

A SUMMARY OF SOME OF THE MEASURES ANNOUNCED BY THE CHANCELLOR OF THE EXCHEQUER ON 22ND JUNE 2010

Income Tax

The individual personal income tax allowance will be increased in April 2011 by £1000 to £7,475. The Higher Rate Income Tax remains frozen at its present level until 2013/2014 but the starting point for the 40% rate is decreased in April 2011 to £40,000.

Capital Gains Tax

The Capital Gains Tax exempt amount remains at £10,100 for this tax year and the rate of tax, other than for higher rate tax payers stays at 18%. Higher Rate tax-payers will have to pay at the rate of 28% in relation to disposals of taxable assets sold after midnight this evening. The sting in the tail is that the amount of any capital gain will be added on to a person's income for that year for the purposes of deciding whether that person is a higher rate tax payer. This means that if someone's gains plus income exceed £43,875 they will be liable for the 28% rate. Entrepreneurs' relief lifetime limit increases from £2m to £5m

Value Added Tax

The standard rate of VAT will rise from 17.5% to 20% on 4th January 2011

Corporation Tax

The rate of Corporation Tax is to be cut to 27% next year and by a further 1% for each of the following 3 years to a rate of 24%. The Small Companies rate is cut to 20%.

Duty on Cigarettes, Alcohol and Fuel

No increases - and the planned increase in duty on cider will be scrapped from 1st July.

There are various measures designed to reduce public spending including:

- Child benefit to be frozen for the next 3 years
- Tax Credits to be reduced for families earning over £40,000 next year
- Housing Benefit restricted to £400 a week
- Benefits to rise in line with Consumer Price Index rather than the generally higher Retail Prices Index
- Medical assessment for all new and existing Disability Living Allowance claimants from 2013
- Basic State Pension to be linked to earnings from April 2011 with a guarantee that it will rise by the greater of earnings, prices or 2.5%
- The increase in the State Retirement Age to 66 years is to be accelerated