

Enterprise investment scheme (EIS)

	2009/10	2008/09
Investment qualifying for income tax relief	£500,000	£500,000
Income tax relief	20%	20%
Capital gains tax on EIS shares	NIL	NIL
Capital gains deferral by EIS investment	Unlimited	Unlimited

Venture capital trusts (VCTs)

	2009/10	2008/09
Investment qualifying for income tax relief	£200,000	£200,000
Income tax relief	30%	30%
Tax on dividends	NIL	NIL
Capital gains tax on VCT shares	NIL	NIL

Business tax

Corporation tax

Taxable profits (£)	Y/e 31.3.2010	Y/e 31.3.2009
1 to 300,000	21%	21%
300,001 to 1,500,000	29.75%	29.75%
Over 1,500,000	28%	28%
Marginal relief fractions:		
300,001 to 1,500,000	7/400	7/400

Capital allowances

Annual Investment Allowance	2009/10 %	2008/09 %
First £50,000 of expenditure on plant and machinery (excluding cars)	100	100

First year allowances	2009/10 %	2008/09 %
Energy-saving or environmentally beneficial plant and machinery (including cars with CO ₂ emissions below 110g/km)	100	100
Other qualifying plant and machinery	40	N/A

Writing-down allowances	2009/10 %	2008/09 %
Integral features	10 p.a. ⁽¹⁾	10 p.a. ⁽¹⁾
Long life plant and machinery	10 p.a. ⁽¹⁾	10 p.a. ⁽¹⁾
Other plant and machinery	20 p.a. ⁽¹⁾⁽²⁾	20 p.a. ⁽¹⁾
Industrial/agricultural buildings	2 p.a. ⁽²⁾	3 p.a. ⁽²⁾

⁽¹⁾ Reducing balance.

⁽²⁾ Straight-line. Phased abolition by 2010/11.

⁽³⁾ Cars with CO₂ emissions of 160g/km and above are allocated to the 10% pool.

Indirect taxes

Value added tax

	2009/10	2008/09
Standard rate	15% ⁽¹⁾	17.5%
Annual turnover limits:		
Registration	£68,000 ⁽²⁾	£67,000
De-registration	£66,000 ⁽²⁾	£65,000

⁽¹⁾ Rate reduced from 17.5% from 1 December 2008 to 31 December 2009.

⁽²⁾ From 1 May 2009.

Stamp taxes

Shares and securities	0.5%
Land, including lease premiums:	
Residential: ⁽¹⁾	
£125,000 or less	NIL
£125,001-£250,000	1%
£250,001-£500,000	3%
Over £500,000	4%
Non-residential or mixed: ⁽²⁾	
£150,000 or less	NIL
£150,000-£250,000	1%
£250,001-£500,000	3%
Over £500,000	4%

Lease rentals (on grant): The Net Present Value (NPV) is charged at 1% on the excess over £125,000 for residential, and 1% on the excess over £150,000 for non-residential land.

⁽¹⁾ The zero-rate threshold is increased to £175,000 between 3 September 2008 and 31 December 2009.

⁽²⁾ Special rules apply to stamp duty land tax on premiums where the annual rent exceeds £1,000.

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We believe the information in Tax Rates 2009/10 to be correct at the time of going to press, but we cannot accept any responsibility for any loss occasioned to any person as a result of action or refraining from action as a result of any item herein. The provisions announced in the Budget may be subjected to amendment during the passage of the Finance Bill 2009 through Parliament.

April 2009



Personal tax

Income tax rates

Year	Taxable income (£)	Rate (%)	Cumulative tax (£)
2009/10	0 to 37,400	20 ⁽¹⁾⁽²⁾	7,480
	Over 37,400	40	
2008/09	0 to 34,800	20 ⁽¹⁾⁽²⁾	6,960
	Over 34,800	40	

Certain trusts taxed at 40% (32.5% on dividend income)

⁽¹⁾ Savings and dividend income taxable at 10% to the extent that other taxable income is less than £2,440 (2009/10)/£2,320 (2008/09).

⁽²⁾ Dividend income taxable at 10% to the extent that other taxable income is less than £37,400 (2009/10)/£34,800 (2008/09), and thereafter at 32.5%.

Allowances and reliefs

	2009/10	2008/09
Personal allowance (£)	6,475	6,035
Blind person's allowance (£)	1,890	1,800
Age allowance	65-74 75+	65-74 75+
Personal (£)	9,490 9,640	9,030 9,180
Married couples (£)	N/A 6,965 ⁽¹⁾	6,535 ⁽¹⁾ 6,625 ⁽¹⁾
Income limit (£)	22,900 22,900	21,800 21,800

⁽¹⁾ Tax relief restricted to 10%. One spouse must have been born before 6th April 1935.

Capital gains tax

	2009/10	2008/09
Rates (individuals)	18%	18%
Rate (UK trusts)	18%	18%
Individual annual exemption	10,100	9,600
Trusts annual exemption	5,050	4,800

Entrepreneurs' Relief on qualifying disposals of a business after 5 April 2008 reduces gains up to £1 million by 4/9 (effective rate 10%).

Individual savings accounts (ISAs)

Maximum annual contributions 2009/10: Up to £7,200 in total, maximum cash investment £3,600. From 6 October 2009, for individuals aged 50 or over, up to £10,200 in total, maximum cash investment £5,100.

Registered pension contributions: tax relief

For 2009/10, the combined annual total of employee and employer contributions is capped at £245,000. Subject to this, employee contributions are limited to the higher of £3,600 and 100% of relevant UK earnings. From 22 April 2009 individuals earning in excess of £150,000 may be subject to a special annual allowance, set at £20,000, with contributions above this amount receiving only basic rate tax relief. The lifetime allowance for the capital value of the fund is capped at £1,750,000 for 2009/10. From April 2010 the minimum age for taking pension benefit will increase from 50 to 55.

Inheritance tax

Tax rate on death	2009/10	2008/09
Nil	£0-325,000 ⁽¹⁾	£0-312,000 ⁽¹⁾
40%	Over £325,000	Over £312,000

⁽¹⁾ Deaths after 8 October 2007: Nil rate band may be increased by unused proportion of the nil rate band attributable to predeceased spouse.

Lifetime gifts

Most lifetime gifts to individuals are only charged to inheritance tax if made within 7 years before the donor's death. Subject to the nil rate band they are charged on the following scale:

Years before death	0-3	3-4	4-5	5-6	6-7
% of death charge	100	80	60	40	20
% effective rate	40	32	24	16	8

Lifetime gifts to most trusts are, subject to the nil rate band, chargeable at half the death rate increasing on the above scale on death within 7 years.

National insurance contributions

From 6 April 2009

Class I (employment) Employees' rates

Weekly earnings (£)	Not contracted out	Contracted out
First 95	NIL	NIL
96 to 110	NIL ⁽¹⁾	NIL ⁽¹⁾
111 to 844	11%	9.4%
Earnings over 844	1%	1%

Employers' rates

Weekly earnings (£)	Not contracted out	Contracted out
First 95	NIL	NIL
96 to 110	NIL	NIL ⁽⁴⁾
111 to 844	12.8%	9.1% 11.4%
Earnings over 844	12.8%	12.8% 12.8%

⁽¹⁾ Employees' rebate 1.6%.

⁽²⁾ Contracted out salary related schemes.

⁽³⁾ Contracted out money purchase schemes.

⁽⁴⁾ Employers' rebate 3.7%.

⁽⁵⁾ Employers' rebate 1.4%.

Class 1A (employer) 12.8% on most benefits in kind not within class 1.
 Flat rate £2.40 p.w.
 Class 2 (self-employed) Voluntary. Flat rate £12.05 p.w.
 Class 3 (non-employed) 8% on annual profits between £5,715 and £43,875.
 Class 4 (self-employed) 1% on annual profits above £43,875.

Car benefits 2009/10

Petrol and diesel cars with approved CO₂ emissions registered after 31 December 1997⁽¹⁾

CO ₂ emissions (gms/km) below ⁽⁴⁾	Price percentage taxable ⁽²⁾⁽³⁾	
	Petrol	Diesel ⁽⁵⁾
120	10	13
135	15	18
140	16	19
145	17	20
Tax charge increases by 1% per each additional 5 gms/km until:		
215	31	34
220	32	35
225	33	35
230	34	35
235	35	35

⁽¹⁾ Price % taxable for petrol and diesel cars with no approved CO₂ emissions figure (registered before 1 January 1998, and certain custom cars and private imports) depends on engine size, petrol or diesel, and date first registered.

⁽²⁾ "Price" is normally UK list price on first registration, subject to £80,000 maximum, but for classic cars market value may apply if higher.

⁽³⁾ The following reductions apply: battery powered cars – 6%; hybrid cars – 3%; cars running on E85 or bi-fuel – 2%.

⁽⁴⁾ CO₂ emissions figure rounded down to nearest percentage.

⁽⁵⁾ Diesel cars with Euro 4 approved engines registered before 1 January 2006 – use petrol percentages.

Car fuel benefits (not electric cars)

	2009/10	2008/09
Same % used to calculate the car benefit	£16,900	£16,900

Van benefits

	2009/10	2008/09
Company van benefit	£3,000	£3,000
Van fuel benefit	£500	£500

Approved mileage rates (employee's own vehicle)

Rate per mile	2009/10	2008/09
Car or van: First 10,000 miles	40p	40p
Car or van: over 10,000 miles	25p	25p
Motorcycle	24p	24p
Bicycles	20p	20p
Additional passenger payment	5p	5p

Employers' payments for business use are free of tax and NIC if they do not exceed the above rates.