

Value Added Tax

Standard rate (1/4 of VAT-inclusive price)	17.5%
Registration level from 1.4.08	£67,000 per annum
Deregistration level from 1.4.08	£65,000 per annum

Scale charges (from 1.5.08)

The scale charges for private use of business fuel are based on the CO₂ emissions rating of the car. A different charge will apply for each 5g/km increase between 135g/km (min) and 235 g/km (max). For a 3 month period:

120 or less	£117.45 net	£20.55 VAT
121-139	176.17 net	30.83 VAT
rising per 5g/km by approx*	11.74 net	2.05 VAT
235 or above	411.06 net	71.94 VAT

*exact figures must be obtained from full table.

Due dates for payment of tax

Income Tax and Class 4 NIC 2008/09

1st payment on account	31 January 2009
2nd payment on account	31 July 2009
Balancing payment	31 January 2010

Capital Gains Tax 31 January following the tax year.

Inheritance Tax Normally 6 months after month of death.

Corporation Tax Large companies pay by instalments starting 6 months through the accounting period; small/medium companies pay 9 months and 1 day after end of period.

Useful Rates

2008/09

Basic Retirement Pension

Single person	£90.70
Married couple	145.05

Child Benefit

First eligible child	18.80
Each subsequent child	12.55

Example rates:

Child Tax Credits	
Family element	545
Threshold for withdrawal	50,000

National Minimum Wage

From 1 October 2007	5.52 ph
From 1 October 2008	5.73 ph

You are advised to consult us before acting on any information contained herein.

2008/2009 Calendar

April 2008

M	T	W	T	F	S	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

June 2008

M	T	W	T	F	S	S
			1			
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

August 2008

M	T	W	T	F	S	S
			1	2	3	
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

October 2008

M	T	W	T	F	S	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

December 2008

M	T	W	T	F	S	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

February 2009

M	T	W	T	F	S	S
			1			
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	

May 2008

M	T	W	T	F	S	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

July 2008

M	T	W	T	F	S	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

September 2008

M	T	W	T	F	S	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

November 2008

M	T	W	T	F	S	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

January 2009

M	T	W	T	F	S	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

March 2009

M	T	W	T	F	S	S
			1			
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

NEWPORT HOUSE
NEWPORT ROAD
STAFFORD
ST16 1DA

TEL: 01785 243276
FAX: 01785 257780

Email: admin@howardsca.co.uk
Web: www.howardsca.co.uk



HOWARDS
CHARTERED ACCOUNTANTS

REGISTERED AUDITORS
TAX & FINANCIAL PLANNING
BUSINESS ADVISORS
OUTSOURCING

TAX
RATES
2008 - 2009



DIRECTORS
CLIVE ARCHER
ADELE LAWTON
ALAN LONGDEN
DAVID WOOD

REGISTERED IN ENGLAND AND WALES TO
CARRY OUT COMPANY AUDIT WORK

Income Tax

Tax rates	2008/09	2007/08
Starting rate on first	*	£2,230
Basic rate on next	£36,000	32,370
Higher rate on taxable income over	36,000	34,600

*Starting rate band (within basic rate band) for savings income only: £2,320

Rates differ for General/Interest/Dividends

	2008/09			2007/08		
	G	I	D	G	I	D
Starting rate	N/A	10%	10%	10%	10%	10%
Basic rate	20%	20%	10%	22%	20%	10%
Higher rate	40%	40%	32.5%	40%	40%	32.5%

General income (salary, pension, profit, rent) uses lower rate bands first, then interest, then dividends. Discretionary trusts: basic rate as above applies to first £1,000 of income, then higher rate.

Allowed at top rate of tax

Personal Allowance	£5,435	£5,225
Personal Allowance (65 - 74)*	9,030	7,550
Personal Allowance (75 and over)*	9,180	7,690
Blind Person's Allowance	1,800	1,730

Allowed only at 10%

Married Couple's Allowance (up to 74)**	6,535	6,285
Married Couple's Allowance (75 and over)**	6,625	6,365
Income limit for age-related allowances	21,800	20,900

*only available if born before 6th April 1935.

**Age allowances are reduced £1 for every £2 by which income exceeds the income limit, until the age allowance is reduced to the normal allowance. Personal allowance is reduced before married couple's allowance. MCA is reduced to a minimum of £2,540 (2007/08: £2,440).

Important annual limits

	2008/09	2007/08
Individual Savings Account investment	£7,200	£7,000
Rent a room exemption	4,250	4,250
Enterprise Investment Scheme investment	*500,000	*400,000
Venture Capital Trust investment	‡200,000	‡200,000

*Relief at 20% †Relief at 30%

Pension contributions

Maximum annual tax-efficient gross contributions to age 75:

- individuals £3,600 or 100% of earnings to £235,000
- employers £235,000 less employee contributions

Maximum tax efficient fund on taking benefits in 2008/09: £1.65m (rising to £1.8m in 2010/11).

Most personal pension contributions are paid net of basic rate tax.

Payments will rise from 78% of gross premium to 80% on 6 April 2008.

National Insurance Contributions

Class 1 (Employees)

	Contracted In	Contracted Out		
		Salary Related	Money Purchase	
Employee contributions				
— on earnings £105.01 - £770pw	11.0%	9.4%	9.4%	9.4%
— on earnings above £770pw	1.0%	1.0%	1.0%	1.0%
Employer contributions				
— on earnings £105.01 - £770pw	12.8%	9.1%	11.4%	11.4%
— on earnings above £770pw	12.8%	12.8%	12.8%	12.8%

Employer contributions (at 12.8%) are also due on most benefits in kind and on tax paid on an employee's behalf under a PAYE settlement agreement.

Class 2 (Self-employed)

Flat rate per week	£2.30
Small earnings exception: profits per annum	£4,825

Class 3 (Voluntary)

Flat rate per week	£8.10
--------------------	-------

Class 4 (Self-employed)

On profits £5,435 - £40,040	8.0%
On profits over £40,040	1.0%

Car benefit assessment 2008/09

Charge based on a percentage of the initial list price of the car, including accessories, delivery charges and VAT. The percentage depends on the carbon dioxide emissions rating of the car, and whether the engine runs on petrol or diesel. Lower rates may apply to electric or biofuel-adapted cars.

Ratings	Petrol	Diesel
0-120g/km	10%	13%
121-135g/km	15%	18%
Over 135g/km	+ 1% for each extra 5g/km (140,145 etc.)	18%
Maximum	35%	35%

Special rules apply to older cars which do not have a CO₂ rating.

Employee contributions for private use are deducted from the taxable figure. Company vans are charged at £3,000 if private use is more than home-to-work travel. An additional amount of £500 is charged if fuel is provided free for private use.

Car fuel benefit

The benefit of free fuel for private use in a company car is calculated using the same percentage as that used for the car benefit, applied to a standard figure of £16,900 (2007/08: £14,400). The taxable amount is therefore between £1,690 (min.) and £5,915 (max.).

Tax free mileage allowances

	Higher Rate 2008/09 & 2007/08	Lower Rate unchanged
All cars	40p	25p
Motorcycles	24p	24p
Bicycles	20p	20p
Business passengers	5p	5p

Higher rate allowed up to 10,000 business miles.

Fuel-only allowances for company cars

	Petrol	Diesel	LPG
From 1.1.2008			
Up to 1400cc	11p	11p	7p
1401 - 2000cc	13p	11p	8p
Over 2000cc	19p	14p	11p

These rates may change more frequently than once a year.

Inheritance Tax

Charges on or after 6th April 2008	Rates %	Charges between 6th April 2007 and 5th April 2008
0 - £312,000	NIL	0 - £300,000
Above £312,000	40%	Above £300,000

Lifetime chargeable transfers at half the death rate, ie 20%.

Business property relief of 100% for all shareholdings in qualifying unquoted trading companies and for most unincorporated trading businesses; agricultural property relief at 100% for qualifying holdings of agricultural land.

Annual exemption for lifetime gifts £3,000.

Small gifts - annual amount per donee £250.

Reduced tax charge on transfers within 7 years of death

Years before death	Percentage of death rates
0 - 3	100%
3 - 4	80%
4 - 5	60%
5 - 6	40%
6 - 7	20%
Over 7	NIL

Stamp Duty and Stamp Duty Land Tax

Rates on sales	% of Total Consideration
Shares and marketable securities (nil if value up to £1,000)	0.5%
Land 0 - threshold	NIL
Threshold - £250,000	1%
£250,001 - £500,000	3%
£500,001 and over	4%

The threshold is £125,000 for residential property and £150,000 for commercial property. In "disadvantaged areas", the residential threshold is £150,000.

Capital Gains Tax

Annual exempt amount 2008/09: individuals £9,600, most trustees £4,800. For disposals after 5 April 2008, taper relief (for length of ownership) and indexation allowance (for effects of inflation up to April 1998) are abolished. Net gains after all reliefs and annual exempt amount are taxed at 18% (2007/08: marginal rate of income tax, i.e. 10% / 20% / 40%).

Entrepreneurs' relief

For disposals of sole trade or interest in a partnership trade, or shares in a trading company by an employee owning at least 5% the gain (up to £1m lifetime allowance) is reduced to 3%, to give an effective rate of CGT of 10%. Gains above the allowance are taxed at 18%.

Corporation Tax

	Year to 31.3.2009	31.3.2008
Main rate	28%	30%
Profits above	£1.5m	£1.5m
Small companies rate	21%	20%
Profits up to	£300K	£300K
Small/large marginal band	£300K - £1.5m	£300K - £1.5m
Fraction (effective rate)	¹ / ₁₀₀ (29.75%)	¹ / ₁₀₀ (32.5%)

Main capital allowances

	Allowance %
Plant and machinery from 1.4.08*	
— annual investment allowance: £50,000	100
— certain energy efficient plant, including low emission cars	100
— writing down allowance (10% on some long life assets)	20
— cars in general (max £3,000pa)	20
— features integral to a building	10

* rates change 6.4.08 for income tax traders

Industrial building allowances are being phased out: 4% in 2007/08, 3% 2008/09, 2% 2009/2010, 1% 2010/2011; nil thereafter