

tax *card*

2008/2009 << <

23W
Chartered Accountants
Business Improvement Consultants



Income tax reliefs

	2008/09 (£)	2007/08 (£)
Personal allowance	5,435	5,225
Blind person's allowance	1,800	1,730
Age <i>single 65-74</i>	9,030	7,550
<i>single 75 or over</i>	9,180	7,690
<i>married couples born before 6.4.35</i>	⁽¹⁾⁽⁴⁾ 6,535	⁽¹⁾⁽⁴⁾ 6,285
<i>married couples 75 or over</i>	⁽¹⁾⁽⁴⁾ 6,625	⁽¹⁾⁽⁴⁾ 6,365
Age allowance earnings limit	⁽²⁾ 21,800	⁽²⁾ 20,900
Enterprise Investment Scheme	⁽²⁾⁽³⁾ 500,000	⁽²⁾⁽³⁾ 400,000

⁽¹⁾ relief restricted to 10%

⁽²⁾ per individual

⁽³⁾ income tax relief at 20% and deferral gains reinvested

⁽⁴⁾ for the age related married couples' allowance, the minimum allowance is £2,540 in 2008/09 and £2,440 in 2007/08

Income tax rates

Taxable Income	2008/09 (£)	2007/08 (£)
10%	-	0 - 2,230
20% (22% 2007/08)	0 - 36,000	2,231 - 34,600
40% on excess		

* There will be a new 10% starting rate for savings income only, with a limit of £2,320. If an individual's taxable non-savings income is above this limit then the 10% savings rate will not be applicable. There are no changes to the 10% dividend ordinary rate or the 32.5% dividend upper rate.

This tax card covers important changes and developments.

Corporation tax

Financial Year	to 31.3.09	to 31.3.08
Main rate	28%	30%
Small companies rate	21%	20%
Effective marginal rate	29.75%	32.5%
Small company limit	£300,000	£300,000
Large company limit	£1,500,000	£1,500,000
Small companies fraction	7/400	1/40

Stamp taxes

Ad valorem stamp duty land tax (SDLT) on property transfers

consideration	rate
up to £125,000 (residential) *	nil
up to £150,000 (non-residential)	nil
£125,001 (£150,001) to £250,000	1%
£250,001 to £500,000	3%
over £ 500,000	4%

* up to £150,000 in a disadvantaged area.

SDLT applies to land and certain interests in partnerships. Shares are subject to stamp duty or stamp duty reserve tax at 0.5%.

new zero carbon homes (from 1/10/07)

Up to £500,000	nil
over £500,000 (subject to a reduction of £15,000 on the duty payable)	4%

Inheritance tax

Transfer after 5 April 2008 (2007)

On death	Rate %
First £312,000 (£300,000)	nil
Excess	40% (40%)
Lifetime transfers	1/2 death rates

Reduced charge on gifts within 7 years of death

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

Main exemptions

	£
Annual gifts per donor	3,000
Small gifts per donee	250
Gifts on marriage	<i>Parent or party to marriage</i> 5,000
	<i>Grandparent</i> 2,500
	<i>Other</i> 1,000

Registered pension schemes

2008/2009

Earners' contribution limit	100% UK earnings up to a maximum of £235,000
Non-earner's contribution limit	£2,880 (made up to £3,600 with basic rate tax relief)
Maximum lifetime allowance	£1.65 million

Note 1: Limits apply to the total of ALL an individual's registered pension schemes

Note 2: Members of an occupational scheme can top up that scheme within the overall limits, with contributions to stakeholder, personal pension and AVC schemes.

National insurance contributions

Class 1 (employed)

Weekly earnings (£)	Contracted in		Contracted out		
	Employee	Employer	Employee	Employer	
				COMP	COSR
0-105.00	nil	nil	nil	nil	nil
105.01-770.00	11%	12.8%	9.4%	11.4%	9.1%
over 770.00	1%	12.8%	1%	12.8%	12.8%

COMP: Contracted Out Money Purchase

COSR: Contracted Out Salary Scheme

Class 1A on car benefits 12.8%

Class 1B on PAYE settlements 12.8%

Class 2 (self-employed) £2.30 pw
small earnings exception £4,825

Class 3 (voluntary) £8.10 pw

Class 4 (self-employed) earnings < £5,435 nil
earnings £5,435 - 40,040 8%
earnings > £40,040 1%

ISAs

Annual investment allowance	£7,200
- cash element (maximum)	£3,600 (2)
- stocks + shares element	£remainder (3)

- (1) You may invest in one cash + one stocks & shares ISA each tax year
- (2) One provider
- (3) Same or different provider

Car and car fuel benefits

Taxable car benefit is calculated on a percentage of the list price, which for the most part will vary according to the level of the carbon dioxide (CO₂) emissions, measured in grams per kilometre (g/km).

The minimum/maximum percentage levels and the emission levels at which they apply for 2008/09 are:

	Taxable benefit as % of car list price	CO₂ emission level
Minimum	15% *	135 g/km
Maximum	35% *	235 g/km

The benefit increases by 1% for each complete 5 g/km

From 6.4.08 a new lower rate of 10% (petrol cars) will apply for cars with CO₂ emissions of 120g/km or less.

- * Diesel cars are subject to an additional 3%, but still subject to an overall maximum benefit of 35% of the list price. This additional charge is waived for diesel cars which meet Euro IV emission standards and which were registered pre 1 Jan 2006.*

Discounts are available for battery electric cars, hybrid electric cars, cars converted to LPG, and cars which run on E85 fuel

Taxable car fuel benefit for 2008/09 is based on the same scale as for car benefit. The percentage tax is applied to a set figure of £16,900 instead of the car list price.

authorised mileage rates

Own vehicle

Cars - all engine sizes	-up to 10,000 business miles	40p per mile
	-over 10,000 business miles	25p per mile
Motorcycles	All business miles	24p per mile
Bicycles	All business miles	20p per mile

Capital gains tax

	2008/09 (£)	2007/08 (£)
Exemption Individuals	9,600	9,200
Trusts	4,800	4,600

Rates

- at top slice of income		- 10, 20 & 40%
- standard rate	18%	-
- entrepreneurs' relief rate*	10%	-

**The special Entrepreneurs' Relief rate of 10% applies to the cumulative lifetime total £1 million of qualifying gains. Gains in excess of this are taxed at the standard rate. Taper relief will apply to disposals made before 06.04.08*

Vat

Standard Rate	17.5%
Registration mandatory if annual turnover (from 1/4/08)	£67,000
De-registration limit (from 1/4/08)	£65,000

dates for tax payment

Income tax & capital gains tax

31 Jan in tax year	} Normally 50% of previous year's net income tax
31 July following	
31 Jan following	

Corporation Tax 9 months after accounting period

Note: quarterly if a large company (generally profits exceed £1.5m)

Please contact us for advice on how they apply to your personal circumstances.

23W

**Chartered Accountants
Business Improvement Consultants**

23 Woodvale Avenue
Giffnock, Glasgow G46 6RG

Tel 0141 620 2245

Fax 0141 626 1461

E-mail info@23w.co.uk