



Notes prepared by  
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## Disclaimer:

- These notes are not a full resumé of the Budget presented on 24 March 2010
- All care has been taken in preparing this material. However no responsibility can be accepted for any losses arising to any person acting or refraining from acting as a result of this material
- Any comments are those of Victoria Bishop, Tax Partner, and do not necessarily reflect the views of robinson+co

## Budget 24 March 2010

- Commentators agree that speech was long on politics and short on economics – but there were still 200+ pages of supporting documents
- Alistair Darling: recession would have been worse but for Labour's economic policies
- David Cameron: “The only new ideas in British politics are coming from [the Tories]”

## BUSINESS TAX

- Annual Investment Allowance increased to £100,000
  - But do businesses, especially smaller ones, have the funds to make such large purchases?
- Main Corporation Tax rate (profit over £300,000) to remain at 28% until 31 March 2012 at least
- Small Profits Corporation Tax (profit below £300,000) to remain at 21% until 31 March 2011 at least

## **BUSINESS TAX contd**

- 100% capital allowances on zero emission vans
  - But how effective will this be with a £100,000 Annual Investment Allowance
- No employee tax on zero emission company cars

## VAT

- Registration Threshold increased to £70,000 from 1 April 2010
- Deregistration Threshold increased to £68,000 from the same date
- Contact Roger Troughton on 01900 603623 for details of the new Fuel Scale Charges which take effect from the VAT period which commences on or after 1 May 2010

## INHERITANCE TAX

- Nil Rate Band to remain at £325,000 per person until 5 April 2015
- A contrast to the early days of the Labour Government when the nil rate band was increased at a rate far in excess of the rate of inflation.

## Capital Gains Tax

- Annual Exemption remains at £10,100 for 2010/11
- Tax rate remains at 18% despite speculation it would be increased
- Lifetime limit for Entrepreneurs Relief increased to £2million
  - Maximum tax savings now £160,000 rather than £80,000

## 2010/11 Tax Rates:

		£
Personal Allowance (under 65)		6,475
Personal Allowance (65-74)	Reduced if income over £22,900	9,490
Personal Allowance (over 75)	Reduced if income over £22,900	9,640
Basic Rate Tax Rate	Up to £37,400	20%
Higher Rate Tax Rate	From £37,401 to £150,000	40%
Additional Rate	Over £150,000	50%
Capital Gains Tax Annual Exemption		10,100
Capital Gains Tax Rate		18%

## STAMP DUTY

- Further “Holiday” announced from 25 March 2010 until 24 March 2012
  - First time buyers only
  - Intend to occupy property as only or main home
  - 0% for purchases up to £250,000
- But in an overtly political counter measure:
  - 5% charge on residential purchases over £1million
  - Effective from 6 April 2011
  - Indefinite

## Tax Credits

- Working Hour requirement for the over 60s reduced from 30 hours per week to 16 hours
- Families with children aged one and two years will receive an extra £4 per week
- Fixed period child care costs will be paid at the time the expense is incurred rather than averaged over the year

## ROAD TAX

- Remains at levels announced in 2009 Budget
  - See details at [http://www.robinsonco.co.uk/news\\_more.asp?news\\_id=24&current\\_id=1](http://www.robinsonco.co.uk/news_more.asp?news_id=24&current_id=1)
- Fuel Duty increase due on 1 April 2010 now to be staggered:
  - 1p on 1 April; 1p on 1 October; and 0.76p on 1 January 2011

## Miscellaneous

- Alcohol Duty
  - Increased for all alcoholic drinks, apart from cider, by 2% above inflation
  - Duty on cider increased by 10% above inflation and definition of cider and perry to be tightened up in order to get rid of discrepancy in duty rates
- Duty on tobacco increased by 1% in real terms
  - Increased powers to Customs to stop tobacco smuggling through the postal system

## Miscellaneous contd

- Enforcement & Compliance:
  - 200% penalties where failure is linked to offshore matters
  - Tax Information to be obtained from Dominica, Grenada and (in a blatant swipe at the Tories) Belize
  - Numerous Anti Avoidance measures
- Discrepancy in respect of Childcare Voucher entitlement for those at or near National Minimum Wage removed

## Miscellaneous contd

- Extension of Gift Aid relief to certain organisations in the EU plus Norway and Iceland
- Measures to encourage saving:
  - Saving Gateway. Government will contribute 50p for every £1 saved over a two year period
  - “Right” to a bank accounts guaranteed for all
  - New Investment bank for renewable energy projects

## DÉJA VU?

Much of the speech and the supporting documents repeat measures already announced:

- Government security scheme for some bank loans extended for a further 12 months
- Help for those with mortgage difficulties – scheme extended for a further 6 months

## DÉJA VU?

- Government wants to “work with banks” to ensure economic stability
- 50% tax charge on discretionary bonuses over £25,000 paid by banks (to be paid by the employer)
- Tax and NIC
  - 50% tax rate for those with incomes over £150,000 from 6 April 2010
  - A total 1% increase in NIC from 6 April 2011
  - Advantageous tax regime for Furnished Holiday Lettings abolished

## DÉJA VU?

- Energy Efficiency
  - Support for offshore wind farms
  - Tax breaks for energy saving and water efficient technologies
  - Tax breaks for electric and low CO<sub>2</sub> vehicles
- Reduction of bingo duty to 20%
- Temporary cut in business rates for small businesses

**BUT**

**WHAT WILL HAPPEN AFTER THE  
ELECTION?**

**WATCH THIS SPACE!**



Please contact Victoria, or any of the team at  
robinson+co, if you wish to discuss these  
matters, or any other queries arising from the  
2010 Budget

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