



Howsons

Chartered Accountants

TAX RATES 2009 – 2010

INCOME TAX

2008-2009 Taxable Income	Rate	Tax on Band	2009-2010 Taxable Income	Rate	Tax on Band
First £34,800	20% *	£6,960.00	First £37,400	20% *	£7,480.00
£34,801+	40%		£37,401+	40%	

*A starting rate of 10% applies to savings income only. This applies to taxable savings income of up to £2,320 for 2008-09 and £2,440 for 2009-2010. This 10% savings rate will not apply where the individual's taxable non savings income exceeds this limit. The 10% dividend rate and the 32.5% dividend upper rate remain unchanged.

INCOME TAX – SUMMARY OF ALLOWANCES AND RELIEFS

	2008-2009	2009-2010
Personal Allowance	£6,035	£6,475
- Age 65-74*	£9,030	£9,490
- Age 75 or over *	£9,180	£9,640
Married Couples Allowance		
- Born on or after 06.04.1935	Nil	Nil
- Born before 06.04.1935 *	£6,535†	£6,965
- Age 75 or over *	£6,625†	£6,965
Blind Person's Allowance	£1,800	£1,890

*If income exceeds £21,800 for 2008-09 or £22,900 for 2009-2010 these age related allowances are reduced by 50% of the excess until the figure is reduced to £2,540 for 2008-2009 or £2,670 for 2009-2010 in the case of the married couple's allowance; and £6,035 for 2008-2009 and £6,475 for 2009-2010 in the case of the personal allowance.

†Relief restricted to tax rate of 10%.

CAPITAL GAINS TAX (INDIVIDUALS)

2008-2009 Gains	Rate	2009-2010 Gains	Rate
Up to £9,600*	Nil	Up to £10,100*	Nil
£9,601+	18%	£10,101+	18%

*Each spouse is entitled to an annual exemption.

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PENSION PLANS FOR EMPLOYEES / SELF EMPLOYED

Maximum annual premium allowable for Tax is 100% of Earnings up to:

2008-2009	2009-2010†
£235,000	£245,000*

*Subject to a de minimus premium limit of £3,600 per annum.

†Higher rate tax relief may be restricted in certain circumstances from April 2009.

Lifetime Allowance

2008-2009	2009-2010
£1,650,000	£1,750,000

NATIONAL INSURANCE CONTRIBUTIONS 2009-2010

Class 1 Employer's

	Weekly	Monthly	Yearly
Lower Earnings Limit	£95.00	£412.00	£4,940.00
No employers contribution payable if earnings are less than lower earnings threshold.			

Weekly Contribution

		Contracted In	Contracted Out
If earnings exceed Earnings Threshold	£110.00	12.8% on all earnings above £110	9.1%* on earnings between £110 and £844 12.8% on earnings above £844

*The contracted out rate in respect of Money Purchase Pension Schemes is 2.3% higher than this rate which relates to Salary Related Pension Schemes.

Class 1 Employee's

	Weekly	Monthly	Yearly
Lower Earnings Limit (LEL)	£95.00	£412.00	£4,940.00
Earnings Threshold (EET)	£110.00	£476.00	£5,715.00
Upper Earnings Limit (UEL)*	£844.00	£3,656.00	£43,875.00

*Upper Earnings Limit for employee only – No UEL for employer.

No national insurance contributions are paid if earnings are less than EET.

Weekly Contributions

		Contracted In	Contracted Out
If earnings exceed Earnings Threshold		11% on earnings between £110 & £844 Plus 1% on all earnings above £844	9.4% on earnings between £110 and £844 Plus 1% on all earnings above £844

Note a reduced rate of contribution is payable by certain widows and married women.

Class 2 (self-employed)

Earnings over £5,075

From April 2009

£2.40 per week

Class 3 (Voluntary)

£12.05 per week

Class 4 (self-employed, additional levy)

Profits between £5,715 and £43,875 per annum 8% plus 1% on profits above £43,875.

NATIONAL INSURANCE BENEFITS (PER WEEK)

	2008-2009		2009-2010	
	Single Person	Married Couple	Single Person	Married Couple
Retirement Pension	£90.70	£145.05	£95.25	£152.30
Jobseekers Allowance				
Age 16-24	£47.95		£50.95	
Age 25 or over	£60.50		£64.30	
Short Term Incapacity Benefit				
Lower Rate	£63.75		£67.75	
Higher Rate	£75.40		£80.15	
Bereavement Benefit (lump sum)	£2,000.00		£2,000.00	
Widowed Parents Allowance (basic)	£90.70		£95.25	
Widow's Pension (standard rate)	£90.70		£95.25	
Maternity Allowance (up to 39 weeks)	£117.18		£123.06	
Child benefit (first child)	£18.80		£20.00*	
Second & subsequent child	£12.55		£13.20*	

Earnings related benefits, additional benefit for dependants and other benefits may be payable depending on claimant's circumstances.

*Paid at this rate from 5 January 2009

STATUTORY SICK PAY (SSP)

2008-2009		2009-2010	
Average Weekly Earnings	Weekly Rate of SSP	Average Weekly Earnings	Weekly Rate of SSP
Up to £89.99	£ Nil	Up to £94.99	£ Nil
£90.00 +	£75.40	£95.00 +	£79.15

STATUTORY MATERNITY PAY (MAXIMUM PERIOD 39 WEEKS)

	2008-2009	2009-2010
Higher Weekly Rate – First 6 weeks	9/10 of employees average weekly earnings	9/10 of employees average weekly earnings
After 6 weeks	The lower of 9/10 of employees average weekly earnings or £117.18	The lower of 9/10 of employees average weekly earnings or £123.06

INDIVIDUAL SAVINGS ACCOUNT (ISA)

	2008-2009	2009-2010
Maximum Subscription	£7,200	£7,200*
Cash	£3,600	£3,600*

*The limits for individuals aged 50 or over in 2009-2010 will be raised to a maximum subscription of £10,200 of which £5,100 can be saved in cash. These increased limits will have effect from 6th October 2009.

INHERITANCE TAX

Death Transfers from 6/4/08 – 5/4/09		Death Transfers from 6/4/09 – 5/4/10	
Gross Cumulative Transfer	Rate	Gross Cumulative Transfer	Rate
Up to £312,000	Nil	Up to £325,000	Nil
£312,001+	40%	£325,001+	40%

Lifetime Transfers

No Inheritance Tax chargeable on lifetime transfers. Certain gifts including gifts into and out of some trusts will be taxed at half the death rates. Gifts on or within 7 years of death will be liable to tax at rates applicable at death – subject to reduction as follows:

Years Between Gift and Death	Percentage of Full Charge at Death Rates Chargeable
0 – 3	100%
3 – 4	80%
4 – 5	60%
5 – 6	40%
6 – 7	20%

CORPORATION TAX

	1/4/08 – 31/3/09	1/4/09 – 31/3/10
Tax Rate	28%	28%
Small Company Rate	21% to £300,000	21% to £300,000
Intermediate Profits	£300,001 - £1,500,000	£300,001 - £1,500,000
-Reduction Factor	7/400ths	7/400ths

The Starting Rate and Small Companies Rate provisions do not apply to Close Investment Companies.

VAT

The standard rate of VAT has been reduced from 17½% to 15% for the period 1st December 2008 until 31st December 2009. The VAT fraction to be used when calculating the tax element of a VAT inclusive price is 7/47ths (17½%) or 3/23rds (15%)

Turnover Registration Limit	Last 12 months / Next 30 Days
From 1 April 2008	£67,000
From 1 May 2009	£68,000

VAT CAR FUEL SCALES

VAT ASSESSED – QUARTERLY RETURNS 2009-2010 (2008-2009 Figures in brackets)

(Applies to VAT accounting periods beginning on or after 1 May 2009).

CO ₂ Band	VAT Inclusive Scale Charge per vehicle	CO ₂ Band	VAT Inclusive Scale Charge per vehicle
120 or below	£126.00 (£138.00)	180	£302.00 (£331.00)
125	£189.00 (£207.00)	185	£314.00 (£345.00)
130	£189.00 (£207.00)	190	£327.00 (£359.00)
135	£189.00 (£207.00)	195	£339.00 (£373.00)
140	£201.00 (£221.00)	200	£352.00 (£386.00)
145	£214.00 (£234.00)	205	£365.00 (£400.00)
150	£226.00 (£248.00)	210	£378.00 (£414.00)
155	£239.00 (£262.00)	215	£390.00 (£428.00)
160	£251.00 (£276.00)	220	£403.00 (£442.00)
165	£264.00 (£290.00)	225	£416.00 (£455.00)
170	£276.00 (£303.00)	230	£428.00 (£469.00)
175	£289.00 (£317.00)	235 and over	£441.00 (£483.00)

CAR BENEFIT ASSESSMENT – DIRECTORS / HIGHER PAID EMPLOYEES

Benefit is based on percentage of the total list price of a car when new, including cost of accessories. List price is subject to a maximum of £80,000, including accessories.

An employee's capital contribution of up to £5,000 is treated as reducing the list price.

There are special rules for cars over 15 years old valued at more than £15,000.

The cost of conversion of a car for use by a disabled person is disregarded.

Benefit Assessed 2008-2009 & 2009-2010. For those cars first registered:

Before 1 January 1998

Percentage of list price taxable

1,400cc or less	15%
1,401 to 2,000cc	22%
Over 2,000cc	32%

From 1 January 1998*

Percentage of list price taxable

1,400cc or less	15%
1,401 to 2,000cc	25%
Over 2,000cc	35%

*Applies only to cars for which no emission data is available. There is a 3% supplement charged on certain diesel fuelled cars, subject to an overall maximum charge of 35%.

2008-2009 & 2009-2010

Cars first registered on or after 1 January 1998

CO ₂ emissions (gms/km)	% of list price taxable	CO ₂ emissions (gms/km)	% of list price taxable
120 (N/A0 or below)	10%	185	25%
120+ to 135	15%	190	26%
140	16%	195	27%
145	17%	200	28%
150	18%	205	29%
155	19%	210	30%
160	20%	215	31%
165	21%	220	32%
170	22%	225	33%
175	23%	230	34%
180	24%	235 and over	35%

The percentages relate to non-diesel fuelled cars. A 3% supplement is charged on certain diesel fuelled cars, subject to a maximum charge of 35%. Discounts may be available in respect of cars powered by fuels other than wholly by petrol.

Car Fuel Scales 2008-2009 and 2009-2010

For both Diesel and Non-Diesel fuel the taxable benefit is the fixed sum of £16,900 multiplied by the same percentage of the list price used to calculate the car benefit charge.

Scales apply to employees earning over £8,500 and directors. Car Benefit Scales reduced by employee's contributions.

Van Benefit Scales Applies to vehicles weighing 3.4 tonnes or less

2008-2009	2009-2010
£3,000	£3,000

Van Fuel Benefit Applies to vehicles weighing 3.4 tonnes or less

2008-2009	2009-2010
£500	£500

MILEAGE ALLOWANCE

Mileage allowances paid to employees who use their own cars for business purposes are not taxable if allowance paid is within certain limits.

2008-2009	Rate of Allowance		2009-2010	Rate of Allowance	
	First 10,000 miles	Excess over 10,000 miles		First 10,000 miles	Excess over 10,000 miles
All Cars	40p	25p	All Cars	40p	25p
Each Passenger	5p	5p	Each Passenger	5p	5p
Motorcycles	24p	24p	Motorcycles	24p	24p
Bicycles	20p	20p	Bicycles	20p	20p

The information within this leaflet is based upon the Budget speech on 22nd April 2009 and is subject to amendment.