

# tax *card*

2008/2009 << <

23W  
Chartered Accountants  
Business Improvement Consultants



## Income tax reliefs

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

<sup>(1)</sup> relief restricted to 10%

<sup>(2)</sup> per individual

<sup>(3)</sup> income tax relief at 20% and deferral gains reinvested

<sup>(4)</sup> 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

<b>Taxable Income</b>	2008/09 (£)	2007/08 (£)
10%	-	0 - 2,230
20% (22% 2007/08)	<b>0 - 36,000</b>	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)*

<b>On death</b>	<b>Rate %</b>
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

	<b>£</b>
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

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

*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

<b>Annual investment allowance</b>	£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 (CO<sub>2</sub>) 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:*

	<b>Taxable benefit as % of car list price</b>	<b>CO<sub>2</sub> emission level</b>
<b>Minimum</b>	<b>15% *</b>	<b>135 g/km</b>
<b>Maximum</b>	<b>35% *</b>	<b>235 g/km</b>

*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 CO<sub>2</sub> 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

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

## Capital gains tax

---

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

### Rates

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

*\*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	<b>17.5%</b>
Registration mandatory if annual turnover (from 1/4/08)	<b>£67,000</b>
De-registration limit (from 1/4/08)	<b>£65,000</b>

## 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	Balance of income tax and all capital gains tax

**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](mailto:info@23w.co.uk)