

TAX RATES 2008/09

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RATES 2008/09 £ TAX RATES 2008/09 £ TAX RATES 2008/09 £

INCOME TAX RATES

2008/09		2007/08	
Band	Rate	Band	Rate
£	%	£	%
0 - 2,320	10*	0 - 2,230	10
2,321 - 36,000	20**	2,231 - 34,600	22**
Over 36,000	40♦	Over 34,600	40♦

* Only applicable to dividends and savings income.

** Except dividends (10%) and, in 2007/08, savings income (20%).

♦ Except dividends (32.5%).

Other income taxed first, then savings income and finally dividends.

INCOME TAX RELIEFS

		2008/09	2007/08
		£	£
Personal allowance	- under 65	5,435	5,225
	- 65 - 74*	9,030	7,550
	- 75 and over*	9,180	7,690
Married couple's allowance (relief at 10%)	- aged less than 75 and born before 6.4.35*	6,535	6,285
	- 75 and over*	6,625	6,365
	- min. amount	2,540	2,440
*Age allowance income limit		21,800	20,900
(Reduce age allowance by £1 for every £2 of excess income over £21,800.)			
Blind person's allowance		1,800	1,730

TAX CREDITS

	2008/09	2007/08
	£	£
Working Tax Credit		
Basic element - max.	1,800	1,730
Childcare element		
80% of eligible costs up to £175 per week (£300 if two or more children).		
Child Tax Credit (CTC)		
Child element		
per child - max.	2,085	1,845
Family element	545	545
Baby addition	545	545

Reductions in maximum rates

39% (37%) of income above £6,420* (£5,220*) p.a.

*If only CTC is claimed, the threshold is £15,575 (£14,495) p.a. The family element of CTC is not reduced unless income is more than £50,000 p.a. when it is reduced by £1 for every £15 of additional income.

PENSION PREMIUMS

- 2008/09 and 2007/08**
- Tax relief available for personal contributions: higher of £3,600 (gross) or 100% of relevant earnings.
 - Employers will obtain tax relief on employer contributions if they are paid and made 'wholly and exclusively'. Tax relief for large contributions may be spread over several years.
 - Any contributions in excess of £235,000 (£225,000), whether personal or by the employer, may be subject to income tax on the individual at 40%.
 - No carry back of pension contributions.

CAR, VAN AND FUEL BENEFITS

2008/09

CO ₂ emissions (gm/km) (round down to nearest 5gm/km)	% of car's list price taxed	Fuel benefit (£16,900 x %) £
up to 135	15	2,535
140	16	2,704
145	17	2,873
150	18	3,042
155	19	3,211
160	20	3,380
165	21	3,549
170	22	3,718
175	23	3,887
180	24	4,056
185	25	4,225
190	26	4,394
195	27	4,563
200	28	4,732
205	29	4,901
210	30	5,070
215	31	5,239
220	32	5,408
225	33	5,577
230	34	5,746
235 and above	35	5,915

Company cars

- For diesel cars add a 3% supplement but maximum still 35%. Euro IV diesel cars registered before 1 January 2006 do not suffer the 3% supplement.
- Discounts apply to certain environmentally friendly cars.
- From 2008/09 a new 10% rate applies to non-electric cars with emissions of no more than 120gm/km. Environmentally friendly discounts do not apply to these cars but the diesel supplement does.
- For cars registered before 1 January 1998 the charge is based on engine size.
- The list price includes accessories and is subject to an upper limit of £80,000.
- The list price is reduced for capital contributions made by the employee up to £5,000.

Fuel benefit

- The fuel benefit charge is proportionately reduced if provision of private fuel ceases part way through the year.
- The fuel benefit is reduced to nil only if the employee pays for all private fuel.

Van benefit per vehicle

2008/09 and 2007/08

Van benefit £3,000

Fuel benefit £500

The charges will not apply if a 'restricted private use condition' is met throughout the year.

MILEAGE ALLOWANCE PAYMENTS

2008/09 and 2007/08

Cars and vans

Up to 10,000 miles

Over 10,000 miles

Bicycles

Motorcycles

Rate per mile

40p

25p

20p

24p

These rates represent the maximum tax free mileage allowances for employees using their own vehicles for business. Any excess is taxable. If the employee receives less than the statutory rate, tax relief can be claimed on the difference.

INDIVIDUAL SAVINGS ACCOUNTS (ISAs)

2008/09

£

Overall annual investment limit

7,200

Comprising - cash up to

3,600 max.

- balance in stocks and shares

7,200 max.

CORPORATION TAX

	Year to 31.3.09		Year to 31.3.08	
	Profits band	Rate	Profits band	Rate
	£	%	£	%
Small companies rate	0-300,000	21*	0-300,000	20
Marginal (small companies) rate	300,001-1,500,000	29.75*	300,001-1,500,000	32.50
Full rate	Over 1,500,000	28*	Over 1,500,000	30
Small companies fraction		7/400*		1/40

The profits limits are reduced for accounting periods of less than 12 months and for a company with associated companies.

*Different rates apply for ring-fenced (broadly oil industry) profit.

CAPITAL ALLOWANCES

Plant and machinery - Annual Investment Allowance (AIA)

The AIA gives a 100% write-off on most types of plant and machinery costs, including integral features and long life assets but not cars, of up to £50,000 p.a. Any costs over the AIA fall into the normal capital allowance pools at either 10% or 20%.

The AIA applies to expenditure incurred on or after 6 April 2008 (1 April 2008 for companies) by all businesses. Special rules apply for accounting periods straddling these dates. The £50,000 limit may need to be shared between certain businesses under common ownership.

Other plant and machinery allowances

The annual rate of allowance is 20% (25%) from 6 April 2008 (1 April 2008 for companies). The 20% rate also applies to cars, with an overriding maximum of £3,000 per car. Special rules apply for accounting periods straddling these dates. First year allowances are abolished except a 100% allowance may still be available on certain energy efficient plant and cars.

A new 10% rate applies to expenditure incurred on integral features and on long life assets on or after 6 April 2008 (1 April 2008 for companies). Long life asset expenditure brought forward will obtain the 10% rate (6%), with special rules applying for accounting periods straddling these dates.

Industrial and agricultural buildings and hotels

The annual rate of allowance is 3% (4%) from 6 April 2008 (1 April 2008 for companies). Special rules apply for accounting periods straddling these dates.

VALUE ADDED TAX

Standard rate	17.5%
Reduced rate	5%
Annual Registration Limit - from 1.4.08 (1.4.07 - 31.3.08	£64,000) £67,000
Annual Deregistration Limit - from 1.4.08 (1.4.07 - 31.3.08	£62,000) £65,000

CAPITAL GAINS TAX

Individuals	2008/09 £	2007/08 £
Exemption	9,600	9,200
For 2008/09, balance of gains charged at 18%.		
For 2007/08, balance of gains (reduced by taper relief*) charged as top slice of income (at savings rates i.e. 10%, 20% or 40%).		

Trusts

Exemption	4,800	4,600
Balance of gains (reduced by taper relief* for 2007/08).	18%	40%

*Taper relief abolished for gains arising on or after 6 April 2008.

Entrepreneurs' Relief

For gains arising on or after 6 April 2008, the first £1m of qualifying gains are charged at an effective rate of 10%. Gains in excess of £1m are charged at 18%.

INHERITANCE TAX

Death rate %	Lifetime rate %	Chargeable transfers	
		2008/09 £'000	2007/08 £'000
Nil	Nil	0 - 312*	0 - 300*
40	20	Over 312*	Over 300*

*Potentially increased for surviving spouses or civil partners who die on or after 9 October 2007.

Reliefs

Annual exemption	£3,000	Marriage - parent	£5,000
Small gifts	£250	- grandparent	£2,500
		- bride/groom	£2,500
		- other	£1,000

Reduced charge on gifts within seven years of death

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

STAMP DUTY & STAMP DUTY LAND TAX

Land and buildings (on full consideration paid)			
Rate	Residential property		Non-residential
	Disadvantaged areas	Other	£
	£	£	
Nil	0 - 150,000	0 - 125,000	0 - 150,000
1%	150,001 - 250,000	125,001 - 250,000	150,001 - 250,000
3%	250,001 - 500,000	250,001 - 500,000	250,001 - 500,000
4%	Over 500,000	Over 500,000	Over 500,000

Shares and securities - rate 0.5%.

NATIONAL INSURANCE

Class 1 (employed) contracted in Weekly earnings	2008/09 rates	
	Employer	Employee
Up to £105	Nil*	Nil*
£105.01 - £770	12.8%**	11%**
Over £770	12.8%**	£73.15 + 1% [‡]

* Entitlement to contribution-based benefits retained for earnings between £90.01 and £105 per week.

**On earnings above £105. ‡On earnings above £770.

Class 1A (employers)	12.8% on employee taxable benefits
Class 1B (employers)	12.8% on PAYE Settlement Agreements
Class 2 (self-employed)	flat rate per week £2.30 small earnings exception £4,825 p.a.
Class 3 (voluntary)	flat rate per week £8.10
Class 4 (self-employed)	8% on profits between £5,435 and £40,040 plus 1% on profits over £40,040

MAIN SOCIAL SECURITY BENEFITS

Weekly benefit	2008/09	2007/08
Basic retirement pension - single person	£90.70	£87.30
- married couple	£145.05	£139.60
Statutory pay rates - average weekly earnings £90 (£87) or over		
Statutory Sick Pay	£75.40	£72.55
Statutory Maternity Pay		
First six weeks	90% of weekly earnings	
Next 33 weeks	£117.18*	£112.75*
Statutory Paternity Pay - two weeks	£117.18*	£112.75*
Statutory Adoption Pay - 39 weeks	£117.18*	£112.75*

*Or 90% of weekly earnings if lower.

SELF ASSESSMENT: KEY DATES 2008/09

31 July 2008 - Second payment on account for 2007/08.

5 October 2008 - Deadline for notifying HMRC of new sources of income if no tax return has been issued for 2007/08.

31 October 2008 - Deadline for submission of 2007/08 non-electronic returns. Also, the deadline for submission of 2007/08 returns requiring HMRC calculation and where the taxpayer wants a balancing payment (below £2,000) collected through their 2009/10 PAYE code.

31 January 2009 - Deadline for filing electronic tax returns for 2007/08. Balancing payment due for 2007/08. First payment on account due for 2008/09.

The information in this tax card is based upon the 2008 Budget and other earlier announcements and may be subject to amendment by the Finance Act.

2008

	January	February	March	April
Mon	7 14 21 28	4 11 18 25	31 3 10 17 24	7 14 21 28
Tue	1 8 15 22 29	5 12 19 26	4 11 18 25	1 8 15 22 29
Wed	2 9 16 23 30	6 13 20 27	5 12 19 26	2 9 16 23 30
Thu	3 10 17 24 31	7 14 21 28	6 13 20 27	3 10 17 24
Fri	4 11 18 25	1 8 15 22 29	7 14 21 28	4 11 18 25
Sat	5 12 19 26	2 9 16 23	1 8 15 22 29	5 12 19 26
Sun	6 13 20 27	3 10 17 24	2 9 16 23 30	6 13 20 27

	May	June	July	August
Mon	5 12 19 26 30	2 9 16 23	7 14 21 28	4 11 18 25
Tue	6 13 20 27	3 10 17 24	1 8 15 22 29	5 12 19 26
Wed	7 14 21 28	4 11 18 25	2 9 16 23 30	6 13 20 27
Thu	1 8 15 22 29	5 12 19 26	3 10 17 24 31	7 14 21 28
Fri	2 9 16 23 30	6 13 20 27	4 11 18 25	1 8 15 22 29
Sat	3 10 17 24 31	7 14 21 28	5 12 19 26	2 9 16 23 30
Sun	4 11 18 25	1 8 15 22 29	6 13 20 27	3 10 17 24 31

	September	October	November	December
Mon	1 8 15 22 29	6 13 20 27	3 10 17 24	1 8 15 22 29
Tue	2 9 16 23 30	7 14 21 28	4 11 18 25	2 9 16 23 30
Wed	3 10 17 24	1 8 15 22 29	5 12 19 26	3 10 17 24 31
Thu	4 11 18 25	2 9 16 23 30	6 13 20 27	4 11 18 25
Fri	5 12 19 26	3 10 17 24 31	7 14 21 28	5 12 19 26
Sat	6 13 20 27	4 11 18 25	1 8 15 22 29	6 13 20 27
Sun	7 14 21 28	5 12 19 26	2 9 16 23 30	7 14 21 28

2009

	January	February	March	April
Mon	5 12 19 26	2 9 16 23	30 2 9 16 23	6 13 20 27
Tue	6 13 20 27	3 10 17 24	31 3 10 17 24	7 14 21 28
Wed	7 14 21 28	4 11 18 25	4 11 18 25	1 8 15 22 29
Thu	1 8 15 22 29	5 12 19 26	5 12 19 26	2 9 16 23 30
Fri	2 9 16 23 30	6 13 20 27	6 13 20 27	3 10 17 24
Sat	3 10 17 24 31	7 14 21 28	7 14 21 28	4 11 18 25
Sun	4 11 18 25	1 8 15 22	1 8 15 22 29	5 12 19 26