

PERSONAL TAXATION - RATES AND ALLOWANCES

| 2003/04 | | 2002/03 | |
|----------------|------|----------------|------|
| Taxable Income | Rate | Taxable Income | Rate |
| 1 - 1960 | 10% | 1 - 1920 | 10% |
| 1961 - 30,500 | 22% | 1921 - 29900 | 22% |
| Over 30,500 | 40% | Over 29900 | 40% |

ALLOWANCES

| | 2003/04 | 2002/03 |
|--|--|----------------------------|
| Personal Allowances:- | | |
| Personal Allowance | 4615 | 4615 |
| Blind Person's Allowance | 1510 | 1480 |
| Childrens Tax Credit | n/a | 5290 * |
| Childrens Tax Credit - Baby Rate | n/a | 10490 * |
| Maximum Threshold for Childrens Tax Credit | - Standard - Baby Rate | 42450 50250 |
| Age Allowances:- | | |
| Single Person (Over 65) | 6610 | 6100 |
| Married Couples Allowance (over 65 at 5/4/2000) | 5565 * | 5465 * |
| Higher Allowance Single Person (Over 75) | 6720 | 6370 |
| Higher Married Couples Allowance (over 75 at 5/4/2000) | 5635 * | 5535 * |
| Reduction of relief by £1 for every £2 of income over | 18300 | 17900 |
| Other Allowances:- | | |
| Rent-a-Room Relief | 4250 | 4250 |
| Inheritance Tax Threshold (with effect from 6th April) | 255,000 | 250000 |
| Capital Gains Tax Exemption Limit | - Individuals - Trustees | 7,900 3,950 |
| Pension Scheme Earnings Cap | 99,000 | 97200 |
| Self Employed NIC Contributions | - Class 2 - Class 4 Lower Upper | 2.00 p.w. 4615 30940 |
| | Rate up to Upper Limit Rate above Upper Limit | 2.00 p.w. 4615 30420 |
| | | 8% 7% |
| | | 1% 0% |
| Wife's Wages Limit | 88.75 p.w. | 88.75 p.w. |
| National Minimum Wage (from 1st October) | 18 -21 over 21 | 3.80 p.h. 4.50 p.h. |
| | | 3.60 p.h. 4.20 p.h. |
| * Tax Relief is restricted to | | 10% 10% |

CORPORATION TAX

| | From 1st April 2003 | | From 1st April 2002 | |
|-----------------|---------------------|-----------|---------------------|----------|
| Starting Rate | 0 | - 10000 | 0% | 0 |
| Marginal Rate | 10001 | - 50000 | 0% | 10001 |
| Small Co's Rate | 50001 | - 300,000 | 19% | 50001 |
| Marginal Relief | 300001 | 150,000 | 19% | 300001 |
| Main Rate | | | 30% | -1500000 |
| | | | 30% | |

Visit our WebSite <http://www.hllca.co.uk>

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VALUE ADDED TAX

The Annual VAT Registration turnover limit is increased to £56,000 (£55,000) and the De-registration limit is increased to £54,000 (£53,000) from 10th April 2003.

VAT Scale Rates in respect of private fuel will increase from the first VAT period commencing on or after 1st May 2003. The new rates will be issued in "VAT News" which will be sent to you with your VAT Return.

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.

From 10th April 2003 the turnover ceiling for businesses wishing to use the Flat Rate Scheme has been increased to £150,000.

CAPITAL GAINS TAX

Some clients obtained significant Capital Gains Tax benefit as a result of the recent case of Mansworth -v- Jelley. This unexpected loophole has been closed in respect of transactions taking place on or after 10th April 2003. Capital losses already registered in respect of transactions prior to this date are unaffected.

The definition of business assets has been extended for Business Asset Taper Relief purposes. This relief will apply to all rented properties occupied by any business for the purpose of a trade for periods of ownership from 6th April 2004 onwards.

The taxation treatment of disposals involving deferred consideration, generally referred to as "earn outs", has been improved.

OTHER MATTERS

- ! Overall annual subscription limit for ISA's to be retained at £7,000 for next 3 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. A provisional claim must be made by 6th July 2003.
- ! From 6th April 2003 an additional 1% NIC will be payable by the employee, the employer and the self-employed on all earnings above £4615.
- ! 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.
- ! 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.
- ! From 1st December 2003 the Stamp Duty zero rate band will increase to £150,000 for non-residential property.
- ! 100% Capital Allowances in respect of information technology assets is extended to 31st March 2004.
- ! The annual limit in respect of expenditure on research and development, before such expenditure qualifies for enhanced allowances, has been reduced from £25,000 to £10,000. This will become effective once approval has been received from the European Commission and therefore will commence from a date yet to be announced.
- ! 100% Capital Allowances are available in respect of expenditure incurred on or after 1st April 2003 on designated plant and machinery to reduce water use and improve water quality. A list of designated technologies will be published on the internet at www.eca.gov.uk.
- ! From 6th April 2003 payments of up to £104 per annum made by employers to employees who regularly work at home under agreed flexible working arrangements will be tax free in the employees hands. If an employer pays more than this amount the exemption will still be available but the employer must provide supporting evidence that the payment is wholly in respect of additional household expenses.

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