Highlights from the Chancellor of the Exchequer’s Emergency Budget on 22 June 2010

- **Income Tax**
  From 6 April 2011:
  a) Personal Allowances for those under 65 is increased by £1,000 to £7,475.
  b) Basic rate band threshold will be **reduced** by £2,500 from £37,400 to £34,900. *

- **VAT**
  Increased from 17.5% to 20% from 4 January 2011.

- **Capital Gains Tax**
  a) 18% rate retained for basic rate taxpayers.
  b) New 28% rate effective from 23 June 2010 for higher rate taxpayers.
  c) Entrepreneurs’ relief to be extended from £2 million to £5 million from 23 June 2011. The effective rate will be 10% for those qualifying for the entrepreneurs’ relief.
  d) Annual exemption remains at £10,100.

- **Corporation Tax**
  a) Small companies rate to be reduced from 21% to 20% from 2011.
  b) Main corporation tax rate of 28% to be reduced by 1% for each of the next four years, starting in 2011/12.

- **National Insurance**
  From 6 April 2011:
  a) Employers will pay 13.8% on employees earnings above £131 per week (£6,612 per year) *
  b) Employees will pay:
    i) 12% on wages/salaries between the bands £5,720 and £42,225 per year. *
    ii) 2% on wages/salaries above £42,225 *
  c) Self-employed under 65 year will pay:
    i) 8% on profits between the bands £5,715 and £42,225 per year. *
    ii) 2% on profits above £42,225 *

* The final figures will be confirmed in the 2010 Autumn statement.
• **Insurance Premium Tax**
  
  a) Standard rate increased from 5% to 6% from 4 January 2011.
  
  b) A Higher rate applies to travel insurance and extended warranties, this will increase from 17.5% to 20% from 4 January 2011.

For further details on the taxation services provided by Argenta Taxation Consultants Ltd please contact either:

**Stephen Hopwood**
**Director**

Direct tel: 020 7825 7255
E-mail: stephen.hopwood@argentaplc.com

**Simon Braidley**
**Tax Manager**

Direct tel: 020 7825 7265
E-mail: simon.braidley@argentaplc.com

Argenta Taxation Consultants Ltd
Fountain House
130 Fenchurch Street,
London
EC3M 5 DJ