

Tax Rates & Allowances 2009/10

Authorised Mileage Rates:

Cars	up to 10,000 miles - 40p over 10,000 miles - 25p
Bicycles:	20p
Motorcycles:	24p

These rates represent the maximum tax-free mileage allowances for employees using their own vehicles for business. Any excess is taxable. If the employee receives less than the statutory rate, tax relief can be claimed on the difference.

Car & Fuel Benefits:

Company Cars 2009/10

CO₂ emissions (gm/km) **% of car's list price taxed**
(round down to nearest
5gm/km)

up to 135	15
140	16
145	17
150	18
155	19
160	20
165	21
170	22
175	23
180	24
185	25
190	26
195	27
200	28
205	29
210	30
215	31
220	32
225	33
230	34
235 and above	35

Company cars

For diesel cars add a 3% supplement but maximum still 35%.
Euro IV diesel cars registered before 1 January 2006 do not suffer the 3% supplement.
Discounts apply to certain environmentally friendly cars.
A 10% rate applies to non-electric cars with emissions of no more than 120gm/km. Environmentally friendly discounts do not apply to these cars but the diesel supplement does.
For cars registered before 1 January 1998 the charge is based on engine size.
The list price includes accessories and is subject to an upper limit of £80,000.
The list price is reduced for capital contributions made by the employee up to £5,000.

Fuel benefits

£16900 x 'appropriate percentage'.
The appropriate percentage is the percentage used to calculate the taxable benefit of the car for which the fuel is provided.

The charge is proportionately reduced if provision of private fuel ceases part way through the year.
The fuel benefit is reduced to nil only if the employee pays for all private fuel.

Van benefit per vehicle (2009/10 and 2008/09)

Van Benefit: £3,000
Fuel Benefit: £500

The charges will not apply if a 'restricted private use condition' is met throughout the year.

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Capital Allowances:

Plant and machinery - Annual Investment Allowance (AIA)

The AIA applies to expenditure incurred on or after 6 April 2008 (1 April 2008 for companies). The AIA gives a 100% write-off on most types of plant and machinery costs, including integral features and long-life assets but not cars, of up to £50,000 p.a.

Any costs over the AIA fall into the normal capital allowance pools at either 10% or 20%. The £50,000 limit may need to be shared between certain businesses under common ownership.

Other plant and machinery allowances

The annual rate of allowance is 20% from 6 April 2008 (1 April 2008 for companies).

A 10% rate applies to expenditure incurred on integral features and on long life assets on or after 6 April 2008 (1 April 2008 for companies). Long life asset expenditure brought forward will obtain the 10% rate.

A 100% first year allowance may still be available on certain energy efficient plant and cars.

Cars

For expenditure incurred on cars on or after 6 April 2009 (1 April 2009 for companies), costs will generally be allocated to one of the two plant and machinery pools. Cars with CO2 emissions not exceeding 160 gm/km will receive a 20% allowance p.a. Cars with CO2 emissions over 160 gm/km will receive a 10% allowance p.a.

Industrial and agricultural buildings and hotels

The annual rate of allowance is 2% (3%) 6 April 2009 (1 April 2009 for companies). Special rules apply for accounting periods straddling these dates.

Capital Gains Tax:

	2009/10	2008/09
Individuals - exemption	£10,100	£9,600
Trusts - exemption	£5,050	£4,800
- balance of gains	18%	18%

Entrepreneurs' Relief

For gains arising on or after 6 April 2008, the first £1m of qualifying gains are charged at an effective rate of 10%. Gains in excess of £1m are charged at 18%.

Income Tax Rates

Income Tax Rates:

2009/10		2008/09	
Band £	Rate %	Band £	Rate %
0 - 2,440	10*	0 - 2,320	10
2,441 - 37,400****	20 **	2,321 - 34,800	20 **
Over 37,400****	40 ***	Over 34,800	40 ***

* Only applicable to dividends and savings income.

** Except dividends (10%).

*** Except dividends (32.5%)

Other income taxed first, then savings income and finally dividends.

Income Tax Reliefs:

		2009/10 £	2008/09 £
Personal allowance	- under 65	6,475	6,035
	- 65 - 74 *	9,490	9,030
	- 75 and over *	9,640	9,180
Married couple's allowance (relief at 10%)	- aged less than 75 and born before 6.4.35 *	n/a	6,535
	- 75 and over*	6,965	6,625
	- min. amount	2,670	2,540
* Age allowance income limit		22,900	21,800
(reduce age allowance by £1 for every £2 of excess income over £22,900)			
Blind person's allowance		1,890	1,800

Inheritance Tax:

Death Rate	Lifetime Rate	Chargeable Transfers	
		2009/10	2008/09
%	%	£'000	£'000
Nil	Nil	0 - 325*	0 - 312*
40	20	Over 325*	Over 312*

*Potentially increased for surviving spouses or civil partners who die on or after 9 October 2007.

Reliefs:

Annual exemption

£3,000

Marriage - parent

£5,000

Small gifts

£250

- grandparent £2,500

- bride/groom £2,500

- other £1,000

Reduced charge on gifts within seven years of death:

Years before death	0-3	3-4	4-5	5-6	6-7
% of death charge	100	80	60	40	20

ISAs:

	2009/10	£
Overall investment limit		7,200
Comprising	- cash up to	3,600 max
	- balance in stocks and shares	7,200 max

National Insurance:

Class 1 (employed)

Contracted in

2009/10 Rates

Weekly earnings

Up to £110
£110.01 - £844

Employer

Nil*
12.8%**

Employee

Nil*
11%**

Over £844

12.8%**

£80.74 +1%

* Entitlement to contribution-based benefits retained for earnings between £95.01 and £110 per week.

** On earnings above £110.

*** On earnings above £844.

Class 1A (employers)

12.8% on employee taxable benefits

Class 1B (employers)

12.8% on PAYE Settlement Agreements

Class 2 (self-employed)

flat rate per week £2.40
small earnings exception £5,075 p.a.

Class 3 (voluntary)

flat rate per week £12.05

Class 4 (self-employed)

8% on profits between £5,715 and £43,875 plus 1% on profits over £43,875

Pension Premiums (2009/10 and 2008/09):

- Tax relief available for personal contributions: higher of £3,600 (gross) or 100% of relevant earnings
- Employers will obtain tax relief on employer contributions if they are paid and made 'wholly and exclusively'. Tax relief for large contributions may be spread over several years.
- Any contributions in excess of £245,000 (£235,000), whether personal or by the employer, will be subject to income tax on the individual at 40%.
- No carry back of pensions contributions.

Social Security Benefits:

	2009/10	2008/09
Basic retirement pension		
- single person	£95.25	£90.70
- married couple	£152.30	£145.50
Statutory pay rates - average weekly earnings £95 (£90) or over		
Statutory Sick Pay	£79.15	£75.40
Statutory Maternity Pay		
- first six weeks	90% of weekly earnings	
- next 33 weeks	£123.06*	£117.18*
Statutory Paternity Pay - two weeks	£123.06*	£117.18*
Statutory Adoption Pay - 39 weeks	£123.06*	£117.18*

* Or 90% of weekly earnings if lower

Stamp Duty:

Land and buildings (On full consideration paid)

Rate	Residential property*		Non-residential £
	Disadvantaged areas £	Other £	
Nil	0 - 150,000*	0 - 125,000*	0 - 150,000
1%	150,001* - 250,000	125,001* - 250,000	150,001 - 250,000
3%	250,001 - 500,000	250,001 - 500,000	250,001 - 500,000
4%	Over 500,000	Over 500,000	Over 500,000

Shares and securities - rate 0.5%

* £175,000 for transactions with an effective date on or after 3 September 2008 and before 3 September 2009.

Tax Credits:

	2009/10 £	2008/09 £
Working Tax Credit (WTC)		
Basic element - max.	1,890	1,800
Childcare element 80% of eligible costs up to £175 per week (£300 if two or more children)		
Child Tax Credit (CTC)		
Child element per child - max.	2,235	2,085
Family element	545	545
Baby addition	545	545

Reductions in maximum rates 39% of income above £6,420*.

*If only CTC is claimed, the threshold is £16,040 (£15,575) p.a.. The family element of CTC is not reduced unless income is more than £50,000 p.a. when it is reduced by £1 for every £15 of additional income.

Value Added Tax

VAT:

Standard Rate*	17.5%
Reduced Rate	5%
Annual Registration Limit - from 1.4.09 (1.4.08 - 31.3.09 £67,000)	£XX,000**
Annual Deregistration Limit - from 1.4.09 (1.4.08 - 31.3.09 £65,000)	£XX,000**

* 15% from 1 December 2008 to 31 December 2009.

** to be confirmed in the Budget Report 2009.

VAT Fuel Scale Charges:

Where businesses buy fuel which has some degree of private use, they must account for output VAT on a scale charge. This is based on the CO2 emissions (rounded down to the next multiple of 5).

In his Pre Budget report on 24 November 2008, the Chancellor announced that the standard rate of VAT was being temporarily reduced to 15% for thirteen months starting on 1 December 2008. It will revert to 17.5% on 1 January 2010.

These are the charges which apply from the start of the first prescribed accounting period beginning on or after 1 December 2008.

CO2 band	VAT fuel scale charge, 12 month period	VAT on 12 month charge	VAT fuel scale charge, 3 month period	VAT on 3 month charge	VAT fuel scale charge, 1 month period	VAT on 1 month charge
	£	£	£	£	£	£
120 or less	555	72.39	138	18	46	6
125 - 139	830	108.26	207	27	69	9
140 - 144	885	115.43	221	28.83	73	9.52
145 - 149	940	122.61	234	30.52	78	10.17
150 - 154	995	129.78	248	32.35	82	10.7
155 - 159	1,050	136.96	262	34.17	87	11.35
160 - 164	1,105	144.13	276	36	92	12
165 - 169	1,160	151.3	290	37.83	96	12.52
170 - 174	1,215	158.48	303	39.52	101	13.17
175 - 179	1,270	165.65	317	41.35	105	13.7
180 - 184	1,325	172.83	331	43.17	110	14.35
185 - 189	1,380	180	345	45	115	15
190 - 194	1,435	187.17	359	46.83	119	15.52
195 - 199	1,490	194.35	373	48.65	124	16.17
200 - 204	1,545	201.52	386	50.35	128	16.7
205 - 209	1,605	209.35	400	52.17	133	17.35
210 - 214	1,660	216.52	414	54	138	18
215 - 219	1,715	223.7	428	55.83	142	18.52
220 - 224	1,770	230.87	442	57.65	147	19.17
225 - 229	1,825	238.04	455	59.35	151	19.7
230 - 234	1,880	245.22	469	61.17	156	20.35
235 or more	1,935	252.39	483	63	161	21