

# EMERGENCY BUDGET 22<sup>ND</sup> JUNE 2010

## Key points:

- The personal allowance for under 65's will increase from £6,475 to £7,475 from 6<sup>th</sup> April 2011. The basic rate will be reduced so that higher rate taxpayers do not enjoy this increase.
- The National Insurance threshold for employer's contributions will rise by £21 above indexation from 6<sup>th</sup> April 2011.
- From 1<sup>st</sup> April 2011 the small companies' rate and main rate of corporation tax will reduce to 20% and 27% respectively. There will be a further 1% reduction per year in the main rate until it is reduced to 24%.
- The Annual Investment Allowance limit, giving small companies 100% relief for expenditure on plant and machinery, has been cut to £25,000, for accounting periods ending on or after 1<sup>st</sup> April 2012 and 6<sup>th</sup> April 2012 for companies and unincorporated businesses respectively. The writing down allowance for the main pool and the special rate pool will reduce to 18% and 8% respectively.
- 100% relief for business expenditure on new zero-emission goods vehicles is available for a five year period from 1<sup>st</sup> April 2010 and 6<sup>th</sup> April 2010 for companies and unincorporated businesses respectively.
- From 23<sup>rd</sup> June 2010 the capital gains rate rose from 18% to 28% for any gains falling in higher rate income tax band. Entrepreneurial relief is still available, giving an effective rate of 10% and the lifetime limit for entrepreneurial relief gains has risen from £2million to £5million.
- The ISA limit will increase in line with the Retail Price Index from 6<sup>th</sup> April 2011.
- From 2011/12 the age limit, after which an individual must purchase an annuity with their pension fund will increase to 77.
- VAT will rise to 20% from 4<sup>th</sup> January 2011. Flat rate scheme percentages will also change from that date.

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