
Taxation Reference Material

Northern Ireland

For use in First and Second Year Taxation Examinations

Summer & Autumn 2010



TAXATION REFERENCE MATERIAL

FOR TAX YEAR 2009/10

(To be used by candidates in answering the Taxation papers)

INCOME TAX

	Rate
	%
First £37,400	20
Balance (over £37,400)	40
Dividends higher rate	32½

From 2008/09 onwards the starting rate band is abolished and a new starting rate savings band for individuals is introduced. For 2009/10 the band is £2,440. Where an individual's non-savings income is less than the starting rate limit for savings, the savings income is taxable at the 10% starting rate for savings income up to the limit. Where non-savings income exceeds the limit, the starting rate for savings does not apply.

ALLOWANCES

	£
Personal.....	6,475
Blind persons allowance	1,890

Married Couples Allowance

Elder born before 6 April 1935 to age 74	6,865
Elder age 75 and over.....	6,965
Both subject to a minimum allowance of	2,670

Where applicable MCA attracts tax relief at 10%

Age allowance

Personal (65-74)	9,490
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Maximum income before abatement of relief	22,900
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Abatement income ceiling	
Personal	28,930
Married	37,320
Personal (Over 75)	9,640
Maximum income before abatement of relief.....	22,900
Abatement income ceiling	
Personal	29,230
Married	37,820

RATE OF INTEREST

Official rate of interest	4.75%
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SCALE BENEFITS - MOTOR CARS

Percentage of manufacturer's list price	
2009-2010	
CO2 emissions in grams per kilometre (g/km)	% of car's price to be taxed
120 or below	10
121 - 135	15
140	16
145	17
150	18
155	19
160	20
165	21
170	22
175	23
180	24
185	25
190	26
195	27
200	28
205	29
210	30
215	31
220	32
225	33
230	34
235 & above	35

Car benefit is calculated on a percentage of the list price of the car plus the price of optional accessories when the car was first registered appropriate to the level of the car's CO2 emissions. There is a 3% supplement on diesel cars not meeting Euro IV emission standards subject to the maximum charge of 35%.

SCALE BENEFITS - FUEL SUPPLIED FOR PRIVATE USE

The same CO2 percentage as for car benefit will be applied to the fixed sum of £16,900.

VALUE ADDED TAX

VAT REGISTRATION LIMITS

From 1/05/09	£68,000
From 1/05/09	£66,000 (deregistration)

Standard Rate 17.5% .Relevant VAT inclusive fraction 7/47.

VAT ON PRIVATE FUEL SCALE BENEFITS - MOTOR CARS

From 01/05/2008 24 bands based on CO2 emissions apply where private fuel is provided
(see table below)

VAT fuel scale charges (inclusive of VAT)	
2009-2010	
CO2 emissions in grams per kilometre (g/km)	Gross VAT fuel scale charge (3 mth period) (£VAT inc)
120 or below	126.00 (18.77)
121 - 135	189.00 (28.15)
140	201.00 (29.24)
145	214.00 (31.87)
150	226.00 (33.66)
155	239.00 (35.60)
160	251.00 (37.38)
165	264.00 (39.32)
170	276.00 (41.11)
175	289.00 (43.04)
180	302.00 (44.98)
185	314.00 (46.77)
190	327.00 (48.70)
195	339.00 (50.49)
200	352.00 (52.43)
205	365.00 (54.36)
210	378.00 (56.30)
215	390.00 (58.09)
220	403.00 (60.02)
225	416.00 (61.96)
230	428.00 (63.74)
235 & above	441.00 (65.68)

CAPITAL GAINS TAX

Annual Exemption	£
2009/10	10,100
2008/09	9,600
2007/08	9,200
Rate.....	18%

Entrepreneurs' relief – This will reduce the chargeable gain on qualifying assets by 4/9 – an effective rate of 10%. An individual will be able to make claims for disposals on or after 6 April 2008. Claims may be made on more than one occasion up to a lifetime total of £1 million of gains

CORPORATION TAX

	Financial Year commencing	
	1st April 08	1st April 09
	%	%
First £300,000	21	21
Next £1,200,000	29.75	29.75
Over £1,500,000	28	28
Small companies' marginal relief fraction	7/400	7/400

PERSONAL RETIREMENT PROVISIONS

PENSION CONTRIBUTIONS Limit of Allowable Payment

Individuals may obtain tax relief on any contributions made to a registered pension scheme, up to 100% of their relevant UK earnings for a tax year, OR £3,600 per year if their relevant UK earnings are less than this amount.

Employer contributions do not count as part of an individual's contributions. The normal minimum pension age is 50 but this may be higher for some schemes. Pension benefits must be taken by the age of 75.

There are annual and lifetime limits on the value of contributions made to a registered scheme, tax charges will be applied where these limits are exceeded.

	Annual Allowance	Lifetime Allowance
2009/10	£245,000	£1.75million

Earnings limits and National Insurance contribution rates

	Employee's contribution	Employer's contribution
	Contribution Table Letter A	Contribution Table Letter A
(LEL) Below £95.00 weekly or Below £412.00 monthly or Below £4,940.00 yearly	Nil	Nil
£95.01 to £110.00 weekly or £412.01 to £476.00 monthly or £4,940.01 to £5,715.00 yearly	0%	0%
(Primary Threshold to UEL) £110.01 to £844.00 weekly or £476.01 to £3,656.00 monthly or £5,715.01 to £43,875.00 yearly	11% on earnings above the Primary Threshold	12.8% on earnings above the Primary Threshold
(Over UEL) Over £844.00 weekly or Over £3,656.00 monthly or Over £43,875.00 yearly	1% on earnings above the UEL	12.8% on earnings above the Primary Threshold

*Class 4 NIC - 2009/10 Self employed on profits between £5,715 and £43,875 at the rate of 8% and on profits over £43,875 at the rate of 1%.
Exemption from employees primary contributions OR self employed contributions applies if state pension age was reached by 6 April 2008.