you have foreign currency accounts, now is the time to review whether to convert them to sterling while the pound remains weak.

CAPITAL TAXES

Capital gains tax (CGT): annual exempt amount

The CGT annual exempt amount will remain at its 2011/12 level of £10,600 for 2012/13. From 6 April 2013, it will rise in line with the consumer prices index (CPI) instead of the retail prices index (RPI), as announced in the Budget 2011.

CGT regime and non-residents

From April 2013 and following consultation about the proposals, the CGT regime will be extended to cover gains on disposals by non-resident companies (and other non-natural persons) of UK residential property and shares or interests in such property.

Single payment scheme (SPS) and CGT roll-over relief

As previously announced, Finance Bill 2012 will preserve the availability of CGT roll-over relief for farmers and companies carrying on a farming business who dispose of or acquire entitlements under the EU SPS.

Inheritance tax (IHT): spouses and civil partners domiciled outside the UK

Ahead of legislation in the Finance Bill 2013 there will be consultation on:

- Increasing the IHT-exempt amount that a UK-domiciled individual can transfer to their non-UK domiciled spouse or civil partner; and
- Allowing individuals who are domiciled outside the UK and who have a UK-domiciled spouse or civil partner to elect to be treated as domiciled in the UK for the purposes of IHT.

> *think ahead*
>
> **Review your will** The new rules on charitable legacies mean you could reduce the inheritance tax bill on your estate by 10% from 6 April 2012. However, it is most unlikely that your existing will is structured to make the most of this change.

IHT: periodic charges on trusts

There will be consultation about simplifying the calculation of IHT periodic and exit charges for trusts, and any legislation will be in Finance Bill 2013.

IHT: reduced rate for charitable donations

As previously announced, for deaths on or after 6 April 2012, a lower rate of IHT of 36% will apply where 10% or more of a deceased person's net estate is left to charity.

IHT: threshold

The IHT nil-rate band (NRB) will be frozen at £325,000 until April 2015. Also, as previously announced, the NRB will then rise in line with the CPI.

Stamp duty land tax (SDLT) rates

A new SDLT rate of 7% for residential properties over £2 million will apply from 22 March 2012.

A 15% rate of SDLT will apply to residential properties over £2 million purchased by companies and certain other non-natural persons from 21 March 2012. In addition, there will be consultations on the introduction of an annual charge on residential properties valued over £2 million already owned by such persons, with the intention that the measure will come into effect in April 2013.

The Government will consult on measures to simplify SDLT rules for non-standard leases.

BUSINESS TAX

£ *saver*

You may save tax by trading through a company. Profits retained in a company may be taxed at only 20% – compared with up to 50% income tax plus NICs.

Corporation tax (CT) and bank levy rates

The main rate of CT will fall to 24% from 1 April 2012, rather than the previously announced rate of 25%. It will then be reduced to 23% from 1 April 2013 and to 22% from 1 April 2014. The small profits rate will continue to be 20% from 1 April 2012. The full rate of bank levy will increase from 0.088% to 0.105% from 1 January 2013 so that banks do not benefit from the CT reduction.

Tax simplification for small businesses

A voluntary cash basis for calculating tax for unincorporated businesses with a turnover of up to £77,000 will be introduced from April 2013, subject to consultation. There will also be consultation on a simplified expenses system for business use of cars, motorcycles and homes, and on proposals to introduce a disincorporation relief. HMRC says it will improve the administration of the tax system for small businesses.

Real estate investment trusts (REITs)

The Government will consult in 2012 on the REITs regime, specifically on the role REITs can play in supporting the social housing sector and whether to change the treatment of income received by a REIT when it invests in another REIT.

Controlled foreign companies (CFC)

Following consultation, a new CFC regime will be introduced for CFCs with accounting periods beginning after 31 December 2013. It includes a finance company partial exemption that will broadly result in an effective UK tax rate of 25% of the main CT rate on profits derived from overseas group financing arrangements.

Research and development (R&D)

An 'above the line' credit for R&D will be introduced from April 2013 with a minimum rate of 9.1% before tax. This means that loss-making companies will be able to claim payment of the credit. From 1 April 2012, the rate of R&D tax credits for SMEs will increase from 200% to 225%, and the limit on tax credit payable to SMEs and the £10,000 minimum expenditure requirement will be removed, all as previously announced.

Patent box

Companies will be able to elect to apply a 10% CT charge to a proportion of profits attributed to patents and certain other similar types of intellectual property. The proportion will start at 60% from 1 April 2013 and increase to 100% over five years.

Corporation tax reliefs for the creative sector

CT reliefs for the video games, animation and high-end television industries will be introduced from April 2013, subject to State aid approval.

Business premises renovation allowance (BPRA)

The BPRA scheme will be extended for a further five years to April 2017, as previously announced.

Capital allowances in enterprise zones

Capital allowances of 100% will be available to trading companies investing in plant and machinery in designated areas of the London Royal Docks enterprise zone, and enterprise zones in Irvine, Nigg, Dundee and Deeside from 1 April 2012.

Capital allowances – cars

The 100% first year allowance for new low-emission cars will continue for a further two years to 31 March 2015 except for

> *think ahead*
>
> **Get the timing right for your investment in new business equipment**. The annual investment allowance generally gives businesses of any size immediate tax relief on the purchase of most types of equipment. The allowance ceiling will fall from £100,000 to £25,000 from April 2012. However, the relief is pro-rated over the business year, so it could be worth bringing forward major investments if your financial year end is imminent.

leased cars. The qualifying threshold will be reduced to 95g/km from April 2013. Also from April 2013, the CO_2 emissions threshold for the main (18%) rate of capital allowances for cars will reduce from 160g/km to 130g/km, as will the threshold above which the lease rental restriction applies.

Capital allowances – other measures

Expenditure on solar panels will be designated as special rate (8%) expenditure for capital allowances purposes from April 2012. The list of designated energy-saving and water-efficient technologies qualifying for enhanced capital allowances will be updated during summer 2012, subject to State aid approval. The availability of first-year tax credits for expenditure on certain environmentally beneficial plant or machinery that generates a loss will continue for a further five years to 31 March 2018.

Company distributions

As previously announced, certain transactions involving transfers of assets or liabilities between UK-resident companies will not be excluded from being treated as distributions for CT purposes.

Generally accepted accounting practice (GAAP)

Existing rules dealing with tax adjustments on a change in accounting policy will continue to apply following expected changes to UK GAAP in 2012, as previously announced.

Corporate capital gains simplification

The Government will consult in summer 2012 on whether to introduce a rule allowing companies with a non-sterling functional currency to calculate their capital gains and losses in that currency.

Community investment tax relief

The rules that govern the speed with which Community Development Finance Institutions must lend on the funding they receive will be relaxed from April 2013, and investors will be able to carry forward unused relief.

Grouping rules

The group status of a company will be unaffected where it issues loan notes carrying a right to conversion into shares or securities of unconnected quoted companies.

£ saver

Sharing with your spouse. If you run a company or business, make sure that your spouse/partner is appropriately paid and pensioned for any work and that they share in the profits if possible. You may be able to adjust your incomes to retain your child benefit.

Landfill tax

The standard rate of landfill tax will rise from £64 to £72 a tonne from 1 April 2013. The lower rate will remain at £2.50 a tonne.

NHS reform bodies

Following changes to be introduced in the Health and Social Care Bill, the following NHS bodies will be exempt from corporation tax and will be included within the Section 41 VAT Refund Scheme: the NHS Commissioning Board, clinical commissioning groups, the National Institute for Health and Clinical Excellence and the Health and Social Care Information Centre.

VALUE ADDED TAX

VAT thresholds

The VAT registration threshold will rise from £73,000 to £77,000 from 1 April 2012 and the deregistration threshold will increase from £71,000 to £75,000.

Correcting anomalies and closing loopholes

From 1 October 2012, standard rate VAT will be charged on the provision of self-storage facilities and approved alterations to listed buildings. Standard rate VAT will also apply, where it does not already do so, to the sale of hot food, cold food consumed on the supplier's premises, sports drinks, holiday caravan purchases and rental of hairdressers' chairs.

Providers of education

A review of the VAT exemption for education providers, in particular at university degree level, will aim to ensure that commercial universities are treated fairly.

Charitable buildings

Buildings used by charities for non-business purposes, and/or as village halls, will be withdrawn from the scope of the reduced rate of VAT for the supply and installation of energy-saving materials. The reduced rate will continue to apply to the supply and installation of energy-saving materials in residential accommodation, including property run by charities.

! don't forget

VAT returns. Don't forget that almost all businesses will be required to file their tax returns online from 1 April 2012.

£ saver

The Low Value Consignment Relief (LVCR) VAT exemption is disappearing. From 1 April 2012, goods purchased from the Channel Islands with a value of less than £15 will no longer be VAT free. Either order your CDs, DVDs, contact lenses, etc now, or look for goods imported from elsewhere, e.g. Switzerland or Hong Kong.

Road fuel scale charges

Long-standing concessions will be brought into law and a concession relating to partially exempt businesses will be withdrawn, both in the Finance Act 2013.

VAT quarterly fuel scale charges (inclusive of VAT)

Effective from 1 May 2012.

CO_2 band	£	CO_2 band	£
120 or less	166	175	416
125	250	180	433
130	266	185	450
135	283	190	467
140	300	195	483
145	316	200	500
150	333	205	517
155	350	210	533
160	366	215	550
165	383	220	567
170	400	225 or more	583

Where the CO_2 emissions figure of a vehicle is not a multiple of five, the figure is rounded down to the next multiple of five to determine the level of charge.

Fraud on imported road vehicles

A new system to tackle VAT evasion on road vehicles brought into the UK will be introduced from 15 April 2013, as previously announced. Vehicles will have to be notified to HMRC before registration with the Driver and Vehicle Licensing Agency (DVLA).

Cost sharing

A VAT exemption will be available for services shared between VAT exempt bodies, including charities and universities.

MAIN ANTI-AVOIDANCE MEASURES

General anti-abuse rule (GAAR)

The Government accepts that a GAAR targeted at artificial and abusive tax avoidance schemes would improve the UK's ability to tackle tax avoidance, while maintaining the attractiveness of the UK as a location for business investment. The Government will consult on this in summer 2012. The GAAR will also be extended to SDLT. The intention is to introduce legislation in Finance Bill 2013.

Stamp duty land tax (SDLT): sub-sales rules

Finance Bill 2012 will put beyond doubt that an SDLT avoidance scheme that 'abuses' the sub-sales rules does not work. The change makes it explicit that the grant or assignment of an option cannot be a 'transfer of rights'. The Government will also consult on the wider approach to addressing SDLT sub-sales avoidance.

Personal service companies and IR35

A package of measures will aim to tighten up on avoidance using personal service companies, and will aim to make the existing IR35 legislation easier to understand. This will include strengthening HMRC's specialist compliance teams, simplifying IR35 administration, and consulting on proposals requiring office holders/controlling persons integral to the running of an organisation to deduct PAYE and NICs.

Inheritance tax: offshore trusts

The excluded property and settled property provisions will be amended in the Finance Bill 2012. This will close an avoidance scheme involving the acquisition of interests in offshore trusts by UK-domiciled individuals.

Transfer of assets abroad and gains on assets held by foreign companies

As previously announced, there will be changes to the legislation dealing with the transfer of assets abroad and gains on assets held by foreign companies closely controlled by UK participators. The changes will take effect from 6 April 2012 but, exceptionally, a taxpayer may elect for the new rules to apply from 6 April 2013.

Other anti-avoidance announcements

There will also be changes designed to counter tax avoidance using manufactured payments, unauthorised unit trusts, authorised investment funds, capital allowances on plant and machinery, debt buy-backs, post-cessation reliefs, corporate settlor-interested trusts, property business loss relief, and life insurance loss relief.

NATIONAL INSURANCE CONTRIBUTIONS

Class 1 (Employees)

Not Contracted-out of State Second Pension (S2P)

	2012/13	2011/12
Employee	No NICs where earnings are up to £146 pw 12% NICs on £146.01–£817 pw 2% NICs over £817 pw	No NICs where earnings are up to £139 pw 12% NICs on £139.01–£817 pw 2% NICs over £817 pw
Employer	No NICs on the first £144 pw 13.8% NICs over £144 pw	No NICs on the first £136 pw 13.8% NICs over £136 pw

Earnings limit or threshold			2012/13			2011/12
	Weekly	Monthly	Annual	Weekly	Monthly	Annual
	£	£	£	£	£	£
Lower earnings limit	107	464	5,564	102	442	5,304
Secondary earnings threshold	144	624	7,488	136	589	7,072
Primary earnings threshold	146	634	7,605	139	602	7,225
Upper accrual point	770	3,337	40,040	770	3,337	40,040
Upper earnings limit	817	3,540	42,475	817	3,540	42,475

Contracted-out S2P rebate	2012/13	2011/12
Reduction on band earnings	£107.01–£770 pw	£102.01–£770 pw
Employer rate reduction:		
• Salary-related scheme	3.4%	3.7%
• Money-purchase scheme	N/A	1.4%
Employee rate reduction	1.4%*	1.6%

*Salary related schemes only.

Class 1A (Employers)

	2012/13	2011/12
Most taxable employee benefits	13.8%	13.8%

Class 2 (Self-Employed)

	2012/13	2011/12
Flat rate	£2.65 pw £137.80 pa	£2.50 pw £130.00 pa
Small earnings exception	£5,595 pa	£5,315 pa

Class 4 (Self-Employed)

	2012/13	2011/12
On profits	£7,605–£42,475 pa 9% Over £42,475 pa 2%	£7,225–£42,475 pa 9% Over £42,475 pa 2%

Class 3 (Voluntary)

	2012/13	2011/12
Flat rate	£13.25 pw £689.00 pa	£12.60 pw £655.20 pa

T&T

TAYLOR *and* TAYLOR
FINANCIAL SERVICES LTD

Taylor & Taylor Financial Services Ltd
Lever House
61 Chorley New Road
Bolton BL1 4QP
Tel: 01204 365165
Fax: 01204 364509
Email: chris@taylortaylor.co.uk
Website: www.taylortaylor.co.uk

Managing Director:
Chris Taylor DipFA, AIFP