

## Principal state benefits

Weekly benefits	2012/13	2013/14
Basic state pension - single person	£107.45	<b>£110.15</b>
- married couple	£171.85	<b>£176.15</b>
Statutory sick pay	£85.85	<b>£86.70</b>
Statutory maternity pay - first 6 weeks	90% of weekly earnings	
- next 33 weeks	£135.45*	<b>£136.78*</b>
Ordinary statutory paternity pay - 2 weeks	£135.45*	<b>£136.78*</b>
Additional statutory paternity pay - variable period	£135.45*	<b>£136.78*</b>
Statutory adoption pay - 39 weeks	£135.45*	<b>£136.78*</b>

\* or 90% of earnings, if lower

## Capital Gains Tax

Capital Gains Tax is levied at 18% for basic rate taxpayers (or 28% for higher rate taxpayers) on all gains in excess of a personal exemption of £10,900. This will increase by about 1% (£100) in each of the next two years. For trustees, the tax is levied at 28% on gains in excess of £5,450. There is a lower rate of 10% on the first £10 million of lifetime gains, for individuals realising gains from business assets of which they are owner, officer or employee with more than 5% ownership of the business.

## Inheritance Tax

Inheritance Tax (IHT) is payable on death on non-exempt transfers in excess of a threshold set at £325,000 (until April 2019 at the earliest) at a rate of 40%. However, the proportion of the threshold 'unused' on the first death of husband or wife (or civil partners) is effectively transferable to the surviving partner and serves to increase his or her threshold by a corresponding percentage. A reduced IHT rate of 36% applies where death occurred on or after 6 April 2012 and 10% or more of the net estate has been left to charity.

Chargeable lifetime transfers and potentially exempt transfers attract taper relief, if made up to seven years before death on the amount of gift over the nil rated band.

Certain gifts are tax free, including:

- Gifts between UK domiciled husband and wife or between civil partners;
- Total gifts up to £3,000 in a year;
- Small gifts (up to £250 in a year for each recipient);
- Gifts in consideration of marriage or civil partnership ranging from £5,000 from each parent of the couple, to £1,000 from anyone else.

## Corporation Tax

The starting rate for small companies (with profits of up to £300,000) was reduced to 20% in April 2011.

The main Corporation Tax rate is reduced this year to **23%** on profits in excess of £1,500,000. It will be reduced by a further 2% in 2014/15. A marginal rate of 23.75% applies in respect of profits between £300,001 and £1,500,000.

## Self Assessment dates

**31st July 2013**

**Second payment on account for 2012/13**

**5th October 2013**

**Deadline to notify HMRC of new sources of income if no tax return issued for 2012/13**

**31st October 2013**

**Deadline for submitting paper Self Assessment returns to HMRC**

**30th December 2013**

**Deadline for submission of online return, where a balancing payment under £3,000 to be collected via PAYE**

**31st January 2014**

**Deadline for filing 2012/13 returns, balancing payment due for 2012/13, first payment due for 2013/14**

**P & P Financial  
Care Consultancy Ltd**

**Field View House, 72 High Street  
Winterbourne, South Glos. BS36 1JQ  
T: 01608 652565 M: 07980 221236**

**E: [info@pandpifa.co.uk](mailto:info@pandpifa.co.uk)  
[www.pandpifa.co.uk](http://www.pandpifa.co.uk)**



# TAXGUIDE 2013-2014



The information contained in this leaflet is based on our understanding of the Budget proposals, which are subject to change as the Finance Bill passes through parliament. No action should be taken without further advice being sought. P & P Financial Care Consultancy Ltd is an appointed representative of The Whitechurch Network Limited which is authorised and regulated by the Financial Conduct Authority.

## Main Budget points 2013

Based on the Chancellor's statement, the key points this year are:

Personal allowance to rise to £10,000 from 2014/15

'Help to Buy' loans and guarantees to boost house market

Allowance to save employers first £2,000 of NI from 2014/15

Childcare support up to £1,200 per child from 2015

Main Corporation Tax rate cut to 20% from 2015/16

Further measures to combat aggressive tax avoidance

£5,000 for pre-1992 Equitable Life with-profits annuitants

## Stamp Duty Land Tax

The following rates of Stamp Duty apply for land and homes:

Rate	In disadvantaged areas	All other land in the UK
Zero	Up to £150,000	Up to £125,000
1%	£150,001 to £250,000	£125,001 to £250,000
3%	£250,001 to £500,000	£250,001 to £500,000
4%	£500,001 to £1 million	£500,001 to £1 million
5%	£1,000,001 to £2 million	£1,000,001 to £2 million
7%*	Over £2 million	Over £2 million

\*15% if property 'bought into a corporate envelope'.

The above rates apply to the entire purchase price, not simply on a "top-slicing" basis.

## Income Tax rates

The following rates are proposed for 2013/14 (subject to passing the Finance Bill 2013):

	2012/13	Change	2013/14
Personal allowance*			
Under age 65	£8,105	+ £1,335	<b>£9,440</b>
65 to 74	£10,500	£0	<b>£10,500</b>
75 and over **	£10,660	£0	<b>£10,660</b>

\* The personal allowance for those with adjusted net income over £100,000 reduces by £1 for every £2 of income.

\*\* For married couples aged 78 (born before 06/04/1935) and over, tax relief applies to the first £7,915 of taxable income at a rate of 10%.

Tax rates	2012/13	Change	2013/14
20% tax on first ***	£34,370	- £2,360	<b>£32,010</b>
40% tax on next	£115,630	+ £2,360	<b>£117,990</b>
45% tax on income over	£150,000	£0	<b>£150,000</b>

\*\*\* A 10% rate applies to savings if total income is up to £2,790 after deduction of personal allowance

A child benefit tax charge up to the full amount of the benefit may apply where the recipient or their partner has 'adjusted net income' over £50,000.

## National Insurance rates

The following Class 1 rates will apply for employees (weekly figures):

2013/14 rates	Limit	Employee	Employer
Primary threshold	<b>£149</b>	12%	13.8% (above £148 p.w.)
Upper earnings limit	<b>£797</b>	2%	

Class 4 contributions for the self employed (annual figures):

2013/14 rates (Class 4)	Limit	Rate payable to limit
Lower profits limit	<b>£7,755</b>	Nil
Upper profits limit	<b>£41,450</b>	9%
Rate above limit 2%		

## Pension contributions

Everyone under 75 can contribute up to £3,600 a year into a pension scheme net of 20% tax relief, even non-taxpayers. Taxpayers receive tax relief at the highest marginal rate they pay on contributions up to their entire earnings from trade, profession or employment, provided total contributions do not exceed the annual allowance of £50,000 (reduces to £40,000 in 2014/15). In addition, it may be possible to carry forward unused relief from up to three years previous.

Employers can make additional contributions, provided that they do not exceed the annual allowance. Should they do so, there is a tax charge. Members of defined benefit pension schemes are treated as if each £1 in increased benefits during the year was worth £16 in contributions, for the purpose of assessing the annual allowance.

There is a lifetime allowance of £1.5 million (reduces to £1.25 million in 2014/15) that the total value of pension funds should not exceed, or a lifetime allowance charge of up to 55% will apply. It will only be possible to retain the current lifetime allowance if granted 'fixed protection 2014' and no relevant benefit accrual as defined by HMRC occurs after 5th April 2014.

The phased introduction of pension auto-enrolment commenced on 1 October 2012.

## Pension benefits

It is not necessary to draw an income at the same time as accessing the tax-free pension commencement lump sum. Benefits, which are usually available from age 55, can be used to:

- Take up to 25% tax free cash (more in some older cases); and
- Purchase an annuity; and/or
- Capped drawdown 0-120% of GAD as pension income (increased from 100% for drawdown years starting from 26th March 2013).
- Flexible drawdown No maximum as long as individual can satisfy Minimum Income Requirement of £20,000 pa.

Any funds remaining within the drawdown pension fund on death, once benefits have commenced, will be subject to a tax charge of 55%, except where the money is used to provide a retirement income for a surviving spouse or civil partner (or other legally defined dependant).