

**PLACE FLIGHT**  
CHARTERED ACCOUNTANTS  
& BUSINESS ADVISORS



## **2008/09 Tax Tables**



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**INCOME TAX**

|  | 08-09    | 07-08     |
|--|----------|-----------|
| <b>Rates</b>                                       | <b>£</b> | <b>£</b>  |
| Starting rate of 10% on first                      | 2,320*   | 2,230     |
| Income to which starting rate applies              | Savings  | All       |
| Basic rate on earned, pensions and property income | 20%      | 22%       |
| Basic rate on savings income                       | 20%      | 20%       |
| Higher rate of 40% on income over                  | 36,000   | 34,600    |
| Dividends for: basic rate taxpayers                | 10%      | 10%       |
| higher rate taxpayers                              | 32.5%    | 32.5%     |
| Trusts: standard rate band generally               | 1,000    | 1,000     |
| dividends (rate applicable to trusts)              | 32.5%    | 32.5%     |
| other income (rate applicable to trusts)           | 40%      | 40%       |
| Pre-owned assets tax (£5,000 minimum taxable)      |          | As income |

\*Only applicable where taxable non-savings income is under £2,320

**Main Personal Allowances and Reliefs**

|   |         |          |
|---|---------|----------|
| Personal (basic)  | 5,435   | 5,225    |
| Personal (65–74)  | 9,030   | 7,550    |
| Personal (75 & over)  | 9,180   | 7,690    |
| Married couples/civil partners (minimum) at 10% <sup>†</sup>  | 2,540   | 2,440    |
| Married couples/civil partners (under 75) at 10% <sup>†</sup> | 6,535   | 6,285    |
| Married couples/civil partners (75+) at 10%                   | 6,625   | 6,365    |
| Age-related reliefs reduced by 50% of income over             | 21,800  | 20,900   |
| Blind persons   | 1,800   | 1,730    |
| Rent-a-room tax-free income                                   | 4,250   | 4,250    |
| Venture capital trust (VCT) at 30%                            | 200,000 | 200,000  |
| Enterprise investment scheme (EIS) at 20%                     | 500,000 | 400,000  |
| EIS eligible for capital gains tax re-investment relief       |         | No limit |

<sup>†</sup>Where at least one spouse/civil partner was born before 6 April 1935

|  |         |   |
|--|---------|---|
| <b>Non-domicile Charge:</b> charge for adult non-UK domiciliary after UK residence in at least 7 of the previous 9 tax years | £30,000 | – |
|--|---------|---|

**REGISTERED PENSIONS**

|  | 08-09  | 07-08         |
|--|--|---------------|
| Lifetime allowance*                      | £1,650,000   | £1,600,000    |
| Annual allowance                         | £235,000   | £225,000      |
| Lifetime allowance charge                | 55% if excess drawn as cash<br>25% if excess drawn as income |               |
| Annual allowance charge                  |  | 40% of excess |
| Maximum pension commencement lump sum*   | 25% of pension benefit value                                 |               |
| Maximum relievable personal contribution | 100% relevant UK earnings or<br>£3,600 if greater            |               |

\* Subject to transitional protection for excess amount

| <b>EMPLOYEE SHARE SCHEMES LIMITS</b>         |                         | <b>08-09</b> | <b>07-08</b> |
|--|-------------------------|--------------|--------------|
| Share incentive plans contributions          | Employer                | £3,000       | £3,000       |
|  | Employer matching (2:1) | £3,000       | £3,000       |
|  | Employee                | £1,500       | £1,500       |
| Enterprise management incentive option value |                         | £120,000     | £100,000     |
| Savings-related share options per month      |                         | £250         | £250         |
| Approved share option schemes                |                         | £30,000      | £30,000      |

## **CAR BENEFIT FOR EMPLOYEES**

Taxable amount based on car's list price when new up to £80,000

Charge varies according to CO<sub>2</sub> emissions in grams per kilometre

| CO <sub>2</sub><br>g/km | % of price |       | CO <sub>2</sub><br>g/km | % of price |       | CO <sub>2</sub><br>g/km | % of price |       |
|-------------------------|------------|-------|-------------------------|------------|-------|-------------------------|------------|-------|
|                         | 08-09      | 07-08 |                         | 08-09      | 07-08 |                         | 08-09      | 07-08 |
| 120 or less             | 10         | 15    | 170-4                   | 22         | 21    | 210-4                   | 30         | 29    |
| 121-139                 | 15         | 15    | 175-9                   | 23         | 22    | 215-9                   | 31         | 30    |
| 140-4                   | 16         | 15    | 180-4                   | 24         | 23    | 220-4                   | 32         | 31    |
| 145-9                   | 17         | 16    | 185-9                   | 25         | 24    | 225-9                   | 33         | 32    |
| 150-4                   | 18         | 17    | 190-4                   | 26         | 25    | 230-4                   | 34         | 33    |
| 155-9                   | 19         | 18    | 195-9                   | 27         | 26    | 235-9                   | 35         | 34    |
| 160-4                   | 20         | 19    | 200-4                   | 28         | 27    | 240+                    | 35         | 35    |
| 165-9                   | 21         | 20    | 205-9                   | 29         | 28    |                         |            |       |

Further reductions may apply for LPG, bi-fuel, E85 hybrid and electric cars

**Diesels** not meeting Euro IV or registered after 31 December 2005:

add 3% subject to maximum charge of 35%

| <b>Vans – for private use</b>   | <b>08-09</b> | <b>07-08</b> |
|---|--------------|--------------|
| Chargeable amount   | £3,000       | £3,000       |
| No charge if private use is limited to journeys between home and work |              |              |

## **FUEL BENEFIT**

|  | <b>08-09</b> | <b>07-08</b> |
|--|--------------|--------------|
| Multiply the CO <sub>2</sub> % used for the car benefit by | £16,900      | £14,400      |
| Vans – flat charge   | £500         | £500         |

## **COMPANY CARS – ADVISORY FUEL RATES from 1/1/08**

| Engine size        | Petrol | Diesel | LPG |
|--------------------|--------|--------|-----|
| 1,400cc or less    | 11p    | 11p    | 7p  |
| 1,401cc to 2,000cc | 13p    | 11p    | 8p  |
| Over 2,000cc       | 19p    | 14p    | 11p |

## **TAX-FREE MILEAGE ALLOWANCE – OWN VEHICLE 07-09**

|             |                                  |  |
|-------------|----------------------------------|--|
| <b>Cars</b> | Up to 10,000 business miles: 40p | <b>Motorcycles</b> 24p per business mile |
|             | Over 10,000 business miles: 25p  |  |
|             |                                  | <b>Bicycles</b> 20p per business mile    |

## NATIONAL INSURANCE CONTRIBUTIONS

### Class 1 Employee Not Contracted-Out of State Second Pension (S2P)

|                         | 08-09    |          | 07-08    |          |
|-------------------------|----------|----------|----------|----------|
|                         | Employee | Employer | Employee | Employer |
| NIC rate                | 11%      | 12.8%    | 11%      | 12.8%    |
| No NICs on the first    | £105 pw  | £105 pw  | £100 pw  | £100 pw  |
| NICs charged up to      | £770 pw  | No limit | £670 pw  | No limit |
| 1% NIC on earnings over | £770 pw  | N/A      | £670 pw  | N/A      |
| Certain married women   | 4.85%    | 12.8%    | 4.85%    | 12.8%    |

### Contracted-Out Rebate

| Rebate on             | 08-09                  | 07-08                  |
|-----------------------|------------------------|------------------------|
| Salary-related scheme | £90.01–£770 pw<br>1.6% | £87.01–£670 pw<br>1.6% |
| Money-purchase scheme | 1.4%                   | 1.4%                   |
| Personal Pension      | No reduction           | No reduction           |

### Class 1A Employer 07-09 on car fuel benefits & most other taxable benefits: 12.8%

#### Limits and Thresholds

|                      | 08-09  |         |        | 07-08  |         |        |
|----------------------|--------|---------|--------|--------|---------|--------|
|                      | Weekly | Monthly | Annual | Weekly | Monthly | Annual |
|                      | £      | £       | £      | £      | £       | £      |
| Lower earnings limit | 90     | 390     | 4,680  | 87     | 377     | 4,524  |
| NICs start           | 105    | 453     | 5,435  | 100    | 435     | 5,225  |
| Upper earnings limit | 770    | 3,337   | 40,040 | 670    | 2,904   | 34,840 |

#### Self-Employed

|                   | 08-09                 | 07-08                 |
|-------------------|-----------------------|-----------------------|
| Class 2 Flat rate | £2.30 pw              | £2.20 pw              |
| if earnings over  | £119.60 pa            | £114.40 pa            |
| Class 4*          | £4,825 pa             | £4,635 pa             |
| On profits:       | £5,435–£40,040 pa: 8% | £5,225–£34,840 pa: 8% |
|                   | Over £40,040 pa: 1%   | Over £34,840 pa: 1%   |

#### Voluntary

|                   |          |            |          |            |
|-------------------|----------|------------|----------|------------|
| Class 3 Flat rate | £8.10 pw | £421.20 pa | £7.80 pw | £405.60 pa |
|-------------------|----------|------------|----------|------------|

\* Unless over state pension age on 6 April

## BASIC STATE PENSION

|  | 08-09              |           | 07-08               |           |
|--|--------------------|-----------|---------------------|-----------|
|  | Weekly             | Annual    | Weekly              | Annual    |
| Single person                                      | £90.70             | £4,716.40 | £87.30              | £4,539.60 |
| Dependant's addition                               | £54.35             | £2,826.20 | £52.30              | £2,719.60 |
| Total married pension                              | £145.05            | £7,542.60 | £139.60             | £7,259.20 |
| Pension Credit – Standard Income Guarantee (08-09) | Single: £124.05 pw |           | Married: £189.35 pw |           |

## INDIVIDUAL SAVINGS ACCOUNTS (ISAs)

| Maximum Investment Component | 08-09             | 07-08    |                   |
|------------------------------|-------------------|----------|-------------------|
|                              |                   | Mini-ISA | Maxi-ISA          |
| Cash                         | £3,600            | £3,000   | £3,000            |
| Stocks & Shares              | balance to £7,200 | £4,000   | balance to £7,000 |

## CHILD TRUST FUND

Children born after 31 August 2002

Annual contributions from family and friends up to £1,200

## INHERITANCE TAX

|   | 08-09    | 07-08    |
|---|----------|----------|
| Nil-rate band*  | £312,000 | £300,000 |
| Rate of tax on excess   | 40%      | 40%      |
| Lifetime transfers to and from certain trusts                               | 20%      | 20%      |
| Overseas domiciled spouse/civil partner exemption                           | £55,000  | £55,000  |
| 100% relief: businesses, unlisted/AIM companies, certain farmland/buildings |          |          |
| 50% relief: certain other business assets                                   |          |          |

### Reduced tax charge on gifts within 7 years of death

| Years before death    | 0-3              | 3-4 | 4-5 | 5-6            | 6-7 |
|-----------------------|------------------|-----|-----|----------------|-----|
| % of death tax charge | 100              | 80  | 60  | 40             | 20  |
| Annual exempt gifts   | £3,000 per donor |     |     | £250 per donee |     |

\*Up to 100% of the unused proportion of a deceased spouse's/civil partner's nil-rate band can be claimed on the surviving spouse's/civil partner's death after 8 Oct 2007

## CAPITAL GAINS TAX

| Exemptions  | 08-09  | 07-08         |
|---|--------|---------------|
| Individuals, estates etc                                  | £9,600 | £9,200        |
| Trusts generally  | £4,800 | £4,600        |
| Chattels proceeds ( $\frac{5}{8}$ excess gain is taxable) | £6,000 | £6,000        |
| Rates   |        |               |
| Individuals   | 18%    | 10, 20 or 40% |
| Trusts and estates  | 18%    | 40%           |

### Entrepreneur's Relief 08-09

$\frac{1}{8}$ ths of gain (effective tax rate of 10%). Lifetime limit: £1,000,000

For trading businesses & companies (min. 5% employee shareholding) held for 1 yr+

### Taper Relief for 07-08 Percentage of gain chargeable

| Years owned     | 1   | 2   | 3  | 4  | 5  | 6  | 7  | 8  | 9  | 10 |
|-----------------|-----|-----|----|----|----|----|----|----|----|----|
| Business assets | 50  | 25  | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 |
| Other assets*   | 100 | 100 | 95 | 90 | 85 | 80 | 75 | 70 | 65 | 60 |

\*One year's extra relief for other assets owned before 17/3/98

## STAMP DUTIES

### Stamp Duty Land Tax

Consideration is £125,000 or less (£150,000 for residential properties in disadvantaged areas and all non-residential properties) Nil

Consideration is over £125,000 and up to £250,000 1%

Consideration is over £250,000 and up to £500,000 3%

Consideration is over £500,000 4%

Stamp Duty (including SDRT): stocks and marketable securities 0.5%

No charge unless the duty exceeds £5

## CORPORATION TAX

| Profits £          | Effective rate<br>to 31/3/09 | Effective rate<br>to 31/3/08 |
|--------------------|------------------------------|------------------------------|
| 0–300,000          | 21%                          | 20%                          |
| 300,001–1,500,000  | 29.75%                       | 32.5%                        |
| 1,500,001 and over | 28%                          | 30%                          |

## MAIN CAPITAL AND OTHER ALLOWANCES

|  |         |
|--|---------|
| Plant & machinery 100% annual investment allowance (first year)                | £50,000 |
| Plant & machinery, patent rights, know-how (reducing balance) pa               | 20%     |
| Certain long-life assets, integral features of buildings (reducing balance) pa | 10%     |
| Industrial & agricultural buildings (straight line)                            | 3%      |
| Energy & water-efficient investments   | 100%    |
| Qualifying flat conversions & business premises renovations                    | 100%    |
| Motor cars: CO <sub>2</sub> emissions of 110g/km or less                       | 100%    |
| CO <sub>2</sub> emissions of 111–165g/km                                       | 20%     |
| CO <sub>2</sub> emissions of 166g/km or more                                   | 10%     |
| R&D: Capital expenditure   | 100%    |
| Revenue expenditure – small/medium-size firms                                  | 175%    |
| – large firms  | 130%    |

## VALUE ADDED TAX

|   |                                       |
|---|---------------------------------------|
| Registration level from 1/4/08            | £67,000                               |
| Standard rate: 17.5%                      | Reduced rate, eg on domestic fuel: 5% |
| Flat rate scheme turnover limit           | £150,000                              |
| Cash and annual accounting turnover limit | £1,350,000                            |

## MAIN DUE DATES FOR TAX PAYMENT

### Income Tax and Capital Gains Tax – Self-assessment

|                        |   |
|------------------------|---|
| 31 January in tax year | } • Normally 50% of previous year's income tax, less tax deducted at source |
| Following 31 July      |   |
| Following 31 January   | • Balance of income tax and all CGT   |

|   |  |
|---|--|
| <b>Inheritance Tax</b> On death:        | normally 6 months after month of death |
| Lifetime transfer 6 April–30 September: | 30 April in following year             |
| Lifetime transfer 1 October–5 April:    | 6 months after month of transfer       |

### Corporation Tax

|  |  |
|--|--|
| Small and medium-size companies:   | 9 months after accounting period   |
| Large companies (those paying tax at 28%/30%):   | Quarterly instalments normally payable in 7th, 10th, 13th, 16th months after the start of the accounting period. |
| Growing companies avoid instalments where profits are £10m or less and the company was not large for the previous year |  |