

## Capital Gains Tax

	2007-08	2006-07
Taxed as top slice of savings income	Up to 40%	
Annual exemption		
– individual	£9,200	£8,800
– settlement(s)	£4,600	£4,400
Transfers between spouses and civil partners living together are exempt		
<b>Taper relief</b>		
Complete years from 6 April 1998	1   2   3   4   5   6   7   8   9   10	
Non-business assets % relief*	0   0   5   10   15   20   25   30   35   40	
Business assets % relief	50   —————   75	
Apportionment may apply where asset has not been a business asset throughout the entire period of ownership		
*Add one year if the asset was acquired before 17 March 1998		

## Inheritance Tax

	2007-08	2006-07			
Nil rate band	£300,000	£285,000			
Rate of tax on balance:					
Chargeable lifetime transfers	20%	20%			
Transfers on, or within 7 years of, death	40%	40%			
All lifetime transfers not covered by exemptions and made within 7 years of death will be added back into the estate for the purpose of calculating the tax payable. This may then be reduced:					
Years before death	0-3	3-4	4-5	5-6	6-7
Tax reduced by	0%	20%	40%	60%	80%

### Main Exemptions

- Most transfers between spouses and civil partners
- The first £3,000 of lifetime transfers in any tax year plus any unused balance from the previous year
- Gifts of up to but not exceeding £250 p.a. to any number of persons
- Gifts made out of income that form part of normal expenditure and do not reduce the standard of living
- Gifts in consideration of marriage/civil partnership of up to £5,000 by a parent, £2,500 by a grandparent, or £1,000 by any other person
- Gifts to charities, whether made during lifetime or on death

## Stamp Taxes

Stamp duty is payable at a rate of 0.5% on transfers of shares and securities. On the transfer of residential property, the stamp tax is:

Value up to £125,000*	nil
Over £125,000* – £250,000	1%
Over £250,000 – £500,000	3%
Over £500,000	4%

\*£150,000 for property in Enterprise Areas

## Selected Rates

	£		
<b>Basic Retirement Pension</b>			
– Single person	87.30		
– Married couple	139.60		
<b>Child Benefit</b>			
– First eligible child	18.10		
– Each subsequent child	12.10		
<b>Statutory Pay Rates</b>			
Average weekly pay £87 or over:			
<b>Sick (SSP)</b>			
Standard rate	72.55		
<b>Maternity (SMP)</b>			
90% of average weekly pay	First 6 weeks		
Max. £112.75 Min. 90% average weekly pay	Next 20 weeks		
Minimum rate	78.30		
<b>Adoption (SAP):</b>	26 weeks		
<b>Paternity (SPP):</b>	one week or fortnight		
SAP/SPP – 90% of average weekly pay	Max. £112.75 Min. £78.30		
<b>Example Rates:</b>			
<b>Jobseekers Allowance</b>			
– Single person	59.15		
– Married couple	92.80		
<b>National Minimum Wage</b>			
Age	Over 21	18-21	16 and 17
From 1 October 2006	£5.35 p.h.	£4.45 p.h.	£3.30 p.h.
From 1 October 2007	£5.52 p.h.	£4.60 p.h.	£3.40 p.h.

## Key Dates & Deadlines

	2007-08	2006-07
<b>Income Tax and Class 4 NIC</b>		
1st payment on account	31 January 2008	2007
2nd payment on account	31 July 2008	2007
Balancing payment	31 January 2009	2008
<b>Capital Gains Tax</b>	31 January 2009	2008
<b>Corporation Tax</b>	9 months and one day after the end of accounting period (or by quarterly instalments if large company)	
<b>2006-07 Returns Filing and Issuing Deadlines</b>		
19 May 2007	P14, P35, P38, P38A and CIS36	
31 May 2007	Issue P60s to employees	
6 July 2007	P9D, P11D and P11D(b) – and appropriate copies to employees	
31 January 2008	Self Assessment Tax Return	
<b>2006-07 Class 1A NICs on Relevant Benefits</b>		
19 July 2007	Payment due	
<b>2007 Budget Day Edition. For advice on the above information and any updated rates please refer to the office.</b>		



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## Income Tax

	2007-08	2006-07
Starting rate band to	£2,230	£2,150
Tax rate	10%	10%
Basic rate band – next	£32,370	£31,150
Non-savings rate	22%	22%
Savings rate	20%	20%
Dividend ordinary rate	10%	10%
Higher rate – income over	£34,600	£33,300
Higher tax rate	40%	40%
Dividend upper rate	32.5%	32.5%

### Allowances that Reduce Taxable Income

Personal allowances (PA) – under 65	£5,225	£5,035
– 65 to 74	£7,550	£7,280
– 75 and over	£7,690	£7,420

### Allowances that Reduce Tax

Married couple's allowance (MCA)		
Tax reduction – 73 to 74	£628.50	£606.50
– 75 and over	£636.50	£613.50

The age-related allowances are progressively withdrawn if income exceeds

Minimum PA	£20,900	£20,100
Minimum MCA tax reduction	£5,225	£5,035
	£244	£235

Ages are as at the end of the tax year

### Tax Shelters

Enterprise Investment Scheme up to	£400,000	£200,000
Venture Capital Trust up to	£200,000	£200,000

'Rent a Room' exempt on gross annual rent £4,250 £4,250

Construction Industry Scheme deduction rate 20/30% 18%

## Pensions and ISAs

### Pensions:

There is no limit on the amount that may be contributed to a registered pension scheme. The maximum amount on which an **individual** can claim tax relief in any tax year is the greater of the individual's UK relevant earnings or £3,600.

If **total pension input** exceeds the **annual allowance** of £225,000 there is a tax charge at 40% on the excess. This limit does not apply in the year that full pension benefits are taken.

Maximum age for tax relief	74
Minimum age for taking benefits	50
Lifetime allowance charge	– lump sum paid 55%
	– monies retained 25%
on cumulative benefits exceeding	£1,600,000*
Maximum tax-free lump sum	25%*

\*Subject to transitional protection for excess amount

<b>ISAs:</b> Overall investment limit	£7,000
Including cash maximum of	£3,000

## Vehicles

### Petrol and Diesel Car Benefits System

The taxable benefit is calculated as a percentage of the car's UK list price. The calculation begins with the car's CO<sub>2</sub> emissions in grams per kilometre. Then deduct 140 and divide this result by 5. Round down (4.9 = 4) and then add 15 (petrol) or 18 (diesel). The result is the taxable percentage.

	Petrol	Diesel
Minimum rate*	15%	18%
Maximum rate	35%	35%

\*Special rules apply to some low emission diesel and alternative fuel cars

For cars first registered before 1 January 1998 use the following:

Up to 1400 cc	15%
1401 – 2000 cc	22%
Over 2000 cc	32%

Chargeable on employees earning £8,500 or over (including benefits) and directors + The list price relates to the day before first registration and includes accessories. The price is subject to an upper limit of £80,000 +

The list price is reduced by the employee's capital contribution when the car is first made available, subject to a maximum deduction of £5,000

+ Special rules apply to cars at least 15 years old with a market value of £15,000 or more + **Van**, no benefit if restricted private use condition met; otherwise van benefit £3,000, fuel £500 + Payments by employees for private use may reduce the above benefits.

### HM Revenue & Customs Mileage Rates

**Car:** Approved rates for employees using their own cars for business are 40p per mile for the first 10,000 miles and 25p per mile thereafter. Income tax and NICs may be due on higher rates and tax relief on lower rates.

**Fuel:** Advisory rates for employee private mileage reimbursement or employer reimbursement of business mileage are published by HM Revenue and Customs from time to time.

### Car Fuel Benefit

Where the cost of **all** fuel for private use is borne by the employee, the fuel benefit is **nil**. Otherwise, the taxable benefit is calculated as the car benefit percentage (see above) of **£14,400**. VAT is payable by the business by reference to the CO<sub>2</sub> emissions (rounded down to next multiple of 5) as follows:

### VAT on scale charge for quarters commencing on or after 1 May 2007

CO <sub>2</sub> in g/km	VAT on charge	CO <sub>2</sub> in g/km	VAT on charge	CO <sub>2</sub> in g/km	VAT on charge
up to 140	£27.11	175	£39.91	210	£52.57
145	£29.04	180	£41.70	215	£54.36
150	£30.83	185	£43.49	220	£56.30
155	£32.62	190	£45.28	225	£58.09
160	£34.40	195	£47.21	230	£59.87
165	£36.19	200	£49.00	235	£61.66
170	£38.13	205	£50.79	240 or over	£63.45

## Corporation Tax

Financial Year to	31 March 2008	31 March 2007
Taxable Profits		
First £300,000	20%	19%
Next £1,200,000	32.5%	32.75%
Over £1,500,000	30%	30%

## Main Capital Allowances

Motor cars	25%	On reducing balance
– CO <sub>2</sub> emissions below 120g/km	100%	Max £3,000 per car First year allowance
Plant and machinery:		
– First year allowance	50%	Small firms
	40%	Medium firms
– Writing down allowance	25%	On reducing balance
– Long life assets	6%	Writing down allowance
– Energy saving	100%	First year allowance
– Water technology criteria list	100%	First year allowance
Industrial and agricultural buildings	4%	Of building cost

## Value Added Tax

From	1 April 2007	1 April 2006
<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 next 30 days over	£64,000	£61,000
Deregistration – next year under	£62,000	£59,000
Annual Accounting Scheme	£1,350,000	£1,350,000
Cash Accounting Scheme	£1,350,000	£660,000
Flat Rate Scheme	£150,000	£150,000

## National Insurance Contributions

Class 1 (not contracted out)	Employer	Employee
Lower earnings limit		£87
Payable on weekly earnings of		
£100.01 – £670	12.8%	11%
Over £670	12.8%	1%
Over state retirement age	as above	Nil
<b>Class 1A</b> On relevant benefits	12.8%	Nil
<b>Class 2</b> Self employed		£2.20 per week
Limit of net earnings for exception		£4,635 per annum
<b>Class 3</b> Voluntary		£7.80 per week
<b>Class 4*</b> Self employed on profits		
£5,225 – £34,840	8%	
Excess over £34,840	1%	

\*Exemption applies if state retirement age was reached by 6 April 2007