

PERSONAL TAXATION - RATES AND ALLOWANCES

2002/03		2001/02	
Taxable Income	Rate	Taxable Income	Rate
1 - 1920	10%	1 - 1880	10%
1921 - 29900	22%	1881 - 29400	22%
Over 29900	40%	Over 29400	40%

ALLOWANCES

	2002/03	2001/02
Personal Allowances:-		
Personal Allowance	4615	4535
Blind Person's Allowance	1480	1450
Childrens Tax Credit	5290 *	5200 *
Childrens Tax Credit - Baby Rate	10490 *	-
Maximum Threshold for Childrens Tax Credit		41735
	- Standard	
	- Baby Rate	
	42450	
	50250	
Age Allowances:-		
Single Person (Over 65)	6100	5990
Married Couples Allowance (over 65 at 5/4/2000)	5465 *	5365 *
Higher Allowance Single Person (Over 75)	6370	6260
Higher Married Couples Allowance (over 75 at 5/4/2000)	5535 *	5435 *
Reduction of relief by £1 for every £2 of income over	17900	17600
Other Allowances:-		
Rent-a-Room Relief	4250	4250
Inheritance Tax Threshold (with effect from 6th April)	250000	242000
Capital Gains Tax Exemption Limit		
	- Individuals	7500
	- Trustees	3750
Pension Scheme Earnings Cap	97200	95400
Self Employed NIC Contributions		
	- Class 2	2.00 p.w.
	- Class 4	
	Lower	4535
	Upper	29900
	Rate	7%
		7%
Wife's Wages Limit	88.95 p.w.	86.95 p.w.
National Minimum Wage (from 1st October)		
	18 -21	3.50 p.h.
	over 21	4.10 p.h.
		4.20 p.h.
		10%
		10%

* Tax Relief is restricted to

CORPORATION TAX

	From 1st April 2002		From 1st April 2001	
Starting Rate	0 - 10000	0%	0 - 10000	10%
Marginal Rate	10001 - 50000		10001 - 50000	
Small Co's Rate	50001 - 300000	19%	50001 - 300000	20%
Marginal Relief	300001 - 1500000		300001 - 1500000	
Main Rate		30%		30%

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VALUE ADDED TAX

The Annual VAT Registration turnover limit is increased to £55,000 (£54,000) and the De-registration limit is increased to £53,000 (£52,000) from 1st April 2002.

VAT Scale Rates in respect of private fuel will increase from the first VAT period commencing on or after 1st May 2002. The new rates will be issued in "VAT News" which will be sent to you with your VAT Return.

A new optional flat rate scheme is introduced for businesses with a VAT exclusive turnover of up to £100,000 or £125,000 including exempt supplies. This applies to VAT Returns ending after 25th April 2002. Businesses must apply to Customs & Excise to join the scheme. The applicable flat rate will depend on the type of business. From 1st April 2003 the qualification limits will be increased by 50%.

From 1st April 2003 automatic penalties will be abolished for all businesses with turnover of up to £150,000, who will instead be offered help and advice when they are late with their VAT payments.

OTHER MATTERS

- ! Overall annual subscription limit for ISA's to be retained at £7,000 for next 4 years.
- ! From 6th April 2003 the existing Childrens Tax Credit will be replaced by a new Childs Tax Credit which will benefit families with total income of up to £58,000, and £66,000 during the child's first year.
- ! No changes were made to the current rate of National Insurance Contributions but from 6th April 2003 an additional 1% will be payable by the employee, the employer and the self-employed on all earnings above the primary earnings threshold. In addition the primary earnings threshold will be frozen at £4,615.
- ! From 1st April 2002 companies can obtain tax relief on the cost of intangible assets (including goodwill) in most cases based on the depreciation shown in the accounts.
- ! For disposals on or after 1st April 2002 the capital gain on sales by trading companies and groups, of most shareholdings of 10% or more in other trading companies, will not be taxable.
- ! From 6th April 2003 a new fuel scale charge will apply to company cars. Like the new car benefits charge it will be linked directly to the new CO² emissions of the car, with a 3% supplement for diesels.
- ! From 23rd April 2002 Stamp Duty will no longer be paid on the acquisition of goodwill.
- ! For disposals on or after 6th April 2002 the ownership qualification period for Capital Gains Business Asset Taper Relief is reduced from 4 to 2 years.
- ! From 6th April 2002 companies operating as subcontractors in the construction industry who receive payments net of CIS deduction can offset these deductions against PAYE, NIC and CIS liabilities due.
- ! All businesses can claim 100% first year allowances on the purchase of low emission cars for use in their business or by their employees. This applies to cars registered after 17th April 2002 which emit less than 120gm/Km CO².
- ! Beginning with the year 2005/06 employers with more than 50 employees will be required to file year end returns electronically. For employers with less than 50 employees incentives will be available from 2004/05 to encourage electronic filing.

THIS SUMMARY HAS BEEN PREPARED VERY RAPIDLY AND MAY CONTAIN CERTAIN ERRORS FOR WHICH WE CANNOT BE HELD RESPONSIBLE