

Tax tables applying to J01, J02, J03, J04, J05, J06, J08, AF1, AF2, AF3, AF4 and AF5

For study purposes only. Not to be taken into exam.

INCOME TAX RATES

2008/2009		2007/2008	
Rate %	Band £	Rate %	Band £
10	1-2,320 *	10	1 – 2,230
20	1 – 34,800	22	2,231 – 34,600
40	Over 34,800	40	Over 34,600

* A new 10% starting rate is applied for savings income only from 06.04.2008. Only applicable where taxable non-savings income is under £2,320.

NATIONAL INSURANCE CONTRIBUTIONS

2008/2009 Rates

Class 1 Employee	Weekly £	Monthly £	Yearly £
Lower Earnings Limit (LEL)	90	390	4,680
Upper Earnings Limit (UEL)	770	3,337	40,040

Class 1 Employee contributions 2008/2009

Total earnings £ per week	Contracted-in rate %	Contracted-out rate %
Up to 105.00*	Nil	Nil
105.01 – 770.00	11	9.4
Above 770.00	1	1

Class 1 Employer contributions 2008/2009

Total earnings £ per week	Contracted-in rate %	Contracted-out rate	
		Final salary %	Money purchase £
Below 105.00**	Nil	Nil	Nil
105.01 - 770.00	12.8	9.1	11.4
Excess over 770.00	12.8	12.8	12.8

* This is the primary threshold below which no NI contributions are payable. However, the lower earnings limit is £90 per week. This £90 to £105 band is a zero rate band introduced in order to protect lower earners' rights to contributory State benefits e.g. Basic State Pension.

** Secondary earnings threshold.

Class 2 (self-employed)	Flat rate per week £2.30 where earnings exceed £4,825 per annum.
Class 3 (voluntary)	Flat rate per week £8.10
Class 4 (self-employed)	8% on profits between £5,435 - £40,040 plus 1% on profits above £40,040

INCOME TAX RELIEFS

	2008/2009 £	2007/2008 £
Personal (basic)	6,035	5,225
Personal (age 65-74)	9,030	7,550
Personal (aged 75 and over)	9,180	7,690
Married/civil partners (minimum) at 10% †	2,540	2,440
Married/civil partners (age under 75) at 10% †	6,535	6,285
Married/civil partners (age 75 and over) at 10%	6,625	6,365
Age-related relief reduced by 50% of income over	21,800	20,900
Child Tax Credit (CTC)		
family element	545	545
family element baby addition	545	545
CTC usually reduced by 6.67% of joint income over	50,000	50,000
Blind person's allowance	1,800	1,730
Enterprise Investment Scheme relief limit @ 20%	500,000	400,000
Venture Capital Trust relief limit @ 30%	200,000	200,000

† where at least one spouse/civil partner was born before 6 April 1935

PENSIONS

	Lifetime Allowance		Annual Allowance
2007/2008	£1.6 million	2007/2008	£225,000
2008/2009	£1.65 million	2008/2009	£235,000
2009/2010	£1.75 million	2009/2010	£245,000
2010/2011	£1.8 million	2010/2011	£255,000

Notional Earnings Cap

£117,600 – (For schemes that require post 1989 benefits to be still subject to a cap)

Annual allowance charge

40% member's tax charge on the amount of total pension input in excess of the annual allowance.

Lifetime allowance charge

55% of excess over lifetime allowance if taken as a lump sum.

25% of excess over lifetime allowance if taken in the form of income, which is subsequently taxed under PAYE.

CAR AND FUEL BENEFITS

The charge for company car benefits is based on the carbon dioxide (CO₂) emissions. There is no reduction for high business mileage users.

For 2008/2009:

The percentage charge is 15% of the car's list price for CO₂ emissions at or below the qualifying level of 135g/km.

The base percentage charge of 15% increases in 1% steps for every additional full 5g/km over the 135g/km threshold, up to a maximum of 35% of the car's list price.

A lower percentage charge of 10% of the car's list price applies for emissions at or below 120g/km.

If price of car exceeds £80,000 then its price for tax purposes will be fixed at £80,000.

There is an additional 3% supplement for diesel cars not meeting Euro IV emission standards or registered after 31 December 2005. However, the maximum charge remains 35% of the car's list price.

Car fuel The benefit is calculated as the CO₂ emissions % relevant to the car and that % applied to a set figure (£16,900 for 2008/2009) e.g. car emission 160g/km = 20% on car benefit scale. 20% of £16,900 = £3,380.

Notes:

1. **Accessories** are, in most cases, included in the list price on which the benefit is calculated.
2. **List price** is reduced for capital contributions made by the employee up to £5,000.
3. **Car benefit** is reduced by the amount of employee's contributions towards running costs.
4. **Fuel scale** is reduced only if the employee makes good **all** the fuel used for private journeys.
5. **All car and fuel benefits** are subject to employers National Insurance Contributions (Class 1A) of 12.8%.

PRIVATE VEHICLES USED FOR WORK

2008/2009 rates

Cars	
On the first 10,000 business miles in tax year	40p per mile
Each business mile above 10,000 business miles	25p per mile
Motor Cycles	24p per mile
Bicycles	20p per mile

INHERITANCE TAX

	2008/2009	2007/2008
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/building

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 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 October 2007

MAIN SOCIAL SECURITY BENEFITS

		From 06.04.08 £	From 06.04.07 £
Child Benefit	first child	20.00*	18.10
	subsequent children	13.20*	12.10
Incapacity Benefit	short-term lower rate**	63.75	61.35
	short-term higher rate**	75.40	72.55
	long-term rate	84.50	81.35
Attendance Allowance	lower rate	44.85	43.15
	higher rate	67.00	64.50
Retirement Pension	single	90.70	87.30
	married	145.05	139.60
Bereavement Benefit (lump sum)		2,000.00	2,000.00
Widowed Parent's allowance		90.70	87.30
Jobseekers Allowance		60.50	59.15

* From 5 January 2009

** Under State Pension Age

VALUE ADDED TAX

Standard rate	15%*
Annual registration limit - from 1 April 2008	£67,000

* Effective from 1 December 2008

CORPORATION TAX

Financial Year	2008 to 31/3/09	2007 to 31/3/08
Full rate	28%	30%
Small companies rate	21%	20%
Small companies limit	£300,000	£300,000
Effective marginal rate	29.75%	32.5%
Upper marginal limit	£1,500,000	£1,500,000

CAPITAL ALLOWANCES

Plant & machinery 100% annual investment allowance (first year)	£50,000
Plant & machinery, patent rights, know-how (reducing balance) per annum	20%
Certain long-life assets, integral features of buildings (reducing balance) per annum	10%
Industrial & agricultural buildings (straight line)	3%
Energy & water-efficient investments	100%
Qualifying flat conversions & business premises renovations	100%
Motor cars: generally	20%*
With CO ₂ emissions of 110g/km or less	100%
Research & Development: Capital expenditure	100%
Revenue expenditure - small/medium-size firms	175%
- large firms	130%

*Maximum £3,000

CAPITAL GAINS TAX

Exemptions	2008/2009	2007/2008
Individuals, estates etc	£9,600	£9,200
Trusts generally	£4,800	£4,600
Chattels proceeds (5/3 excess gain is taxable)	£6,000	£6,000
Rates		
Individuals	18%	10, 20 or 40%
Trusts and estates	18%	40%

TAPER RELIEF / ENTREPRENEURS' RELIEF

From 6 April 2008 indexation and taper relief are abolished for individuals and trustees. From 6 April 2008 a new 'entrepreneurs' relief' for qualifying business assets is introduced.

Entrepreneurs' Relief 2008/2009

4/9ths of gain tax free (effective tax rate of 10%). Lifetime limit eligible for relief: £1,000,000
For trading businesses and companies (minimum 5% employee shareholding) held for 1yr+

Taper Relief for 2007-2008 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