

## Useful Tax Information Provided by JLS & Co. Accountants

(Updated 20.05.08)

### 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 Relief

		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
	- minimum amount	2,540	2,440
* Age allowance income limit (reduce age allowance by £1 for every £2 of excess income over £21,800)		21,800	20,900
Blind person's allowance		1,800	1,730

## Car and Fuel Benefits

### Company cars 2008/09

<b>CO<sub>2</sub> emissions (gm/km) (round down to nearest 5gm/km)</b>	<b>% of car's list price taxed</b>	<b>Fuel benefit (£16,900 x %)</b>
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 benefits

- 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)**

<b>Cars</b>	up to 10,000 miles - 40p
	over 10,000 miles - 25p
<b>Bicycles:</b>	20p
<b>Motorcycles:</b>	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.

## Corporation Tax

	Years to 31.3.09		Years 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.

## 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	£67,000	1.4.07 - 31.3.08	£64,000
Annual Deregistration Limit - from 1.4.08	£65,000	1.4.07 - 31.3.08	£62,000

## VAT Fuel Scale Charges

Businesses must use the new scale charges from the start of their next accounting period beginning on or after 1 May 2008.

CO2 band	VAT fuel scale charge, 3 month period £	VAT on 3 month charge £	VAT exclusive 3 month charge £
120 or less	138.00	20.55	117.45
125	207.00	30.83	176.17
130	207.00	30.83	176.17
135	207.00	30.83	176.17
140	221.00	32.91	188.09
145	234.00	34.85	199.15
150	248.00	36.94	211.06
155	262.00	39.02	222.98
160	276.00	41.11	234.89
165	290.00	43.19	246.81
170	303.00	45.13	257.87
175	317.00	47.21	269.79
180	331.00	49.3	281.70
185	345.00	51.38	293.62
190	359.00	53.47	305.53
195	373.00	55.55	317.45
200	386.00	57.49	328.51
205	400.00	59.57	340.43
210	414.00	61.66	352.34
215	428.00	63.74	364.26
220	442.00	65.83	376.17
225	455.00	67.77	387.23
230	469.00	69.85	399.15
235 or more	483.00	71.94	411.06

## Capital Gains Tax

	<b>2008/09</b>	<b>2007/08</b>
<b>Individuals</b> - 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%).		
<b>Trusts</b> - 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

		<b>Chargeable Transfers</b>	
<b>Death Rate</b>	<b>Lifetime Rate</b>	<b>2008/09</b>	<b>2007/08</b>
%	%	£	£
Nil	Nil	0 – 312,000*	0 – 300,000*
40	20	Over 312,000*	Over 300,000 *

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

### Reliefs:

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

### Reduced charge on gifts within seven years of death:

<b>Years before death</b>	0-3	3-4	4-5	5-6	6-7
<b>% of death charge</b>	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

#### 2008/09 Rates

Weekly earnings	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 2 (self-employed)

flat rate per week £2.30  
small earnings exception p.a. £4,825

### 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

## State pension and Statutory pay rates

		Weekly Benefit	
		2008/09	2007/08
<b>Basic retirement pension</b>	- single person	£90.70	£87.30
	- married couple	£145.50	£139.60
<b>Statutory pay rates</b> - 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

## MARKET DATA

### % Annual Inflation

	2008	2007	2006	2005	2004	2003	2002	2001	2000
	%	%	%	%	%	%	%	%	%
Jan	4.1	4.2	2.4	3.2	2.6	2.9	1.3	2.7	2.0
Feb	4.1	4.6	2.4	3.2	2.5	3.2	1.0	2.7	2.3
Mar	3.8	4.8	2.4	3.2	2.6	3.1	1.3	2.3	2.6
Apr		4.5	2.6	3.2	2.5	3.1	1.5	1.8	3.0
May		4.3	3.0	2.9	2.8	3.0	1.1	2.1	3.1
Jun		4.4	3.3	2.9	3.0	2.9	1.0	1.9	3.3
Jul		3.8	3.3	2.9	3.0	3.1	1.5	1.6	3.3
Aug		4.1	3.4	2.8	3.2	2.9	1.4	2.1	3.0
Sep		3.9	3.6	2.7	3.1	2.8	1.7	1.7	3.3
Oct		4.2	3.7	2.5	3.3	2.6	2.1	1.6	3.1
Nov		4.3	3.9	2.4	3.4	2.5	2.6	0.9	3.2
Dec		4.0	4.4	2.2	3.5	2.8	2.9	0.7	2.9

## Interest Rates

Bank Base Rates		Mortgage Rates	
10.4.08	5.00%	1.5.8	7.00%
7.2.08	5.25%	7.2.08	7.25%
6.12.07	5.50%	6.12.07	7.50%
5.7.07	5.75%	5.7.07	7.75%
10.5.07	5.50%	1.6.07	7.50%
11.1.07	5.25%	1.2.07	7.25%
9.11.06	5.00%	11.11.06	7.00%
3.8.06	4.75%	3.8.06	6.75%
4.8.05	4.50%	1.9.05	6.50%
5.8.04	4.75%	1.9.04	6.75%
10.6.04	4.50%	1.7.04	6.50%
6.5.04	4.25%	1.6.04	6.25%
5.2.04	4.00%	1.3.04	6.00%
6.11.03	3.75%	1.12.03	5.75%
10.7.03	3.50%	1.8.03	5.50%
6.2.03	3.75%	1.3.03	5.65%
8.11.01	4.00%	1.12.01	5.75%
4.10.01	4.50%	1.11.01	6.25%
18.9.01	4.75%	1.10.01	6.50%
2.8.01	5.00%	1.9.01	6.75%
10.5.01	5.25%	1.6.01	7.00%
5.4.01	5.50%	1.5.01	7.25%
8.2.01	5.75%	1.3.01	7.50%
10.2.00	6.00%	1.3.00	7.74%
13.1.00	5.75%	1.2.00	7.49%
4.11.99	5.50%	1.12.99	7.24%
8.9.99	5.25%	1.10.99	6.99%
10.6.99	5.00%	1.5.99	6.85%
8.4.99	5.25%	1.3.99	6.95%
4.2.99	5.50%	1.2.99	7.45%
7.1.99	6.00%	1.1.99	7.70%
10.12.98	6.25%	1.12.98	8.20%

**Source:**  
 Bank Base Rates - Barclays  
 Mortgage Rates - Halifax