

## Pension Contributions

The maximum contributions available for tax relief are the greater of:

- £3,600; and
- 100% of the net relevant earnings for the year (subject to an annual maximum of £235,000 in 2008/09 (£225,000 in 2007/08)).

Contributions are paid net of basic rate tax.

Relief has to be claimed for the tax year of payment.

A tax charge may arise if the value of the pension at retirement exceeds the lifetime limit. The lifetime limit is £1,650,000 in 2008/09 (£1,600,000 in 2007/08).

## HM Revenue & Customs Authorised Mileage Rates

### Rates for 2007/08 and 2008/09

### Tax free rate per mile

All cars – first 10,000 miles	40p per mile
All cars – all additional miles	25p per mile
Motorcycles	24p per mile
Pedal cycles	20p per mile

### Fuel Rates For Company Cars

These rates per mile apply where employers require employees to repay fuel costs for private travel or when employees are reimbursed for business travel in company cars.

The rates below apply from 1 January 2008.

Hybrid cars are treated as petrol cars for this purpose.

Size of engine	Petrol	Diesel	LPG
0 – 1400cc	11p	11p	7p
1401 – 2000cc	13p	11p	8p
2001cc and over	19p	14p	11p

## Inheritance Tax

	2008/09	2007/08			
Nil rate band (see also below)	£312,000	£300,000			
Rate of tax on excess	40%	40%			
Annual exemption per donor	£3,000	£3,000			
Annual gifts per donee	£250	£250			
Reduced tax charge on gifts within 7 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%

If an individual's nil rate band is not fully utilized on death, the nil rate band available on the death of his or her spouse, at a later date, is increased. The maximum joint nil rate band for 2008/09 for married couples and civil partners is therefore £624,000 (2007/08 £600,000).

## Capital Gains Tax

	2008/09	2007/08
Tax rate (before taper relief for 2007/08)	18%	10%20%40%
Annual exemption		
- individuals	£9,600	£9,200
- settlements	£4,800	£4,600
Chattels exemption (proceeds)	£6,000	£6,000

Taper relief applied to gains up to 5 April 2008. The maximum reductions were 75% for business assets and 40% for non-business assets, depending on length of ownership.

Taper relief and indexation allowance are abolished for all disposals after 5 April 2008.

### Entrepreneur's Relief

Entrepreneur's relief applies to qualifying disposals of businesses, shares in personal companies and assets used in a personal partnership or company. Qualifying conditions exist. The effect of the relief is to reduce the tax rate on gains to 10%. A lifetime total of £1million of gains can qualify for relief.

## Main Capital Allowances

	2008/09	2007/08
<b>Plant &amp; Machinery</b>		
Writing down allowance rate	20%	25%
First year allowance rate		
- small businesses	----	50%
- medium-sized businesses	----	40%
Annual investment allowance *	100%	----
<b>Fixtures Integral To A Building</b>	10%	25%
<b>Long Life Assets</b>	10%	6%
<b>Industrial/Agricultural buildings</b>	3%	4%
<b>Motor cars</b>	20%	25%
The maximum allowance is £3,000 per annum per car.		
<b>Enterprise zone buildings</b>	100%	100%
<b>Energy efficient equipment</b>	100%	100%
<b>Low emission cars</b>	100%	100%

### \* Annual Investment Allowance

Maximum annual allowance of £50,000

Excludes expenditure on motor cars

Applies from 6 April 2008 (1 April 2008 for companies)

Where the accounting period straddles this date, or where the accounting period is less than 12 months, the £50,000 maximum is restricted proportionately.



## Income Tax

	2008/09 £	2007/08 £
<b>Allowances that reduce Taxable Income</b>		
Personal allowance	- under 65 6,035	5,225
	- 65 to 74 9,030	7,550
	- 75 and over 9,180	7,690
<b>Allowances that reduce Tax</b>		
Married couples allowance	- under 65 Nil	Nil
	- 65 to 74 653.50	628.50
	- 75 and over 662.50	636.50

### Notes

Married couples allowance only available where one of the spouses was 65 or over on 5 April 2000.

Ages are as at the end of the tax year. Ages for higher rates of married couples allowance relate to elder of husband and wife.

The higher rates of age allowances are reduced by £1 for each £2 of income exceeding £21,800 (2007/08 £20,900) until the basic allowance of £6,035 is reached. Similar limits apply to the married couples allowance (basic allowance is £254.00), but only the husband's income is taken into account.

Child Tax Credit and Working Tax Credit are available in certain circumstances, depending on income.

	2008/09 £	2007/08 £
<b>Income Tax Bands</b>		
<b>Earned income rates</b>		
Lower rate band – to Tax rate	Nil	2,230
Basic rate band – next Tax rate	34,800	32,370
High rate band – over Tax rate	34,800	34,600

### Savings income rates

- dividends	10%	10%
- interest	20%*	20%
Rate applicable to trusts	40%	40%
Starting rate band for trusts	1,000	1,000

\* A 10% rate of up to £2,320 will apply to certain individuals with low earned income.

## Corporation Tax

Year commencing	1 April 2008	1 April 2007
First £300,000	21%	20%
Next £1,200,000	29.75%	32.5%
Balance over £1,500,000	28%	30%

This card is issued as a guide to current legislation. No decision based on its contents should be taken without consulting a specialist adviser.

## Car & Fuel Benefits

### Car Benefit (For tax & employer's NIC)

Car benefit is based on the defined list price of the car, less a maximum of £5,000 capital contributions by employee (max price £80,000 – special rules for classic cars).

Charge to tax calculated using carbon dioxide (CO2) emissions of the car, measured in g/km. From 6 April 2008, there is a new low charge of 10% of a car's list price for cars with emissions below 120g/km. The charge is 15% of car's list price for emissions of up to 135g/km (140g/km for 2007/08). The benefit increases by 1% of list price for every 5g/km of additional emissions, subject to maximum charge of 35%.

A supplement of 3% of list price is added for diesel cars (the maximum charge is still 35%).

Discounts are available for cars which run on alternative fuels such as bi-fuel gas and E85, and for electric-only and hybrid electric-petrol cars.

A reduction is made if a car is unavailable for use or if employee contributions are made.

### Car Fuel Benefits - 2007/08 and 2008/09

Based on CO2 emissions in same way as company car benefit. The CO2 percentage figure is multiplied by a "set figure" for cost. The set figure for 2008/09 is £16,900 (2007/08 £14,400).

### Vans Under 3.5 Tonnes

The charge is £3,000 (+ £500 for private fuel) regardless of the age of the van. There will be certain exceptions to this charge, depending on the use to which the van is put.

## Value Added Tax

	From 1 April 2008	From 1 April 2007
<b>Standard rate</b>	17.5%	17.5%
<b>VAT Fraction</b>	7/47	7/47
<b>Taxable Turnover Limits</b>		
Registration		
last 12 months or coming 30 days over	£67,000	£64,000
Deregistration		
- coming year under	£65,000	£62,000
Cash accounting scheme		
- coming year up to	£1,350,000	£1,350,000
Annual accounting scheme		
- coming year up to	£1,350,000	£1,350,000

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## National Insurance

### 2008/2009 National Insurance Contributions

#### Class 1 – Employment Income

Weekly Earnings	Employer	Employee
Up to £89.99 (Lower Earnings Limit)	Nil	Nil
£90.00 to £104.99 (Secondary Limit)	Nil	**Nil
£105.00 to £770.00 (Upper Limit)	12.8%	11%
£770.01 and above	12.8%	1%
Men 65 & over and women 60 & over	As above	Nil
<b>Class 1A NIC – On benefits in kind</b>	12.8%	Nil
<b>Class 2 – Self Employed</b>	£2.30 per week	
Small earnings exception limit	£4,825 per annum	
<b>Class 3 – Voluntary</b>	£8.10 per week	
<b>Class 4 – Self Employed</b>		
on profits £5,435 - £40,040		8%
on profits above £40,040		1%

\*\* Employees in this wage band are entitled to contributory benefit entitlements.

## National Minimum Wage

### Hourly Rates

Age 22 or over	£5.52 between 1 Oct 07 and 30 Sept 08 (£5.73 from 1 Oct 08)
Age 18 to 21 inclusive	£4.60 between 1 Oct 07 and 30 Sept 08 (£4.77 from 1 Oct 08)
Age 16 and 17	£3.40 between 1 Oct 07 and 30 Sept 08 (£3.53 from 1 Oct 08)

## Stamp Duty & Stamp Duty Land Tax

Residential property up to £125,000	- Nil
Non-residential property up to £150,000	- Nil
£125,000/£150,000 to £250,000	- 1% on total
£250,001 to £500,000	- 3% on total
Over £500,000	- 4% on total
Shares transferred	- 0.5% on total

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