



A INCOME TAX RATES

Individuals	2007/08	2008/09
Lower Rate on first (£2,230) £Nil of taxable income	10%	N/A
Basic Rate on next (£32,370) £36,000	22%	20%
Cumulative tax thereon	£7,345	£7,200
Higher Rate over (£34,600) £36,000	40%	40%
On Savings Income, excluding dividends		
taxable income up to lower rate limit £2320 max*	10%	10%
taxable income between lower and basic rate limit	20%	20%
taxable income above basic rate limit	40%	40%
* if non savings income above, it will not apply		
On Dividend Income		
taxable income up to basic rate limit	10%	10%
taxable income above basic rate limit	32.5%	32.5%
Trust		
Interest in Possession	10/20/22/40%	10/20/40%
Discretionary:		
Income used for expenses & next £1,000	10/20/22%	10/20%
Dividend Rate	32.5%	32.5%
Other Rate	40%	40%

B INCOME TAX ALLOWANCES

Effective at all rates of income tax	£	£
Personal Allowance	5,225	5,435
Age Allowance (65 - 74)	7,550	9,030
Age Allowance (75 & over)	7,690	9,180
Blind Person's Allowance	1,730	1,800
Effective at only 10%		
Age Allowance (Married, elder born before 6/4/35)	6,285	6,535
Age Allowance (Married, elder 75 & over)	6,365	6,625
Minimum Allowance (Married, elder born before 6/4/35)	2,440	2,540

All Age Allowances are reduced by £1 for every £2 of income over (£20,900) **£21,800**

C INDIVIDUAL SAVINGS ACCOUNTS (ISAs)

Annual Investment Limits up to 5 April 2008	Mini ISAs (£)	Maxi ISA (£)
Overall Maximum Investment	7,000	7,000
Cash	3,000	3,000
Stocks & Shares	4,000	7,000

Individuals cannot have both a maxi ISA and one or more mini ISAs in the same year. After 6 April 2008 Investors will be able to subscribe up to £7,200 in each tax year with a cash limit of £3,600.

D SCALE BENEFITS FOR VEHICLES

Company Cars: Employees provided with a company car available for private use are taxable according to a scale based on CO₂ emissions. The basic car benefits charge will be the car's list price multiplied by the percentage charge for the CO₂ emissions band in which the car falls, subject to the addition of any diesel supplement or a discount for cars using alternative fuels and technologies.

For the tax years 2008/09 to 2009/10

CO ₂ emissions in gms/km	% of car's list price	CO ₂ emissions in gms/km	% of car's list price	CO ₂ emissions in gms/km	% of car's list price
135	15 ¹	170	22 ¹	205	29 ¹
140	16 ¹	175	23 ¹	210	30 ¹
145	17 ¹	180	24 ¹	215	31 ¹
150	18 ¹	185	25 ¹	220	32 ¹
155	19 ¹	190	26 ¹	225	33 ¹
160	20 ¹	195	27 ¹	230	34 ¹
165	21 ¹	200	28 ¹	235	35 ¹

Supplement if car runs solely on diesel ¹Add 3%. ²Add 2%. ³Add 1%.
*Maximum charge, therefore no diesel supplement.

Reduction if car runs on E85 fuel: For 2008-09 and subsequent years there will be a reduction of 2% for cars manufactured to run on E85 fuel.

The benefit will be reduced for employee contributions up to £5,000 and/or where the car is unavailable for part of the year.

Cars with a CO₂ emission up to and including 120gms/km will be taxed on 10% of the list price from 2008/09.

Fuel Benefit: The annual charge is linked to the car's CO₂ emissions using the same percentage figures as the company car benefit charge and multiplying them by **£16,900**.

Fuel Benefit: VAT Scales (Accounting Periods beginning on or after 1 May 2008)

The VAT on private use will now be charged like Company Cars on the level of CO₂ emissions, ranging from a quarterly charge of £138 (VAT inclusive) on a car with a CO₂ emission of 120gms/km or below to £483 (VAT inclusive) for a car with emissions of 235gms/km or above.

Scale charge tables are available for 1 month, 3 monthly and 12 monthly periods.

National Insurance Contributions: Employers' NICs (Class 1A) are chargeable on both company cars and fuel by reference to the above Income Tax scales. They are assessed annually together with other taxable benefits in kind and collected in arrears (**12.8% for 2007/08**).

Company Vans: There is no charge where an employee merely takes a company van home with only insignificant private use. If there is unrestricted private use then vans up to 3.5 tonnes are taxed at a scale rate of £3000 from April 2007 plus a fuel charge if applicable, irrespective of the age of the van.

E MILEAGE PAYMENTS

Business Mileage	per mile
Motor Cars and Vans	
Up to 10,000 miles	40p
Excess over 10,000 miles	25p
Motorcycles	24p
Cycles	20p

The rates are tax free allowances, which may be used to reimburse employees who use their own vehicle for business purposes.

Employers can use the following fuel only rates to reimburse employees for business travel in their company cars or require staff to repay the cost of fuel used for private travel, on or after 1 January 2008.

Engine size	Petrol Fuel Cost (per mile)	Diesel Fuel Cost (per mile)	LPG Fuel Cost (per mile)
1400cc or less	11p	11p	7p
1401cc – 2000cc	13p	11p	8p
Over 2000cc	19p	14p	11p

F PENSIONS

The new pension simplification legislation came into force on the 6 April 2006, 'A day'.

Key Points

All individuals up to the age of 75 can invest up to £3,600 regardless of income.

The maximum that can be invested is the lower of 100% of net relevant earnings and the annual allowance of £235,000 for 2008/09 (£225,000 for 2007/08), rising by £10,000 a year until 2010/11.

Employers may be able to contribute more than employees into a scheme.

All pension contributions paid by taxpayers are to be paid net of basic rate tax.

There is no provision to carry back premiums or to carry forward unused relief.

Lifetime allowance is £1.65m (£1.6m for 2007/08) rising to £1.8m by 2010/11.

G DOMICILE

From 6 April 2008 adult UK residents who are non UK domiciled and wish to continue to be taxed on a remittance basis will have to pay an annual tax charge of £30,000. In addition remittance basis users will lose the tax free personal allowances and the annual exemption for capital gains. The tax charge will apply to those who have been resident for more than 7 out of the past 10 years, and is in addition to any tax on income or gains remitted.



H CAPITAL GAINS TAX			
Rates	2007/08	2008/09	
Individuals, as top slice of income			
on taxable gains up to lower rate limit	10%	18%	
on taxable gains between lower and basic rate limit	20%	18%	
on taxable gains above basic rate limit	40%	18%	
Trusts generally/personal representatives	40%	18%	
Annual Exemptions	£	£	
Individuals & certain trusts	9,200	9,600	
Trusts generally	4,600	4,800	
Personal representatives for year of death & next two years	9,200	9,600	

Indexation relief frozen at April 1998. Chargeable gains then reduced by reference to period of ownership post – April 1998. Abatement of 75% for business assets held for 2 years and 50% for 1 year. Abatement of 40% for non-business assets held 10 years tapering to 5% for 3 years ownership. **These reliefs cease at 5 April 2008.**

From 6 April 2008 all Capital Gains above the annual exemption are to be taxed at 18% subject to any claim for Entrepreneurs Relief, which could reduce the liability to an effective rate of 10% on gains up to £1 million.

I CORPORATION TAX			
YEAR TO 31 MARCH	2008	2009	
Taxable Profits			
Small Companies Rate: £0 - £300,000	20%	21%	
Marginal Rate £300,001 - £1,500,000	32.5%	29.75%	
Main Rate over £1,500,000	30%	28%	
Closely controlled investment-holding companies are always taxed at the Main Rate.			
YEAR TO 5 APRIL	2008	2009	
Rate of tax credit on dividends	1/9	1/9	

J ENCOURAGING BUSINESS INVESTMENT			
Investments qualifying under the Enterprise Investment Scheme (EIS) and Venture Capital Trust (VCT) rules will attract the benefits detailed below, if certain criteria are satisfied.			
Limits for 2007/08 & 2008/09	EIS	VCT	
Income Tax Credit (ITC)	20%	30%	
Limit for ITC (EIS £400,000 for 2007/08)	£500,000	£200,000	
Capital Gains Tax Deferral	Yes	No	
Capital Gains Tax Exemption on Disposal	Yes	Yes	

K INHERITANCE TAX			
Rates			
From the 6 April 2008 the first £312,000 of cumulative chargeable transfers are taxed at NIL rate. Those in excess are taxed at 40% on death, 20% for lifetime transfers. Potentially exempt transfers within seven years before death are taxed at death rate with tapering relief as follows:			
Years between gift & death	Percentage of death rate		
Up to 3	100%		
3 – 4	80%		
4 – 5	60%		
5 – 6	40%		
6 – 7	20%		
Over 7	NIL		
Exemptions			
Annual exemption	per donor	£ 3,000	
Small gifts	per donee	250	
Gifts in consideration of marriage by:	Parent	5,000	
	Grandparent/Remoter ancestor	2,500	
	Party to the marriage	2,500	
	Other person	1,000	

A claim can be made to transfer any unused proportion of the IHT nil-rate band on a person's death to the estate of their surviving spouse or civil partner who dies on or after 9 October 2007.

L VALUE ADDED TAX			
Standard rate	17.5%		
VAT fraction	7/47		
Effective from	1 April 2007	1 April 2008	
Registration Limits - Annual			
Future/past turnover	£64,000	£67,000	
Deregistration Limit - Annual			
Future turnover	£62,000	£65,000	
Cash Accounting Threshold			
Future turnover	£1,350,000	£1,350,000	
Annual Accounting Threshold			
Future turnover	£1,350,000	£1,350,000	

M STAMP DUTY LAND TAX			
Transfer of land and buildings (consideration paid)			
Residential Properties		Non Residential Properties & Residential Properties in Disadvantaged Areas	
0 - £125,000	0%	0 - £150,000	0%
£125,001 - £250,000	1%	£150,001 - £250,000	1%
£250,001 - £500,000	3%	£250,001 - £500,000	3%
£500,001+	4%	£500,001+	4%

From 1 October 2007 all new zero-carbon rated homes costing up to £500,000 will pay no stamp duty land tax; homes costing in excess of £500,000 will receive a reduction in stamp duty land tax of £15,000.

N NATIONAL INSURANCE CONTRIBUTIONS FROM 6 APRIL 2008			
Class 1 - Individuals in Employment			
Lower Earnings Limit £90 wkly / £390 mthly / £4,680 yrly.			
There is no liability for either employees' or employers' contributions if earnings are below these limits.			
Earnings Threshold (Employees & Employers) £105 wkly / £453 mthly / £5,435 yrly.			
For earnings between the lower earnings limit and the earnings threshold although no NICs are actually paid they are treated as having been paid for the purposes of claiming benefits.			
Upper Earnings Limit £770 wkly / £3,337 mthly / £40,040 yrly.			
Applies to employees only.			
Not Contracted-out rates on the following bands of weekly earnings		Employee	Employer
£0.00 to £90.00		NIL	NIL
£90.01 to £105.00		0%	0%
£105.01 to £770.00		11%	12.8%
Over £770.00		1%	12.8%
Contracted-out rates on the following bands of weekly earnings		Employee	Employer
		COSR	COMP
£0.00 to £90.00		NIL	NIL
£90.01 to £105.00		0%	0%
£105.01 to £770.00		9.4%	9.1%
Over £770.00		1%	12.8%

Employer Contributions – COSR above relates to contracted-out salary-related schemes and COMP to contracted-out money purchase schemes.

Class 2 - Self Employed Individuals - £2.30 a week. Earnings under £4,825 per annum are excepted.

Class 3 - Voluntary Contributions - £8.10 a week, for protection of benefits by those not liable under Class 1 or 2

Class 4 - Self Employed Individuals - 8% on assessable profits between £5,435 and £40,040 a year. 1% above £40,040