



Emergency Budget 2010

Today Chancellor George Osborne presented the new coalition government's first budget. We have summarised the main changes below.

VAT

From 4 January 2011 the standard rate of VAT will increase from 17.5% to 20%.
The flat rate scheme sector rates will also change.

Income Tax

From April 2011 the personal allowance (tax free amount) will increase by £1,000 to £7,475.
The Annual Investment Allowance (tax relief on equipment) will be reduced from £100,000 to £25,000 from April 2012.
The rate of Capital Allowances will be reduced from 20% to 18%.

Employers

The point at which employers start to pay Class 1 National Insurance is to be increased by £21 per week to £131 from April 2011.
A new three year scheme will exempt new businesses from up to £5,000 of employer National Insurance payments, for each of the first 10 employees hired.

Tax Credits and Child Benefit

Families earning above £40,000 per year will no longer be eligible to Tax Credits.
The new baby element will be removed from 6 April 2011.
Claims will now only be backdated for 1 month instead of 3 months from April 2012.
Child Benefit rates have been frozen until April 2014.
The Health in Pregnancy Grant will be abolished from 1 January 2011

Capital Gains Tax

From 23 June 2010 higher rate taxpayers will now pay Capital Gains Tax at 28% unless the gain qualifies for Entrepreneur's Relief when it will be taxed at 10%.
The lifetime limit for Entrepreneur's Relief has been increased from £2 million to £5 million.

Corporation Tax

The small companies' rate of Corporation Tax will reduce from 21% to 20% from 1 April 2011.
The main rate of Corporation Tax will reduce from 28% to 24% over the next four years.