



Dear Client/Business Owner

Welcome to our monthly tax newsletter designed to keep you informed of the latest tax issues.

We hope you enjoy reading the newsletter and remember, we are here to help you so please contact us if you need further information on any of the topics covered.

INCOME TAX RATES & ALLOWANCES

For 2010/11 the basic personal allowance remains at £6,475 and for 2010/11 this allowance is withdrawn at a rate of £1 for every £2 of income above £100,000 until a complete reduction of the allowance. This will be achieved at an income level of £112,950

CAR COSTS – VEHICLE EXCISE DUTY (VED) RATES

Vehicle Excise Duty (Car Tax) rates also reflect emissions, with lower scale rates for cars using alternative fuels. The following table shows the rates which apply from 1st April 2010 for cars registered on or after 1st March 2001:

VED Band	CO2 Emissions (g/km)	First Year Rate	Standard Rate	
			Petrol & Diesel	Alternative Fuels
A	Up to 100	£0	£0	£0
B	101-110	£0	£20	£10
C	111-120	£0	£30	£20
D	121-130	£0	£90	£80
E	131-140	£110	£110	£100
F	141-150	£125	£125	£115
G	151-165	£155	£155	£145
H	166-175	£250	£180	£170
I	176-185	£300	£200	£190
J	186-200	£425	£235	£225
K	201-225	£550	£245	£235
L	226-255	£750	£425	£415
M	Over 255	£950	£435	£425

VALUE ADDED TAX (VAT)

With effect from 1st April 2010 the VAT registration threshold will be increased from £68,000 to £70,000. The deregistration threshold will be increased from £66,000 to £68,000. The registration and deregistration thresholds for acquisitions from other EU member states will also be increased from £68,000 to £70,000.

NATIONAL MINIMUM WAGE (NMW)

The current NMW is £5.80 per hour for those aged 22 and over.

With effect from 1st October 2010, 21 year olds will be included in the main adult rate, which will rise to £5.93 per hour.

VAT ON FUEL FOR PRIVATE USE IN CARS

Where businesses wish to reclaim the input VAT on fuel which has some degree of private use, they must account for output VAT on a scale charge.

The table shows the VAT chargeable for quarters commencing on or after 1st May 2010.

CO2 Emissions (g/km)	Quarterly VAT	
	Fuel Scale Charge £	VAT on Charge £
Up to 75	141	21.00
76-120	141	21.00
121-134	212	31.57
135-139	227	33.80
140-144	241	35.89
145-149	255	37.97
150-154	269	40.06
155-159	283	42.14
160-164	297	44.23
165-169	312	46.46
170-174	326	48.55
175-179	340	50.63
180-184	354	52.72
185-189	368	54.80
190-194	383	57.04
195-199	397	59.12
200-204	411	61.21
205-209	425	63.29
210-214	439	65.38
215-219	454	67.61
220-224	468	69.70
225-229	482	71.78
230 and above	496	73.87

PERSONAL TAXATION – RATES & LIMITS

The basic rate of income tax of 20% and the basic rate limit of £37,400 remain unchanged for 2010/11. The higher rate of income tax of 40% which applies to income in excess of £37,400 is also unchanged but an additional rate of income tax of 50% applies to taxable income over £150,000.

The 10% starting rate limit for savings remains at £2,440

SECURITY FOR PAYMENT OF PAYE

The Finance Bill 2010 will require payment of financial securities from employers with a history, or a serious risk, of late or non-payment of PAYE and NICs. The imposition of a security will be by a Notice, appealable to the Tax Tribunal, and failure to comply will be a criminal offence with a maximum fine of £5,000.

The details of exactly what will constitute a serious risk will be defined in the forthcoming legislation which is intended to take effect from 6th April 2011.



ACG Accounting Services

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Please contact me if you would like to discuss any of the issues raised.