

**PERSONAL TAXATION - RATES AND ALLOWANCES**

2009/2010		2008/2009	
Taxable Income	Rate	Taxable Income	Rate
** 1 - 2440 (Savings only)	10%	1 - 2320 (Savings only)	10%
0 - 37400 (Earned/Pension)	20%	0- 34800 (Earned/Pension)	20%
Over 37400	40%	Over 34800	40%

\*\* The 10% starting rate for savings income only applies when the taxable non-savings income is below the starting rate limit.

**ALLOWANCES**

Personal Allowances:-	2009/10	2008/09
Personal Allowance	6475	6035
Blind Person's Allowance	1890	1800
<b>Age Allowances:-</b>		
Single Person (Over 65)	9490	9030
Married Couples Allowance (over 65 at 5/4/2000)	6865 *	6535 *
Higher Allowance Single Person (Over 75)	9640	9180
Higher Married Couples Allowance (over 75 at 5/4/2000)	6965 *	6625 *
Reduction of relief by £1 for every £2 of income over	22900	21800
<b>Other Allowances:-</b>		
Rent-a-Room Relief	4250	4250
Inheritance Tax Threshold (with effect from 6th April)	325000	312000
Capital Gains Tax Exemption Limit		
- Individuals	10100	9600
- Trustees	5050	4800
Pension Scheme Contribution Limits		
- Annual	245000	235000
- Lifetime	1750000	1650000
Self Employed NIC Contributions		
- Class 2	2.40 p.w.	2.30 p.w.
- Class 4		
Lower	5715	5435
Upper	43875	40040
Rate up to Upper Limit	8%	8%
Rate above Upper Limit	1%	1%
Class 2 NIC Small Earnings Exemption	5075	4825
Wife's Wages Limit	109.95 p.w.	104.95 p.w.
National Minimum Wage (from 1st October)		
(Not yet announced)	16-17	T.B.A p.h.
	18-21	T.B.A p.h.
	over 21	T.B.A p.h.
* Tax Relief is restricted to	10%	10%

**CORPORATION TAX**

1st April 2009		1st April 2008		
Small Co's Rate	0 - 300000	21%	0 - 300000	21%
Marginal Relief	300001 - 1500000	29.75%	300001 - 1500000	29.75%
Main Rate	1500000+	28%	1500000+	28%

**INDIVIDUAL SAVINGS ACCOUNTS (ISA's)**

From 6th October 2009 the ISA limit for over 50's will increase to £10,200 (£7,200) 50% of which can be in cash. This will be extended to everyone from 6th April 2010.

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### **VALUE ADDED TAX**

The Annual VAT Registration turnover limit is increased to £68,000 (£67,000) and the De-registration limit is increased to £66,000 (£65,000) from 1st May 2009.

VAT Scales Rates in respect of private fuel will increase, from the first VAT Return after 1st May 2009. Details will be included with the next VAT Return issued.

The reduced 15% rate of VAT announced in November 2008 will revert back to 17.5% on 1st January 2010. There are anti-avoidance rules to prevent manipulation of the supply date.

From April 2010 all VAT Returns, for businesses with turnover in excess of £100,000, must be filed and payment made electronically.

### **RELIEF FOR TRADING LOSSES**

Losses incurred by companies for accounting periods ending between 24th November 2008 and 23rd November 2010 and by sole traders/partnerships for tax years 2008/09 and 2009/10 can be carried back and set off against profits in the previous 3 years.

### **CAPITAL ALLOWANCES**

Where plant & machinery and commercial vehicles are purchased between April 2009 and April 2010 the first £50,000 will qualify for 100% first year allowances with any excess qualifying for 40%. From April 2010 the additional 40% allowance will be removed.

The list of energy saving and water efficient assets qualifying for enhanced allowances has been extended. Details will be published later this year at [www.eca.gov.uk](http://www.eca.gov.uk)

Tax allowances for business cars purchased after April 2009 will be calculated by reference to their CO<sub>2</sub> emissions. Those with emissions of up to 110g/km qualify for 100%, between 111g/km and 160g/km 20% and all others 10%.

### **INCOME SPLITTING**

The proposals announced in October 2007, which were to have come in to effect in April 2009, have been deferred. 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-imbursment of fuel in company cars have changed.
- , Directors wishing to pay a minimal wage in order to pay NI contributions need to increase the annual amount from £5,460 to £5,760 due to increased limits from 6th April 2009.

### **A 'LOOK AHEAD'**

- April 2010
  - A higher rate of income tax at 50% will apply to taxable income in excess of £150,000.
  - The basic personal allowance for income tax will be reduced by £1 for every £2 of taxable income above £100,000 for individuals.
- April 2011
  - For individuals with taxable income in excess of £150,000 relief for pension contributions will be tapered so that those earning over £180,000 will receive basic rate relief only. However, there are anti avoidance measures to prevent individuals increasing their pension contributions in excess of their normal regular pattern prior to implementation.

### **A TIMELY REMINDER**

Do not forget the important filing dates this year:-

19th April	Payment of final 2008/9 PAYE liability
19th May	File P35 (CIS36) and P14's
6th July	Forms P11d
19th July	Payment of Class 1A NIC
31st July	Second payment on account for 2008/9

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