

PERSONAL TAXATION - RATES AND ALLOWANCES

2007/2008 (See 'a Look Ahead' for future years)

2006/2007

Taxable Income	Rate	Taxable Income	Rate
1 - 2230	10%	1 - 2150	10%
2231 - 34600	22%	2151 - 33300	22%
Over 34600	40%	Over 33300	40%

ALLOWANCES

	2007/08	2006/07
Personal Allowances:-		
Personal Allowance	5225	5035
Blind Person's Allowance	1730	1660
Age Allowances:-		
Single Person (Over 65)	7550	7280
Married Couples Allowance (over 65 at 5/4/2000)	6285 *	6065 *
Higher Allowance Single Person (Over 75)	7690	7420
Higher Married Couples Allowance (over 75 at 5/4/2000)	6365 *	6135 *
Reduction of relief by £1 for every £2 of income over	20900	20100
Other Allowances:-		
Rent-a-Room Relief	4250	4250
Inheritance Tax Threshold (with effect from 6th April)	300000	285000
Capital Gains Tax Exemption Limit		
- Individuals	9200	8800
- Trustees	4600	4400
Pension Scheme Contribution Limits	See Over	See Over
Self Employed NIC Contributions		
- Class 2	2.20 p.w.	2.10 p.w.
- Class 4		
Lower	5225	5035
Upper	34840	33540
Rate up to Upper Limit	8%	8%
Rate above Upper Limit	1%	1%
Class 2 NIC Small Earnings Exemption	4635	4465
Wife's Wages Limit	99.95 p.w.	96.95 p.w.
National Minimum Wage (from 1st October)		
16-17	3.40 p.h.	3.30 p.h.
18-21	4.60 p.h.	4.45 p.h.
over 21	5.52 p.h.	5.35 p.h.
* Tax Relief is restricted to	10%	10%

CORPORATION TAX

1st April 2007 (See 'a Look Ahead')

1st April 2006

**	Small Co's Rate	0- 300000	20%	0 - 300000	19%
	Marginal Relief	300001- 1500000	32.5%	300001 - 1500000	32.75%
	Main Rate	1500000 +	30%	1500000+	30%

** Although the increase in the small company rate to 22% by 2009 is intended to equalise the tax treatment of the self employed and limited companies there remains a significant saving by trading through a limited company due to the National Insurance costs for the self employed.

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VALUE ADDED TAX

The Annual VAT Registration turnover limit is increased to £64,000 (£61,000) and the De-registration limit is increased to £62,000 (£59,000) from 1st April 2007.

VAT Scale Rates in respect of private fuel will, from the first VAT Return commencing on or after 1st May 2007, be based on co2 emissions of the car concerned. (Details of co2 emissions can be found on the vehicle's registration document)

With effect from 1st April 2007 the turnover threshold under which the 'Cash Accounting Scheme' may be used has increased to £1.35M (£660,000).

OTHER MATTERS

- , The enhanced 50% rate of capital allowances on plant and commercial vehicles for 'small' companies has been extended for a further 12 months (*see 'a Look Ahead' for future changes*).
- , The Revenue approved mileage rates for re-imbusement of fuel in company cars has changed.
- , Directors wishing to pay a minimal wage in order to pay NI contributions need to increase the annual amount from £5,100 to £5,200 due to increased limits from 6th April 2007.
- , The maximum gross annual pension contribution is £225,000 (£215,000), if paid by your employer, or the lower of £225,000 and your general earned income if paid personally, however, £3,600 gross (£2808 net) can be paid without reference to earnings.
- , Legislation will be introduced to remove the problems associated with holding a foreign holiday home through a limited company.
- , The anticipated attack on 'Managed Service Companies' will take effect from 6th April 2007.

'a LOOK AHEAD'

- April 2008
- Basic rate of income tax will be reduced to 20%
 - The 10% starting rate will be removed but only for earned income and pensions
 - The small companies rate of corporation tax will increase to 21%
 - The main corporation tax rate will reduce to 28% (30%)
 - A new style capital allowance, likely to be 100%, of capital expenditure up to £50,000pa and the rate of capital allowances will be reduced to 20% (25%)
 - Industrial and agricultural building allowances will be gradually phased out.
 - The enhanced R & D deduction will be increased to 175% (150%)
 - The overall limit for ISA investment will increase to £7,200 of which the maximum cash sum will be £3,600
 - The penalty regime for submitting incorrect tax, NIC and VAT Returns will be revised and will introduce a new concept of suspended penalties.
 - The filing deadline for submission of paper Income Tax Returns will be brought forward to 31st October.
 - For the payment of Corporation Tax and VAT by cheque the date that the payment will be treated as received by the Revenue will be the date that the cheque actually clears - therefore encouraging electronic payment.
- Beyond
- Income tax and national insurance thresholds will be aligned by 2009/10
 - The small companies rate of corporation tax will increase to 22% in 2009

A TIMELY REMINDER

Do not forget the important filing dates this year:-

19th April	Payment of final 2006/7 PAYE liability
19th May	File 2007 P35 (CIS36) and P14's
6th July	Forms P11d
19th July	Payment of Class 1A NIC
31st July	Second payment on account for 2006/7