



INCOME TAX RATES

	2008/09	2007/08
Starting rate –10%	N/A	£0- £2,230
Basic rate – 20% (2007/2008: 22%)	£0-£34,800	Over £34,600

Savings income – 10% starting rate for income up to £2,320.

Dividends – 10% for income below the basic rate limit and 32.5% above that.

Rate applicable to trusts:

- Dividends –32.5%
- Other income and gains – 40%

MAIN ALLOWANCES AND RELIEFS

	2008/09	2007/2008
Allowance/Relief		
Personal		
• Age under 65	£6,035	£5,225
• Age 65 –74 †	£9,030	£7,550
• Age 75 and over †	£9,180	£7,690
Married couple's †		
• Age less than 75 and born before 6/4/35	£6,535*	£6,285*
• Age 75 and over	£6,625*	£6,365*
Married couple's allowance –minimum allowance	£2,540*	£2,440*
Income limit –age allowances	£21,800	£20,900
Blind person	£1,800	£1,730
Payment on loss of office	£30,000	£30,000
Enterprise Investment Scheme	£500,000**	£400,000**
Venture Capital Trusts	£200,000***	£200,000***
Maintenance payments §	£2,540*	£2,440*
Rent a room relief	£4,250	£4,250
ISA's – maximum investment	£7,200	£7,000

Relief restricted to 10%** Relief restricted to 20%*** Relief up to 30%

§ Only applies where either party born before 6/4/35

† Reduced by £1 for every £2 income in excess of income limit until minimum allowance reached. Only applies where one party born before 6/4/35

PERSONAL PENSION SCHEMES

From 6 April 2006 there are no restrictions on the number or type of approved personal pension schemes. From this date tax is charged on the value of the contributions that exceed the annual allowance or relevant earnings. Tax is also charged if the value of the pension at retirement exceeds the individual's lifetime allowance.

	2008/2009	2007/08
Annual allowance	£235,000	£225,000
Lifetime allowance	£1,650,000	£1,600,000



CORPORATION TAX

	Year to 31/3/2009	Year to 31/3/2008
Small companies' rate 21% (2007/2008:20%)	£0-£300,000	£0-£300,000
Marginal rate: 29.75% (2007/2008: 32.5%)	£300,001-£1,500,000	£300,001-£1,500,000
Full rate: 28% (2007/2008: 30%)	£1,500,001 or more	£1,500,001 or more
Marginal relief fraction	7/400	1/40

MAIN CAPITAL ALLOWANCES

	2008/2009	2007/2008
Plant and machinery		
• First year allowance – small businesses	N/A	50%
• First year allowance- medium sized businesses	N/A	40%
• Annual investment allowance		
Expenditure up to	£50,000	N/A
Allowance	100%	N/A
• Writing down allowances		
General plant	20%	25%
Long life assets	10%	6%
Integral features	10%	N/A
Motor cars (maximum £3,000 per car)	20%	25%
Industrial and agricultural buildings writing down allowance	3%	4%
Energy saving plant and machinery – first year allowance	100%	100%
Commercial buildings in enterprise zones- first year allowance	100%	100%

COMPANY CAR BENEFITS

Car benefit charges – 2008/2009

Tax is charged on a percentage of the value of the car and this percentage varies according to the level of the cars' carbon dioxide (CO₂) emissions measured in grams per kilometre (g/km). The value of the car will normally be the list price, together with any accessories. The percentage ranges from 15% to 35% in 1% increments for a petrol car. The CO₂ emissions figure which determines the 15% rate is 135g/km. A lower rate of 10% for cars with CO₂ emissions of exactly 120g/km or less will have effect from 6 April 2008. Second cars are taxed in the same way as first cars. There are special rates for diesel cars

Provision of fuel – 2008/2009

Flat rate benefit of £16,900 x CO₂ emission percentage.

No fuel benefit if the employee is required to pay for (and actually pays) all private fuel or if fuel is only provided for business journeys.

VAT on fuel benefits

Rates vary according to CO₂ emissions in grams per kilometre. New CO₂ bands corresponding to those for income tax apply for periods beginning on or after 1 May 2008.



STATUTORY MILEAGE RATES

	Up to 10,000 miles	Excess
Cars and vans	40p	25p
Motor cycles	24p	24p
Bicycles	20p	20p
Each passenger on same trip	5p	5p

STAMP DUTY AND STAMP DUTY LAND TAX

Stocks and shares 0.5%

Land and buildings

Rate	Residential in disadvantaged areas	Residential outside disadvantaged areas	Non Residential
NIL	£0-150K	£0-£125K	£0-£150K
1%	£150,001-£250K	£125,001-£250K	£150,001-£250K
3%	£250,001 -£500K	£250,001-£500K	£250,001-£500K
4%	More than £500K	More than £500K	More than £500K

VALUE ADDED TAX

	From 1/4/2008	From 1/4/2007
Rates • Standard	17.5%	17.5%
• Reduced	5%	5%
• Zero	0%	0%
Vat fraction	7/47	7/47
Registration threshold	£67,000	£64,000
De-registration threshold	£65,000	£62,000
Cash accounting scheme – max turnover	£1,350,000	£1,350,000
Annual accounting scheme –max turnover	£1,350,000	£1,350,000
Flat rate scheme – max turnover	£150,000	£150,000

INHERITANCE TAX

	2008/2009	2007/2008
First £312,000* (2007/08: £300,000)	NIL	NIL
Tax on excess	40%	40%
Annual exemption –donor	£3,000	£3,000
Small gifts to any one person	£250	£250
Gifts made in consideration of marriage:		
• Parent	£5,000	£5,000
• Grandparent	£2,500	£2,500
• Between the parties to the marriage	£2,500	£2,500
• Other	£1,000	£1,000
• From 9/10/07 unused proportion of nil-rate band can be transferred to surviving spouse or civil partner.		

Relief on gifts made within 7 years of death:

Years before death	0-3	3-4	4-5	5-6	6-7
Death charge percentage	100%	80%	60%	40%	20%



CAPITAL GAINS TAX

Rates

Companies: Gains charged to corporation tax.

Individuals: Gains charged at 18% (2007/2008: Gains charged at 10% where the gains when added to total income are within the starting rate band. 20% if within the basic rate band and 40% where they exceed that band).

Reliefs

	2008/2009	2007/2008
Annual exemption • Individuals	£9,600	£9,200
• Most trusts	£4,800	£4,600
Chattels exemption	£6,000	£6,000
Entrepreneurs' relief		
• Lifetime allowance	£1,000,000	N/A
• Reduction in gain	4/9ths	N/A
• Effective rate of tax	10%	N/A

NATIONAL INSURANCE CONTRIBUTIONS

Lower earnings limit, primary Class 1	£90 per week
Upper earnings limit, primary Class 1	£770 per week
Primary threshold	£105 per week
Secondary threshold	£105 per week
Employees' primary Class 1 rate	11% of £105.01 to £770 per week 1% above £770
Employees' contracted-out rebate	1.6%
Married women's reduced rate	4.85% of £105.01 to £770 per week 1% above £770
Employers' secondary Class 1 rate	12.8% above £105 per week
Employers' contracted-out rebate, salary-related schemes	3.7%
Employers' contracted-out rebate, money-purchase schemes	1.4%
Class 2 rate	£2.30 per week
Class 2 small earnings exception	£4,825 per year
Special Class 2 rate for share fishermen	£2.95 per week
Special Class 2 rate for volunteer development workers	£4.50 per week
Class 3 rate	£8.10 per week
Class 4 lower profits limit	£5,435 per year
Class 4 upper profits limit	£40,040 per year
Class 4 rate	8% of £5,435 to £40,040 per year 1% above £40,040