

## Tax Rate Card

2008/09



### Income Tax Rates

|  | 2008/09 | 2007/08 |
|--|---------|---------|
| 10% on first                                     | +£2,320 | £2,230  |
| 22% on next (for 2007/08 only)                   | Nil     | £32,370 |
| 20% on first                                     | £36,000 | Nil     |
| 40% on income over                               | £36,000 | £34,600 |
| Dividends for basic-rate taxpayers               | 10%     | 10%     |
| Other investment income for basic-rate taxpayers | 20%     | 20%     |
| Dividends for higher-rate tax payers             | 32.5%   | 32.5%   |
| Most trusts                                      | 40%     | 40%     |
| Dividends for most trusts                        | 32.5%   | 32.5%   |

### Main Income Tax Reliefs

|   | 2008/09  | 2007/08  |
|---|----------|----------|
| Personal allowance (basic)                    | £5,435   | £5,225   |
| Personal allowance (age 65 – 74)              | £9,030   | £7,550   |
| Personal allowance (age 75 and over)          | £9,180   | £7,690   |
| Married couple's allowance (age 65 – 74)*     | £6,535   | £6,285   |
| Married couple's allowance (age 75 and over)* | £6,625   | £6,365   |
| Income limit for age-related allowances       | £21,800  | £20,900  |
| Blind person's allowance                      | £1,800   | £1,730   |
| Rent-a-room tax-free income                   | £4,250   | £4,250   |
| Enterprise Investment Scheme at 20%           | £500,000 | £400,000 |
| Venture Capital Trust at 30%                  | £200,000 | £200,000 |

\* Allowances where relief is restricted to 10%

† restricted to savings income and not available if non-savings income exceeds £2,320

### Employee Benefits

|  | 2008/09  | 2007/08  |
|--|----------|----------|
| Occupational Pension cap for 'new entrants'  | £235,000 | £225,000 |
| Profit-sharing scheme: 10% of earnings max   | £8,000   | £8,000   |
| Savings-related share options per month      | £250     | £250     |
| Approved Share Option Plans                  | £30,000  | £30,000  |
| All Employee Share Schemes - Employers       | £3,000   | £3,000   |
| - Employees                                  | £1,500   | £1,500   |
| Cheap loan benefit tax-free if loan is up to | £5,000   | £5,000   |
| Golden handshake exemption                   | £30,000  | £30,000  |
| Relocation expenses                          | £8,000   | £8,000   |

### Car Benefit Assessment 2008/09

Charge based on a percentage of the initial list price of the car; the percentage depends on the carbon dioxide emission rating of the car, if it has one. For older cars without a rating, the percentage depends on engine capacity.

For 2008/09 the percentage for a petrol engine is 15% for ratings up to 135g/km. The percentage increases by 1% for every complete 5g/km in excess of this, to a maximum of 35%. Diesel cars have 3% added to this figure, but still have a maximum percentage of 35%. For petrol engines with a rating of less than 120g/km the percentage rate is reduced to 10% (13% for Diesels)

### Car Fuel 2008/09

The tax charge for fuel provided for private use is calculated by applying the relevant car benefit percentage to a scale charge. For 2008/09 the charge is £16,900.

There are discounts for gas, bi-fuel and electric vehicles.

## Capital Gains Tax

|              | 2008/09 | 2007/08                      |
|--------------|---------|------------------------------|
| Individuals: | 18%     | Taxed as top slice of income |
| Most trusts  | 18%     | 40%                          |

Individuals and some trustees will be able to claim entrepreneur's relief on the first £1 million of lifetime qualifying gains at an effective tax rate of 10% from 06/04/08.

### Annual Exemptions:

|  |        |        |
|--|--------|--------|
| Individuals, personal representatives, etc | £9,600 | £9,200 |
| Trusts generally                           | £4,800 | £4,600 |
| Chattels (5/3 taxable on excess)           | £6,000 | £6,000 |

Taper relief will no longer be available in respect of gains made after 05/04/08.

For years upto and including 2007/08 taper relief is available. The taper relief will reduce the amount of chargeable gain according to how long the asset has been held for periods after 05/04/1998. Non-business assets acquired before 17/03/1998 qualify for an additional one year to the period for which they are treated as held after 05/04/1998.

| Number of complete years after 05/04/1998 which asset held | Gains on business assets          |  | Gains on non-business assets  |  |
|--|-----------------------------------|--|-------------------------------|--|
|  | Percentage for of gain chargeable | Equivalent tax rates for higher-rate/basic-rate taxpayer | Percentage of gain chargeable | Equivalent tax rates for higher-rate/basic-rate taxpayer |
| 0  | 100                               | 40/20  | 100                           | 40/20  |
| 1  | 50                                | 20/10  | 100                           | 40/20  |
| 2 or more  | 25                                | 10/5   | 100                           | 40/20  |
| 3  |                                   |  | 95                            | 38/19  |
| 4  |                                   |  | 90                            | 36/18  |
| 5  |                                   |  | 85                            | 34/17  |
| 6  |                                   |  | 80                            | 32/16  |
| 7  |                                   |  | 75                            | 30/15  |
| 8  |                                   |  | 70                            | 28/14  |
| 9  |                                   |  | 65                            | 26/13  |
| 10 or more   |                                   |  | 60                            | 24/12  |

## Personal Pensions / Stakeholder Pensions

| Tax Year | Lifetime Allowance | Annual Allowance |
|----------|--------------------|------------------|
| 2007/08  | £1,600,000         | £225,000         |
| 2008/09  | £1,650,000         | £235,000         |
| 2009/10  | £1,750,000         | £245,000         |
| 2010/11  | £1,800,000         | £255,000         |

## National Insurance Contributions

| Employees Class 1  | 2008/09   | 2007/08   |
|--|---|---|
| – Employees with earnings at or above the lower earnings limit |   |   |
| Standard rate (contracted in)                                  | 11% on weekly earnings between £105.01 and £770   | 11% on weekly earnings between £100.01 and £670   |
| Standard rate (contracted out)                                 | 9.4% on weekly earnings between £105.01 and £770  | 9.4% on weekly earnings between £100.01 and £670  |
| Married women and widows reduced rate                          | 4.85% on weekly earnings between £105.01 and £770 | 4.85% on weekly earnings between £100.01 and £670 |
| Additional 1% on all earnings                                  | over £770 per week                                | over £670 per week                                |

### Employers Class 1 Contributions

| Weekly Earnings Bands | 2008/09            |                             |                             |
|-----------------------|--------------------|-----------------------------|-----------------------------|
|                       | Not contracted out | Contracted out COSR Schemes | Contracted out COMP Schemes |
| Below £105            | Nil                | Nil                         | Nil                         |
| £105 – £770           | 12.8%              | 9.1%                        | 11.4%                       |
| Over £770             | 12.8%              | 12.8%                       | 12.8%                       |

| Weekly Earnings Bands | 2007/08            |                             |                             |
|-----------------------|--------------------|-----------------------------|-----------------------------|
|                       | Not contracted out | Contracted out COSR Schemes | Contracted out COMP Schemes |
| Below £100            | Nil                | Nil                         | Nil                         |
| £100 – £670           | 12.8%              | 9.1%                        | 11.4%                       |
| Over £670             | 12.8%              | 12.8%                       | 12.8%                       |

Notes: 1. COSR = Contracted Out Salary Related 2. COMP = Contracted Out Money Purchase

### Self-Employed

|   | 2008/09 | 2007/08      |
|---|---------|--------------|
| Class 2 – self-employed rate (per week)   | £2.30   | £2.20        |
| Small earnings exemption (per annum)      | £4,825  | £4,635       |
| Class 3 – voluntary rate (per week)       | £8.10   | £7.80        |
| Class 4 – self-employed rate              | 8%      | 8%           |
| Lower limit of profits (per annum)        | £5,435  | £5,225       |
| Upper limit of profits (per annum)        | £40,400 | £34,840      |
| Additional 1% on all earnings (per annum) | £40,400 | over £34,840 |

### Basic State Pension

|                                 | 2008/09   | 2007/08   |
|---------------------------------|-----------|-----------|
| Single person per year          | £4,716.40 | £4,540.00 |
| Dependant's additional per year | £2,826.20 | £2,722.00 |
| Married couple total per year   | £7,542.60 | £7,262.00 |

## Inheritance Tax

|                                     | 2008/09  | 2007/08  |
|-------------------------------------|----------|----------|
| Free of tax up to                   | £312,000 | £300,000 |
| Tax on excess                       | 40%      | 40%      |
| Transfers to most trusts            | 20%      | 20%      |
| Overseas domiciled spouse exemption | £55,000  | £55,000  |

|   | 2008/09 | 2007/08 |
|---|---------|---------|
| Business Property and Agricultural Reliefs  |         |         |
| A business or interest in a business  | 100%    | 100%    |
| Transfers of unquoted shareholding  | 100%    | 100%    |
| Transfers of a controlling shareholding in fully quoted companies, land, buildings, machinery or plant used in business of company or partnership | 50%     | 50%     |

### Reduced tax 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%   |

Annual exempt gifts: £3,000 per donor, £250 per donee

Further gifts may be received free of tax at time of marriage

## Corporation Tax

|   | 2008/09             | 2007/08             |
|---|---------------------|---------------------|
| Small companies' rate: 21%(20% for 2007/08) | £0-£300,000         | £0-£300,000         |
| Marginal relief                             | £300,001-£1,500,000 | £300,001-£1,500,000 |
| Main rate: 28% (30% for 2007/08)            | £1,500,001 or more  | £1,500,001 or more  |
| R&D Tax Relief SME companies                | 175%                | 150%                |
| Large companies                             | 130%                | 125%                |

## Main Capital Allowances

|   | 2008/09 | 2007/08 |
|---|---------|---------|
| Plant and machinery, Patent Rights, Know-How:       |         |         |
| Writing down allowances (reducing balance)          | 20% pa  | 25% pa  |
| Plant and machinery: FYA for small-sized businesses | Nil     | 50%     |
| Plant and machinery: FYA for all other businesses   | Nil     | 40%     |
| Annual Investment Allowance                         | £50,000 | Nil     |

|  |        |                   |
|--|--------|-------------------|
| Motor cars:  |        |                   |
| Writing down allowance (reducing balance)                  | 25% pa | max £3,000 pa     |
| Scientific research - Capital expenditure                  | 100%   | initial allowance |
| Industrial and agricultural buildings, hotels, docks, etc: |        |                   |
| Writing down allowance (straight line)                     | 3% pa  | 4% pa             |

## Value Added Tax

|   |                   |                       |         |
|---|-------------------|-----------------------|---------|
| Standard rate   |                   | 17.5%                 |         |
| Domestic fuel and power                                     |                   | 5%                    |         |
| Insurance Premium Tax                                       | Higher rate 17.5% | Standard rate 5%      |         |
| Registration level  | from 01/04/2008   | £67,000 to 31/03/2008 | £64,000 |
| De-registration limit                                       | from 01/04/2008   | £65,000 to 31/03/2008 | £62,000 |
| Cash-accounting scheme turnover limit                       |                   | £1,350,000            |         |
| Optional flatrate scheme turnover limit                     |                   | £150,000              |         |
| Car fuel: variable outputs based on car fuel benefit charge |                   |                       |         |

## Stamp Duty Land Tax

|   |     |
|---|-----|
| On documents transferring residential property (excluding shares) |     |
| Below £125,000  | NIL |
| £125,001 – £250,000   | 1%  |
| £250,001 – £500,000   | 3%  |
| Over £500,000   | 4%  |

## Individual Savings Accounts (ISA)

For 2008/09 subscription limit is £7,200.

## Main Dates for Tax Payments

### Income Tax and Capital Gains Tax – Self Assessment

- 31 Jan in tax year
  - Following 31 July
  - Following 31 Jan
- } – Normally 50% of previous year's  
Income Tax, less tax deducted at source  
– Balance of Income Tax and all CGT

### Inheritance Tax

- Death: normally six months after month of death
- Lifetime transfer 6 April – 30 Sept: 30 April in following year
- Lifetime transfer 1 Oct – 5 April: six months after month of transfer

### Corporation Tax

- Small companies: (taxable profits less than £1,500,000) tax due nine months and one day after end of accounting period.
- Large companies: (taxable profits over £1,500,000) tax due in quarterly instalments from six months and 13 days after start of accounting period.

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