

SUPPLEMENTARY INSTRUCTIONS

1. Calculations and workings need only be made to the nearest £.
2. All apportionments should be made to the nearest month.
3. All workings should be shown.

TAX RATES AND ALLOWANCES

The following tax rates and allowances are to be used in answering the questions.

| Income tax | | Normal | Dividend |
|-----------------|--------------------|--------|----------|
| | | rates | rates |
| | | % | % |
| Basic rate | £1 – £32,010 | 20 | 10 |
| Higher rate | £32,011 – £150,000 | 40 | 32.5 |
| Additional rate | £150,001 and over | 45 | 37.5 |

A starting rate of 10% applies to savings income where it falls within the first £2,790 of taxable income.

Personal allowance

Personal allowance

| | |
|--|---------|
| Born on or after 6 April 1948 | £9,440 |
| Born between 6 April 1938 and 5 April 1948 | £10,500 |
| Born before 6 April 1938 | £10,660 |

Income limit

| | |
|---|----------|
| Personal allowance | £100,000 |
| Personal allowance (born before 6 April 1948) | £26,100 |

Residence status

| Days in UK | Previously resident | Not previously resident |
|--------------|---------------------------------|---------------------------------|
| Less than 16 | Automatically not resident | Automatically not resident |
| 16 to 45 | Resident if 4 UK ties (or more) | Automatically not resident |
| 46 to 90 | Resident if 3 UK ties (or more) | Resident if 4 UK ties |
| 91 to 120 | Resident if 2 UK ties (or more) | Resident if 3 UK ties (or more) |
| 121 to 182 | Resident if 1 UK tie (or more) | Resident if 2 UK ties (or more) |
| 183 or more | Automatically resident | Automatically resident |

Child benefit income tax charge

Where income is between £50,000 and £60,000, the charge is 1% of the amount of child benefit received for every £100 of income over £50,000.

Car benefit percentage

The relevant base level of CO₂ emissions is 95 grams per kilometre.

The percentage rates applying to petrol cars with CO₂ emissions up to this level are:

| | |
|------------------------------------|-----|
| 75 grams per kilometre or less | 5% |
| 76 grams to 94 grams per kilometre | 10% |
| 95 grams per kilometre | 11% |

Car fuel benefit

The base figure for calculating the car fuel benefit is £21,100.

Individual savings accounts (ISAs)

The overall investment limit is £11,520, of which £5,760 can be invested in a cash ISA.

Pension scheme limit

Annual allowance £50,000

The maximum contribution that can qualify for tax relief without any earnings is £3,600.

Authorised mileage allowances: cars

| | |
|--------------------|-----|
| Up to 10,000 miles | 45p |
| Over 10,000 miles | 25p |

Capital allowances: rates of allowance

| | % |
|----------------------------|----|
| Plant and machinery | |
| Main pool | 18 |
| Special rate pool | 8 |

Motor cars

| | |
|--|-----|
| New cars with CO ₂ emissions up to 95 grams per kilometre | 100 |
| CO ₂ emissions between 96 and 130 grams per kilometre | 18 |
| CO ₂ emissions over 130 grams per kilometre | 8 |

Annual investment allowance

| | |
|--|-----|
| First £250,000 of expenditure (since 1 January 2013) | 100 |
|--|-----|

Cap on income tax reliefs

Unless otherwise restricted, reliefs are capped at the higher of £50,000 or 25% of income.

Corporation tax

| Financial year | 2011 | 2012 | 2013 |
|--------------------|------------|------------|------------|
| Small profits rate | 20% | 20% | 20% |
| Main rate | 26% | 24% | 23% |
| Lower limit | £300,000 | £300,000 | £300,000 |
| Upper limit | £1,500,000 | £1,500,000 | £1,500,000 |
| Standard fraction | 3/200 | 1/100 | 3/400 |

Marginal relief

Standard fraction x (U – A) x N/A

Value added tax (VAT)

| | |
|----------------------|---------|
| Standard rate | 20% |
| Registration limit | £79,000 |
| Deregistration limit | £77,000 |

Inheritance tax: tax rates

| | |
|---------------------|-----|
| £1 – £325,000 | Nil |
| Excess – Death rate | 40% |
| – Lifetime rate | 20% |

Inheritance tax: taper relief

| Years before death | Percentage reduction |
|------------------------------|----------------------|
| | % |
| Over 3 but less than 4 years | 20 |
| Over 4 but less than 5 years | 40 |
| Over 5 but less than 6 years | 60 |
| Over 6 but less than 7 years | 80 |

Capital gains tax

| | |
|--|-------------|
| Rates of tax – Lower rate | 18% |
| – Higher rate | 28% |
| Annual exempt amount | £10,900 |
| Entrepreneurs' relief – Lifetime limit | £10,000,000 |
| – Rate of tax | 10% |

National insurance contributions
(Not contracted out rates)

| | | | |
|----------|----------|--------------------------------|--------|
| Class 1 | Employee | £1 – £7,755 per year | Nil |
| | | £7,756 – £41,450 per year | 12·0% |
| | | £41,451 and above per year | 2·0% |
| Class 1 | Employer | £1 – £7,696 per year | Nil |
| | | £7,697 and above per year | 13·8% |
| Class 1A | | | 13·8% |
| Class 2 | | £2·70 per week | |
| | | Small earnings exemption limit | £5,725 |
| Class 4 | | £1 – £7,755 per year | Nil |
| | | £7,756 – £41,450 per year | 9·0% |
| | | £41,451 and above per year | 2·0% |

Rates of interest (assumed)

| | |
|-----------------------------------|------|
| Official rate of interest | 4·0% |
| Rate of interest on underpaid tax | 3·0% |
| Rate of interest on overpaid tax | 0·5% |