

CAPITAL GAINS TAX

	2008/09	2007/08
Annual exemption		
- individual	£9,600	£9,200
- settlement	£4,800	£4,600
Chattels exemption (proceeds)	£6,000	£6,000

For disposals from 6 April 2008

Flat rate 18%

From 6 April 2008 individuals, trustees and personal representatives may qualify for Entrepreneurs' relief on certain business related disposals up to a maximum lifetime allowance of £1million of gains. These gains will be taxed at an effective rate of 10%.

Eligibility is complex, please refer to Chavereys.

IMPORTANT DATES

19/05/08	2007/08	PAYE returns to be submitted
31/05/08	2007/08	Employers to issue P60s to employees
06/07/08	2007/08	Employers to submit P11D/P9Ds and provide employees with information
18/07/08	2007/08	Class 1A NIC payable (extended to 20/07/08 if paid electronically)
31/07/08	2007/08	2nd payment on account under self assessment
31/10/08	2007/08	Deadline for filing paper Tax Return
30/12/08	2007/08	Submit Tax Return online if balance of tax due is to be collected under PAYE (up to £2,000) in 2009/10
31/01/09	2007/08	Deadline for filing online Tax Return
	2007/08	Balance of Income Tax and NIC due
	2007/08	Capital Gains Tax due
	2008/09	1st payment on account due

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These tables are intended as a general guide and although Chavereys have made every effort to ensure accuracy the firm cannot accept liability for any errors.

INHERITANCE TAX

Transfers on or within 7 years of death	2008/09	2007/08
Exempt band to	£312,000	£300,000
Rate of tax on balance	40%	40%
Up to 100% of the unused proportion of a deceased spouse's nil rate band can be claimed on the surviving spouse's death.		
Years between transfer and death		
Taper relief	0-3	3-4 4-5 5-6 6-7
% of death charge	100	80 60 40 20

Lifetime transfers

Chargeable lifetime transfers which are not potentially exempt transfers are charged at half the full rate, but additional tax may become payable, by the donee, by reference to the full rate if the transferor dies within 7 years of the transfer.

Main Exemptions/Reliefs

- Most transfers between husband and wife (non-UK domiciled spouse exemption limited to £55,000).
- The first £3,000 of lifetime transfers in any tax year (husband and wife each have own exemption).
- Regular gifts made out of income which form part of normal expenditure and which do not reduce the standard of living.
- Gifts in consideration of marriage may be made to bride or groom as follows: up to £5,000 by a parent, £2,500 by a grandparent or £1,000 by any other person.
- Gifts to charities, whether made during lifetime or on death.
- Relief of up to 100% is available on disposal of qualifying agricultural and business property.

STAMP DUTY LAND TAX

Residential	Applied to consideration	%
Relevant consideration		
Not more than £125,000		0
More than £125,000 but not more than £250,000		1
More than £250,000 but not more than £500,000		3
More than £500,000		4
Non-residential or mixed Relevant consideration		
Not more than £150,000		0
More than £150,000 but not more than £250,000		1
More than £250,000 but not more than £500,000		3
More than £500,000		4

For leases, 1% is charged where capitalized rental value is more than £125,000 for residential, or £150,000 for non-residential.

NATIONAL INSURANCE CONTRIBUTIONS

	2008/09	
	Employer	Employee
Class 1 - not contracted out		
Percentage of earnings in band		
Weekly earnings bands		
Up to £90 (lower earnings limit)	nil	nil
£90.01 - £105	nil	nil
£105.01 - £770	12.8%	11%
Above £770	12.8%	1%
Men 65 and over and women 60 and over	as above	nil
Class 1A - On taxable benefits	12.8%	nil
Class 2 - Self employed		£2.30 per week
- Limit of net earnings for exception		£4,825 p.a.
Class 3 - Voluntary		£8.10 per week
Class 4 - Self employed on profits	£5,435 to £40,040	8%
	Above £40,040	1%

VALUE ADDED TAX

Standard Rate	17.5%
VAT fraction	7/47
Reduced rate	5%

Turnover for Registration (from 1 April 2008)

Previous 12 months, or next 30 days alone	£67,000
Deregistration	£65,000

Monthly return scale charge (from 1 May 2008)

CO ₂ band	120 or less	125-135	140	145	150	155	160	165
Charge (£)	46	69	73	78	82	87	92	96
VAT (£)	6.85	10.28	10.87	11.62	12.21	12.96	13.70	14.30
CO₂ band	170	175	180	185	190	195	200	205
Charge (£)	101	105	110	115	119	124	128	133
VAT (£)	15.04	15.64	16.38	17.13	17.72	18.47	19.06	19.81
CO₂ band	210	215	220	225	230	235 or above		
Charge (£)	138	142	147	151	156	161		
VAT (£)	20.55	21.15	21.89	22.49	23.23	23.98		

For cars too old to have CO₂ emissions figures, H M Revenue & Customs has prescribed a level of emissions by reference to the vehicle's engine capacity.

Partial Exemption

Where there are mixed supplies, all input tax can be recovered if the input tax relating to exempt supplies, including an apportioned element of input tax on overheads, is no more than £625 per month on average nor 50% of total input tax.

Chavereys
 CHARTERED
 ACCOUNTANTS

2008/2009
 Tax Tables

INCOME TAX

	2008/09	2007/08
Lower rate	10%	10%
Income to which lower rate applies	Savings	All
Lower rate band	£2,320*	£2,230
*Only applicable where taxable non-savings income is under £2,320.		
Basic rate on dividend income	10%	10%
Basic rate on savings income	20%	20%
Basic rate on earned and property income	20%	22%
Higher rate from	£36,000	£34,600
Higher rate on dividends	32.5%	32.5%
Higher rate on all other income	40%	40%

Allowances that reduce taxable income

	£	£
Personal allowance		
- Under 65	5,435	5,225
- 65 to 74	9,030*	7,550*
- 75 and over	9,180*	7,690*
Blind person allowance	1,800	1,730

Allowances that reduce tax

Married couple's allowance		
Tax reduction - under 75 and born before 6.4.35	653.50*	628.50*
- 75 and over	662.50*	636.50*
- minimum amount	254.00*	244.00*

*The age related allowances are progressively withdrawn, if income exceeds £21,800 (2007/08 £20,900), until minimum amount is reached.

Other

Gift Aid	No limit	No limit
'Rent a room' exemption	4,250	4,250

TAX CREDITS

Annual Child Tax Credit (CTC)

	£	£
Family element	545	545
Family element, baby addition	545	545
Child element	2,085	1,845
Disabled child element	2,540	2,440
Severely disabled child element	1,020	980

Annual Working Tax Credit (WTC)

Basic element	1,800	1,730
Couple & lone parent element	1,770	1,700
30 hour element	735	705
Disabled worker element	2,405	2,310
Severe disability element	1,020	980

Tax credits joint income thresholds and reductions

1st income threshold	6,420	5,220
1st income threshold (if in receipt of CTC only)	15,575	14,495
1st reduction rate (% of credit)	39%	37%
2nd income threshold	50,000	50,000
2nd reduction rate (% of credit)	6.67%	6.67%
Income disregard	25,000	25,000

CAPITAL ALLOWANCES

From 6 April 2008 for unincorporated businesses (from 1 April 2008 for companies)

	2008/09	2007/08
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Plant & machinery

First Year Allowance – small businesses	–	50%
– medium sized businesses	–	40%

Annual Investment Allowance

- up to first £50,000	100%	n/a
- above £50,000*	20%	n/a

*Excluding long life and integral features

General	20%**	25%**
Long life assets (including integral features)	10%**	6%**
Approved energy-saving items	100%	100%

Where the unrelieved expenditure in the main or new special rate pool is £1,000 or less, a claim can be made for up to £1,000.

Private motor cars (max relief £3,000 per annum per car)

General	20%**	25%**
Low emission cars (CO ₂ emissions ≤110g/km)	100%	100%
Electrically propelled cars (registered after 16 April 2002)	20%**	25%**

Other items

Enterprise Zone buildings	100%	100%
Research & Development	100%	100%
Industrial buildings, hotels and agricultural buildings	3%§	4%§

** of reducing balance per annum

§ Percentage of cost

CORPORATION TAX

The marginal rates applying to company profits are as follows:-

	2008/09	2007/08
Small companies' rate Up to £300,000	21.00%	20.00%
Marginal rate £300,001 to £1,500,000	29.75%	32.50%
Standard rate Above £1,500,000	28.00%	30.00%

The bands are affected by the number of associated companies.

MAXIMUM PENSION CONTRIBUTIONS

2008/09 (from 6 April 2008)

Individuals can pay contributions of up to £2,880 net (£3,600 gross), irrespective of earnings. Higher contributions can be paid based on earnings.

Tax relief available on pension contributions up to 100% of earnings, subject to a maximum annual allowance of £235,000, (2007/08 £225,000).

INVESTMENTS

Investment limits	2008/09	2007/08
Venture Capital Trusts (VCTs)	£200,000	£200,000
Income Tax relief	30%	30%
Capital Gains Tax deferral relief	None	None

Enterprise Investment Scheme (EIS)	£500,000	£400,000
Income Tax relief	20%	20%
Capital Gains Tax deferral relief	Unlimited	Unlimited

Individual Savings Accounts (ISAs)	£7,200	£7,000
Maximum cash	£3,600	£3,000

SOCIAL SECURITY BENEFITS

	2008/09	2007/08
Retirement pension		
Single person per week	£90.70	£87.30
Dependants addition per week	£54.35	£52.30
Single person per year	£4,716.40	£4,539.60
Dependants addition per year	£2,826.20	£2,719.60

From April 2008 the Pension Credit will guarantee an income of at least £124.05 per week for a single pensioner and £189.35 for pensioner couples.

Statutory Sick Pay (SSP)

Earnings threshold per week	£90.00	£87.00
Standard rate per week	£75.40	£72.55

Statutory Maternity Pay (SMP), Paternity Pay (SPP) and Adoption Pay (SAP)

Standard rate per week	£117.18	£112.75
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CAR BENEFIT

Where a car is made available for an employee's private use, a taxable benefit arises. It is calculated by applying a percentage to the list price of the car. The percentage is related to the CO₂ emissions of the car and ranges from 15% to 35% (in 1% increments) for petrol cars.

There are some supplements and reductions to take account of different fuels.

- From 6 April 2008 the lower threshold, the CO₂ emissions figure which determines the appropriate percentage for all cars, is reduced from 140 to 135g/km.
- The supplement for diesel cars remains at 3%.
- Hybrid cars are entitled to a reduction of 3%.
- From 6 April 2008 a new '10 percent band' is introduced for cars with a CO₂ emissions figure of exactly 120 g/km or lower.
- From 6 April 2008 there is a new 2% reduction for cars manufactured to be able to run on E85 fuel, a mixture of 85% bio-ethanol and 15% unleaded petrol.

Fuel benefit

If the employee receives free fuel for private use, a taxable benefit is calculated by applying the company car tax benefit percentage to £16,900.

Advisory fuel rates

These rates apply to all journeys on or after 1 January 2008:

Engine Size	Petrol	Diesel	LPG
1400cc or less	11p	11p	7p
1401cc to 2000cc	13p	11p	8p
Over 2000cc	19p	14p	11p

VAN BENEFIT

	2008/09 and 2007/08
Vans under 4 years old	£3,000
Vans over 4 years old	£3,000
Private fuel scale charge	£500

APPROVED MILEAGE RATES

Employees who use their own vehicle and are paid mileage allowances by their employers may be taxable on part of these sums. Employees are only taxable on the amounts paid in excess of the following rates in 2008/09 (and 2007/08):

	Business mileage	
	Up to 10,000	Over 10,000
Cars and vans	40p	25p
Motor cycles	24p	24p
Bicycles	20p	20p
Additional per passenger	5p	5p

Employees can claim tax relief on any shortfall.