

PERSONAL TAXATION - RATES AND ALLOWANCES

	2008/2009		2007/2008	
	Taxable Income	Rate	Taxable Income	Rate
**	1 - 2320 (Savings only)	10%	1 - 2230	10%
***	0- 35400 (Earned/Pension)	20%	2231 - 34600	22%
	Over 34800	40%	Over 34600	40%

** The new 10% starting rate for savings income only applies when the taxable non-savings income is below £2320.

ALLOWANCES

Personal Allowances:-	2008/09	2007/08
Personal Allowance (<i>Increased by £600 in May 2008 for 1 year only</i>)	6035	5225
Blind Person's Allowance	1800	1730
Age Allowances:-		
Single Person (Over 65)	9030	7550
Married Couples Allowance (over 65 at 5/4/2000)	6535 *	6285 *
Higher Allowance Single Person (Over 75)	9180	7690
Higher Married Couples Allowance (over 75 at 5/4/2000)	6625 *	6365 *
Reduction of relief by £1 for every £2 of income over	21800	20900
Other Allowances:-		
Rent-a-Room Relief	4250	4250
Inheritance Tax Threshold (with effect from 6th April)	312000	300000
Capital Gains Tax Exemption Limit		
- Individuals	9600	9200
- Trustees	4800	4600
Pension Scheme Contribution Limits		
- Annual	235000	225000
- Lifetime	1650000	1600000
Self Employed NIC Contributions		
- Class 2	2.30 p.w.	2.20 p.w.
- Class 4		
Lower	5435	5225
Upper	40040	34840
Rate up to Upper Limit	8%	8%
Rate above Upper Limit	1%	1%
Class 2 NIC Small Earnings Exemption	4825	4635
Wife's Wages Limit	104.95 p.w.	99.95 p.w.
National Minimum Wage (from 1st October)		
16-17	3.53 p.h.	3.40 p.h.
18-21	4.77 p.h.	4.60 p.h.
over 21	5.73 p.h.	5.52 p.h.
* Tax Relief is restricted to	10%	10%

CORPORATION TAX

	1st April 2008		1st April 2007	
Small Co's Rate	0 - 300000	21%	0 - 300000	20%
Marginal Relief	300001 - 1500000	29.75%	300001 - 1500000	32.5%
Main Rate	1500000+	28%	1500000+	30%

INHERITANCE TAX

Any unused IHT allowance on the death of the first spouse can now be transferred to the Estate of the survivor. This will mean a review of all Wills is needed to ensure this benefit is maximised.

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

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VALUE ADDED TAX

The Annual VAT Registration turnover limit is increased to £67,000 (£64,000) and the De-registration limit is increased to £65,000 (£62,000) from 1st April 2008.

VAT Scales Rates in respect of private fuel will increase, from the first VAT Return after 1st May 2008. Details will be included with the next VAT Return issued.

CAPITAL GAINS TAX

The much heralded withdrawal of Taper Relief and Indexation Relief and the introduction of 'Entrepreneurs Relief' has been confirmed. To qualify for 'Entrepreneurs Relief' the asset sold must have been a business asset throughout the 12 months prior to sale. There is a lifetime limit, starting in April 2008, of £1M of gain on which Capital Gains Tax is payable at 10%. All other Capital Gains are taxable at 18%.

CAPITAL ALLOWANCES

The old system of First Year Allowances (FYA), will cease in April 2008 and be replaced with a single Annual Investment Allowance (AIA) of up to £50,000 on which 100% tax relief can be claimed. Writing Down Allowance (WDA) will be reduced to 20% (25%) at the same time.

INCOME SPLITTING

The proposals announced in October last year have been deferred until April 2009 at the earliest. Income splitting is where taxpayers artificially allocate income to a spouse by way of dividends or partnership profits out of line with contribution to the business.

ALREADY ANNOUNCED

- , Industrial and Agricultural Buildings Allowances will be phased out over a 3 year period from April 2008.
- , The enhanced R & D allowance is increased to 175% (150%)
- , The Revenue approved mileage rates for re-imbusement of fuel in company cars has changed.
- , The benefit in kind charge for private fuel in company cars will increase to £16,900, which could result in a maximum income tax charge of £2,366.
- , Directors wishing to pay a minimal wage in order to pay NI contributions need to increase the annual amount from £5,200 to £5,460 due to increased limits from 6th April 2008.
- , The overall limit for ISA investment will increase to £7,200 of which the maximum cash sum will be £3,600
- , 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.

a 'LOOK AHEAD'

- April 2009
- The small companies rate of corporation tax will increase to 22%
 - The penalty regime for submitting incorrect tax, NIC and VAT Returns will be revised and will introduce a new concept of suspended penalties.
 - Income tax and national insurance thresholds will be aligned by 2009/10
 - Legislation will be introduced to address, what the Revenue call 'Income Splitting' (See above)

A TIMELY REMINDER

Do not forget the important filing dates this year:-

19th April	Payment of final 2007/8 PAYE liability
19th May	File 2008 P35 (CIS36) and P14's
6th July	Forms P11d
19th July	Payment of Class 1A NIC
31st July	Second payment on account for 2007/8