

## Individual Savings Accounts

	Overall limit	Cash limit
2008/09	£7,200	£3,600
2007/08	£7,000	£3,000

Savings are exempt from income tax and capital gains tax.

## Registered Pension Schemes

### Individual contributions 2008/09

Maximum tax-relievable contributions are the higher of

- 100% of taxable UK earnings, or
- £3,600 (provided the scheme operates tax relief at source).

### Annual allowance

2008/09	£235,000
2007/08	£225,000

### Lifetime allowance

2008/09	£1,650,000
2007/08	£1,600,000

## Stamp Taxes

### Shares and marketable securities 0.5%<sup>1</sup>

<sup>1</sup> Rounded up to the nearest multiple of £5

### Transfers of land and buildings (consideration paid)

Residential <sup>2</sup>	Non-residential	Rate
£125,000 or less	£150,000 or less	Nil
£125,001-£250,000	£150,001-£250,000	1%
£250,001-£500,000	£250,001-£500,000	3%
Over £500,000	Over £500,000	4%

### Leases

Rent (net present value)

Residential <sup>2</sup>	Non-residential	Rate
Up to £125,000	Up to £150,000	Nil
Over £125,000	Over £150,000	1%

<sup>2</sup> Different rates apply in designated disadvantaged areas

### Premiums

Duty on premiums is the same as for transfers of land (but special rules apply to non-residential property where rent exceeds £1,000 annually).

## Capital Allowances

Agricultural buildings (straight-line basis)	Rate %
Writing-down allowance	3

<b>Dredging</b> (straight-line basis)	
Writing-down allowance	4

<b>Business premises renovation</b> Initial allowance*	100
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<b>Flat conversions</b> Initial allowance*	100
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*Writing-down allowance for unrelieved expenditure (straight-line basis)	25
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<b>Industrial buildings</b> (straight-line basis)	
Writing-down allowance	3

Expenditure on buildings (including commercial buildings) on sites in enterprise zones qualifies for initial allowance of 100% if contracted for within 10 years of inclusion of site in zone.

<b>Know-how</b> (reducing balance basis)	
Writing-down allowance	25

<b>Mineral extraction</b> (reducing balance basis)	
<i>Writing-down allowances</i>	
General	25
Acquisition of mineral asset	10

<b>Patent rights</b> (reducing balance basis)	
Writing-down allowance	25

<b>Plant and machinery</b> (reducing balance basis)	
Annual investment allowance (max £50,000)	100
<i>First-year allowances</i>	
Energy-saving or environmentally beneficial assets	100
New low-emission cars	100
<i>Writing-down allowances</i>	
General	20
Integral features and thermal insulation	10
Long-life assets	10

<b>Research and development</b> Allowance	100
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## Venture Capital Schemes

	Investment limit	Income tax relief rate
Enterprise investment scheme	£500,000*	20%
Venture capital trusts	£200,000	30%

\*Increase from 2007/08 limit (£400,000) subject to State Aid approval

	Corporation tax relief rate
Corporate venturing scheme	20%

## Tax Credits

Annual amounts 2008/09	£
<b>Child tax credit</b>	
Family element	545
baby addition	545
Child element (for each child)	2,085
Addition for disabled child	2,540
Severe disabled child enhancement	1,020

<b>Working tax credit</b>	
Basic element	1,800
Lone parent and couple element	1,770
30-hour element	735
Disability element	2,405
Severe disability element	1,020
50-plus return to work payment (16 to 29 hours)	1,235
(30 or more hours)	1,840
Childcare element (up to 80% of costs)	<b>Weekly</b>
maximum eligible cost (1 child)	175
maximum eligible cost (2 or more)	300

<b>Income thresholds</b>	
First income threshold	6,420
eligible for child tax credit only	15,575
First withdrawal rate	39%
Second income threshold	50,000
Second withdrawal rate	6.67%
Income disregard	25,000



## Income Tax Allowances

	2008/09	2007/08
	£	£
<b>Personal allowance</b>		
general	5,435	5,225
aged 65 to 74 in tax year	9,030	7,550
aged 75 or over in tax year	9,180	7,690
age allowance income limit	21,800	20,900
minimum where income exceeds limit	5,435	5,225
<b>Married couple's allowance*</b>		
(relief at 10%)		
either partner aged under 75 and born before 6 April 1935	6,535	6,285
either partner aged 75 or over in year of assessment	6,625	6,365
age allowance income limit	21,800	20,900
minimum where income exceeds limit	2,540	2,440

\*Available for civil partners.

Blind person's allowance 1,800 1,730

## Income Tax Rates

Taxable Income	Band	Rate
£	£	%
<b>2008/09</b>		
<b>0 - 36,000</b>	<b>36,000</b>	<b>20</b>
<b>Over 36,000</b>		<b>40</b>
<b>2007/08</b>		
0 - 2,230	2,230	10
2,231 - 34,600	32,370	22
Over 34,600		40

**Savings** income is generally treated as the highest part of total income. For 2008/09, interest is taxed at 10% to the extent it falls in the first £2,320 of taxable income, 20% within the remainder of the basic rate band and 40% thereafter. For 2007/08, interest is taxed at 10% within the starting rate band, 20% within the basic rate band and 40% thereafter. Income from **dividends** is taxed at 10% within the starting and basic rate bands and at 32.5% thereafter (these rates are applied to the dividend grossed-up by a tax credit of 1/9).

## National Insurance Contributions

2008/09				
Class 1 (Earnings related)				
	Not contracted out	Contracted out		
<b>Employees</b>				
<i>Weekly earnings</i>				
First £105	Nil	Nil		
On balance up to £770	11%	9.4%		
Over £770	1%	1%		
<b>Employers</b>	<b>NCO</b>	<b>SRS</b>	<b>MPS</b>	
<i>Weekly earnings</i>				
First £105	Nil	Nil	Nil	Nil
On balance up to £770	12.8%	9.1%	11.4%	
On balance over £770	12.8%	12.8%	12.8%	

Employees' rates are reduced to 4.85% for married women with valid certificates of election but the 1% rate above £770 still applies. Rates are nil for men over 65 and women over 60. Normal employers' contributions are still payable.

Employers receive a rebate of 3.7% for salary-related schemes and 1.4% for money purchase schemes on earnings from £90 to £105 per week. A rebate of 1.6% on earnings from £90 to £105 per week is given to employees (or employers where insufficient contributions have been paid for offset).

**Class 1A and Class 1B** – 12.8%  
**Class 2** (Self-employed) – Flat rate £2.30 a week. Small earnings exemption £4,825 a year.  
**Class 3** (Voluntary contributions) – £8.10 a week.  
**Class 4** (Self-employed) – 8% of profits between £5,435 and £40,040 a year. 1% of profits above £40,040 a year.

## Inheritance Tax

**Transfers after 5 April 2008 and before 6 April 2009**

Death Rates	Rate %
<b>Gross transfer</b>	
Up to £312,000*	Nil
Over £312,000	40
*Unused nil rate band is transferable to spouse or civil partner.	
Chargeable lifetime transfers are initially charged at 20%. Annual gifts of up to £3,000 per donor are exempt.	

## Capital Gains Tax

Annual exempt amounts 2008/09	£
Individuals, disabled trusts, personal representatives for year of death and two years thereafter	<b>9,600</b>
Trusts generally	<b>4,800</b>
<b>Rate</b>	<b>18%</b>
<b>Entrepreneurs' relief</b>	
Qualifying gains reduced by $\frac{1}{9}$ (£1 million lifetime limit)	

## Corporation Tax

Financial Year to	31/3/2009	31/3/2008
Full rate	<b>28%</b>	30%
Small companies rate	<b>21%</b>	20%
21%/20% rate limit	<b>£300,000</b>	£300,000
marginal relief limit	<b>£1,500,000</b>	£1,500,000
marginal relief fraction	<b>7/400</b>	1/40
effective marginal rate	<b>29.75%</b>	32.5%

## Value Added Tax

Standard rate	17.5%	Lower rate	5%
Registration level from 1 April 2008			£67,000 pa
Deregistration limit from 1 April 2008			£65,000 pa

**VAT car fuel scale charges from 1 May 2008**

CO <sub>2</sub> emissions	Quarterly returns	Monthly returns
grams per km	£	£
120	138	46
135	207	69
140	221	73
145	234	78
150	248	82
155	262	87
160	276	92
165	290	96
170	303	101
175	317	105
180	331	110
185	345	115
190	359	119
195	373	124
200	386	128
205	400	133
210	414	138
215	428	142
220	442	147
225	455	151
230	469	156
235	483	161

## Car Benefit

CO <sub>2</sub> emissions (2008/09)	% of list price (max. £80,000)	
grams per km	Petrol	Diesel
120	10	13
135	15	18
140	16	19
145	17	20
150	18	21
155	19	22
160	20	23
165	21	24
170	22	25
175	23	26
180	24	27
185	25	28
190	26	29
195	27	30
200	28	31
205	29	32
210	30	33
215	31	34
220	32	35
225	33	35
230	34	35
235	35	35

For cars registered from 1 January 1998 with no CO<sub>2</sub> emissions figures, the tax charge is 15% of the list price for engines up to 1,400 cc, 25% for engines of 1,401 cc to 2,000 cc and 35% for engines above 2,000 cc (18%, 28% and 35% for diesel cars).

## Car Fuel Benefit

For 2008/09, car fuel benefit is calculated by applying the above car benefit percentage to a figure of £16,900.

## Tax-Free Mileage Allowances

Employee's own vehicle	2008/09
<i>Motorcars and vans</i>	
Up to 10,000 business miles	40p
Over 10,000 business miles	25p
Each passenger making same trip	5p
<i>Motorcycles</i>	24p
<i>Cycles</i>	20p

**Advisory fuel rates for company car from 1 January 2008**

Cylinder capacity	Petrol	Diesel	LPG
Up to 1,400 cc	11p	11p	7p
1,401 cc to 2,000 cc	13p	11p	8p
Over 2,000 cc	19p	14p	11p